



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2011**

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CITY OF ROLLING HILLS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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# INTRODUCTORY SECTION

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# *City of Rolling Hills*

INCORPORATED JANUARY 24, 1957

NO. 2 PORTUGUESE BEND ROAD  
ROLLING HILLS, CA 90274  
(310) 377-1521  
FAX (310) 377-7288

January 10, 2012

Honorable Mayor, Members of the City Council, and Citizens of Rolling Hills

It is the policy of the City of Rolling Hills to publish annually a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accounts. Pursuant to that requirement, we hereby present the Comprehensive Annual Financial Report (CAFR) of the City of Rolling Hills ("the City") for fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making their representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the City's financial statement. Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Thus, we assert that to the best of our knowledge, this financial report is complete and reliable in all material aspects.

The City's financial statements have been audited by Lance Soll & Lunghard, LLP, a firm of independent certified public accountants. The goal of this independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent auditor rendered an unqualified opinion that the City's financial statements for fiscal year ended June 30, 2011, is fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative, overview and analysis of the basic financial statements. This letter of transmittal should be read in conjunction with the MD&A.

## **Profile of the City Government**

The City of Rolling Hills, with panoramic views of Los Angeles and the Pacific Ocean, is nestled within the Palos Verdes Peninsula adjacent to the Cities of Rolling Hills Estates, Rancho Palos Verdes and unincorporated Los Angeles County. As a three-square mile, gated City incorporated in 1957, the community has stayed true to its original General Plan by maintaining a rural, residential character that blends single family, one-story, ranch-style homes into the natural, Mediterranean habit of the peninsula. The City's population is approximately 1860; it contains approximately 50 miles of hiking and equestrian

trails and 685 homes. The community is only residential; there are no commercial or industrial activities or zoning in the City.

The City has operated under the council-manager form of government since 1957. Policy-making and legislative authority are vested in a City Council consisting of the mayor and four council members. Council members are elected on a non-partisan basis at City-conducted elections held in March of odd-numbered years. Council members serve four-year staggered terms. The mayor's position rotates annually among the council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring both the City Manager and 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 City, and for appointing the heads of the various departments.

City employees provide, among a variety of services, planning and building review and approval. The City contracts with Los Angeles County for public safety including Sheriff and animal control. For building permits plan review and building inspection, the City contracts with both Los Angeles County and a consulting engineering firm. The City manages a franchise agreement for residential refuse collection. Property in the City for recreational uses is under an exclusive lease to the Rolling Hills Community Association.

### **City's Financial Policies**

**Budget Policy and Practice** – The City of Rolling Hills Financial Policies are the framework for planning and management of the City's fiscal resources. The budget serves as the foundation for the City's financial planning and control. The City Manager presents the recommended budget to the City Council in late-May after an internal process of budget review with the City Council Finance/Budget Committee which begins in late-March. A public hearing on the proposed budget is held at the first Council meeting in June and the final budget is adopted at that same meeting or prior to June 30. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted and expenditure has occurred.

**Fund Balance Policy and Practice** – As reported herein, the City has implemented GASB Statement No. 54 regarding fund balance. The City Council formally adopted a fund balance policy, which establishes minimum Unrestricted Fund Balance (after deducting nonspendable and restricted fund balance) in each of the various funds of the City. Other balances, committed, assigned and unassigned are established in conformance with adopted Council policy and GASB 54.

**Investment Policy and Practice** – The City Council Finance/Budget Committee, the City Manager, and the Finance Director have responsibility for custody and investment of City funds. The Treasury activities are guided by the City Council's adopted investment policy, which defines the objectives and priorities of the investment program, emphasizing safety and liquidity of funds as the highest priorities. The policy's third priority is to achieve return on investment on securities based on lower risk investment choices. The City uses three main investment mechanisms for idle funds: the State Treasurer's Local Agency Investment Fund (LAIF), U.S. Treasury Bills and Certificates of Deposit.

### **Major Initiatives and Achievements**

During the fiscal year 2010-11, the City Administration Department saved \$9,200 by consolidating the City's March 8, 2011 general municipal election with the Los Angeles Community College District election; reverted \$779,247, to the State of California, per state law of unspent Citizens Option for Public Safety (COPS) monies and paid the full balance of the outstanding CalPERS pension "Side Fund" of

\$150,919. The Finance Department implemented a new financial software on July 1, 2010. The City also facilitated and participated in a settlement agreement regarding the March 5, 2005, 1 Poppy Trail landslide.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local Economy** - As mentioned previously, the City is a rural gated community with single family, one story, and ranch-style homes. The City is fully developed with few vacant parcels. The community is only residential; there are no commercial or industrial activities or zoning in the City. As such, the City is not subject to the consumer-driven, economic fluctuations except to the extent that the real estate market is affected by changes in property assessment and valuation. The fiscal year saw a reduction in property values that affected local assessments and a reduction in development activity as compared to prior historical highs. The City was not affected or influenced by changes in State or Federal revenues. In general, as part of the larger South-Bay region of Los Angeles County, consisting of 16 incorporated cities and 20 communities, the City is part of a well-diversified economy. The South Bay is home to many aerospace and defense-related industries, as well as manufacturing, software development, entertainment, travel and tourism. Located near Los Angeles International Airport and ports of Los Angeles and Long Beach, the South Bay is an essential component in the Los Angeles County economy and the area is home to many firms dealing with international markets.

### **Awards and Acknowledgements**

Fiscal year 2010-11 is the first time that the City of Rolling Hills has applied for the Government Finance Officers Association (GFOA) award for Certificate of Achievement for Excellence in Financial Reporting. In order to receive a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfies both generally accepted accounting principles and applicable legal requirements. We believe the City's current CAFR meets the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for the City's first certificate.

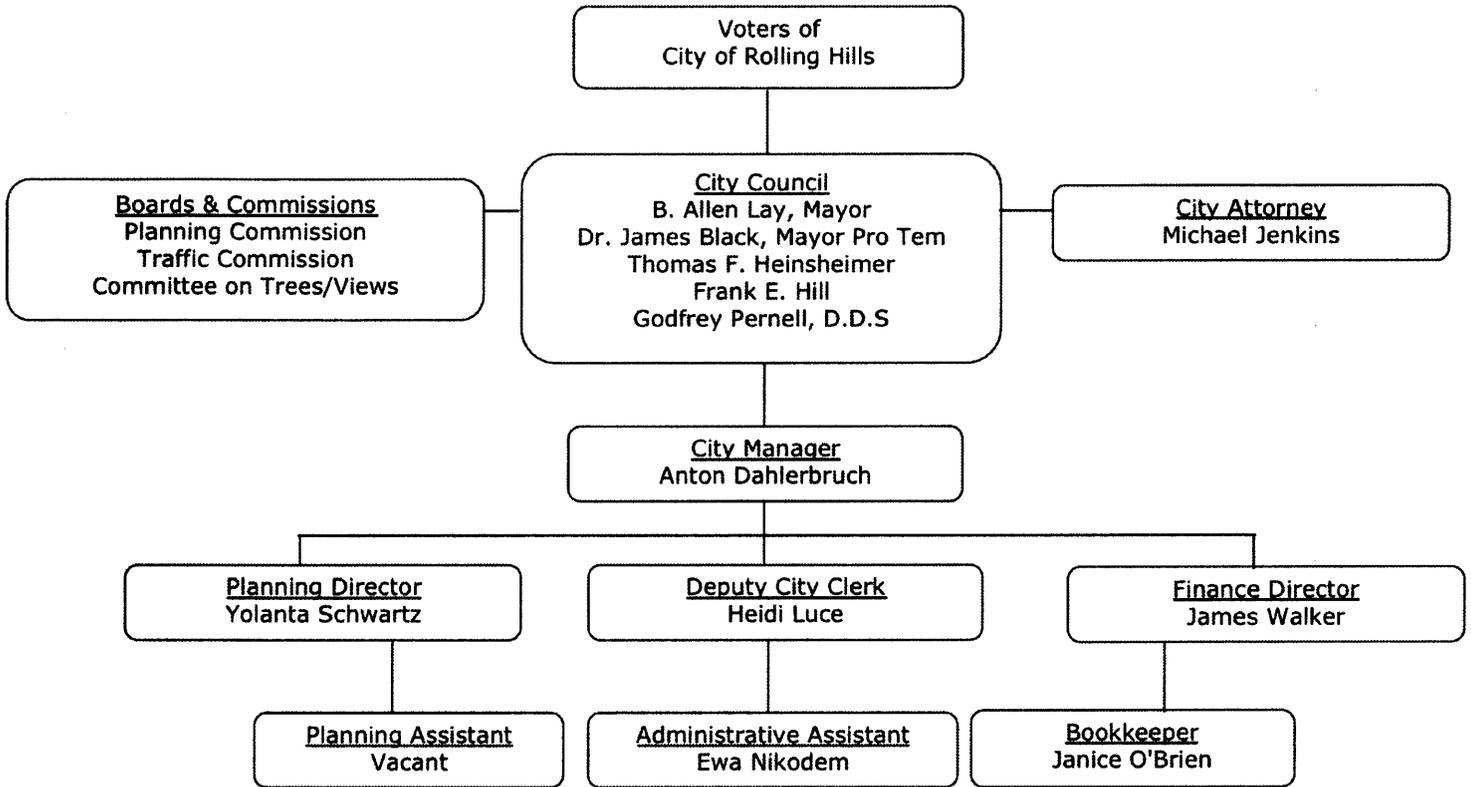
Preparation of this Comprehensive Annual Financial Report could not have been accomplished without the support and cooperation of all City of Rolling Hills City Council and staff. We wish to acknowledge the contribution of the Finance Department staff. Their efforts made it possible to prepare the Comprehensive Annual Financial Report, thereby improving the quality of the information being reported to the citizens, the City Council, and other users. I also want to thank the Mayor, and the City Council for its support in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

  
Anton Dahlerbruch  
City Manager

  
Jim Walker  
Finance Director

# CITY OF ROLLING HILLS ORGANIZATION CHART



**CITY OF ROLLING HILLS  
2011 - 2012  
CITY COUNCIL**

<b>B. Allen Lay</b>	<b>Mayor</b>
<b>James Black, M.D.</b>	<b>Mayor Pro Tem</b>
<b>Thomas F. Heinsheimer</b>	<b>Councilmember</b>
<b>Frank E. Hill</b>	<b>Councilmember</b>
<b>Godfrey Pernell, D.D.S.</b>	<b>Councilmember</b>

**CITY STAFF**

<b>Anton Dahlerbruch</b>	<b>City Manager</b>
<b>Heidi Luce</b>	<b>Deputy City Clerk/ Executive Assistant</b>
<b>Ewa Nikodem</b>	<b>Administrative Assistant</b>
<b>Yolanta Schwartz</b>	<b>Planning Director</b>
<b>Jim Walker</b>	<b>Finance Director</b>

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# FINANCIAL SECTION

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• Brandon W. Burrows, CPA  
• David E. Hale, CPA, CFP  
    *A Professional Corporation*  
• Donald G. Slater, CPA  
• Richard K. Kikuchi, CPA  
• Susan F. Matz, CPA  
• Shelly K. Jackley, CPA  
• Bryan S. Gruber, CPA  
• Deborah A. Harper, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
City of Rolling Hills, 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 the City of Rolling Hills, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Rolling Hills' 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 General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 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 of Rolling Hills as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund and COPS Fund 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 January 10, 2012, on our consideration of the City of Rolling Hills' internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, 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 the 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 audit.



To the Honorable Mayor and Members of the City Council  
City of Rolling Hills, California

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

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.

*Lance, Solt & Luyhard, LLP*

Brea, California  
January 10, 2012

## Management Discussion and Analysis

The following narrative provides an overview and analysis of the financial activities of the City of Rolling Hills for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5,898,446 (*net assets*). Of this amount, \$4,032,067 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,623,468. Of this amount \$3,265,198 is unassigned and available for spending at the City's discretion.
- At the end of the current year, unassigned fund balance for the general fund was \$3,265,198 which represents 2.07 times the total general fund expenditures.
- General Fund revenues available for appropriation were \$72,797 more than budgeted while actual expenditures were \$140,288 less than budget. After transfers, the general fund showed a \$99,235 increase in fund balance.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements contain the following three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Financial Statements.

**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. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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 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 regardless of the timing of related cash flows. Thus, some of the revenues and expenses reported in this statement will have no effect on cash until some future fiscal period.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover some or all of their costs through user fees and charges (business-type activities).

*Governmental activities.* Most of the City's basic services are reported in this category, including the general administration, public safety, planning and development, recreation and public works. Property taxes, sales tax, real estate transfer tax, licenses and permits, franchise fees, charges for services, interest income, grants, contributions from other agencies, and other revenues finance these activities.

*Business-type activities.* The City charges a fee to customers to cover all or most of the costs of certain services it provides. The City's Refuse Collection operation is reported in this category.

The government-wide financial statements can be found on pages 11 to 13 of this report.

**Fund Financial Statements.** The fund financial statements provide detailed information about the City's most significant funds. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The difference between the results in the Governmental Fund financial statements to those in the Government wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

In addition to the major funds reported separately on the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance, the City also maintains 6 special revenue funds and one capital project fund. Data from these funds are combined into a single, aggregated presentation referred to as other governmental funds.

Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of its governmental and proprietary funds. A budget comparison statement has been provided for the general fund to demonstrate compliance with this budget. This comparison can be found on page 21 of this report.

The basic governmental fund financial statements can be found on pages 14 to 20 of this report.

**Proprietary funds.** When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Within the category of proprietary funds are Enterprise Funds and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Refuse activity. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its Municipal Self Insurance costs. Because these services predominantly benefit governmental rather than business-type functions, this fund has been included within the governmental activities in the government-wide financial statement.

The basic proprietary fund financial statements can be found on pages 23 to 25 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets.

The basic fiduciary fund financial statements can be found on page 26 of this report.

**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. The notes to the financial statements can be found on pages 27 - 42 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 44 – 54 of this report.

**Governmental-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. The City’s net assets for fiscal year 2010-2011 are shown in Table 1. In the City of Rolling Hills, total assets exceeded total liabilities by \$5,898,446 at June 30, 2011.

**Table 1  
City of Rolling Hills Net Assets**

	Governmental Activities		Business Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current and other assets	\$5,297,985	\$6,226,363	\$202,161	\$187,132	\$5,500,146	\$6,413,495
Capital assets	564,040	564,040	-	-	564,040	564,040
<b>Total assets</b>	<b>5,862,025</b>	<b>6,790,403</b>	<b>202,161</b>	<b>187,132</b>	<b>6,064,186</b>	<b>6,977,535</b>
<b>Liabilities:</b>						
Current and other liabilities	165,740	201,657	-	-	165,740	201,657
<b>Total Liabilities</b>	<b>165,740</b>	<b>201,657</b>	<b>-</b>	<b>-</b>	<b>165,740</b>	<b>201,657</b>
<b>Net assets:</b>						
Invested in capital assets	564,040	564,040	-	-	564,040	564,040
Restricted	1,302,339	1,004,719	-	-	1,302,339	1,004,719
Unrestricted	3,829,906	5,019,987	202,161	187,132	4,032,067	5,207,119
<b>Total net assets</b>	<b>\$5,696,285</b>	<b>\$6,588,746</b>	<b>\$202,161</b>	<b>\$187,132</b>	<b>\$5,898,446</b>	<b>\$6,775,878</b>

Of the City of Rolling Hills net assets, 10% reflects its investment in capital assets (land). An additional portion of the City of Rolling Hills net assets, 22% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, 68% may be used to meet the government’s ongoing obligations.

At the end of the current fiscal year, the City of Rolling Hills is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true for the prior fiscal year.

**Governmental activities.** As a result of the governmental activities, the City of Rolling Hills net assets decreased by \$892,461. Key elements of this decrease are as follows:

**Table 2**  
**City of Rolling Hills Net Assets**  
**Changes in Net Assets**

	Governmental Activities		Business Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$469,531	\$399,553	\$721,091	\$719,318	\$1,190,622	\$1,118,871
Operating grants and contributions	214,711	183,832	-	-	214,711	183,832
Capital grants and contributions	15,000	-	-	-	15,000	-
<b>General Revenues:</b>						
Property taxes	752,653	775,091	-	-	752,653	775,091
Franchise taxes	16,507	15,064	-	-	16,507	15,064
Other taxes	35,848	38,387	-	-	35,848	38,387
Motor Vehicle in lieu - unrestricted	159,600	158,205	-	-	159,600	158,205
Use of money and property	82,843	73,767	-	-	82,843	73,767
Other	58,424	44,474	-	-	58,424	44,474
<b>Total revenues</b>	<b>1,805,117</b>	<b>1,688,373</b>	<b>721,091</b>	<b>719,318</b>	<b>2,526,208</b>	<b>2,407,691</b>
<b>Expenses:</b>						
General government	1,055,473	785,432	-	-	1,055,473	785,432
Public Safety	1,062,234	302,936	-	-	1,062,234	302,936
Planning and development	417,208	442,248	-	-	417,208	442,248
Recreation	3,370	8,205	-	-	3,370	8,205
Public Works	171,293	18,131	-	-	171,293	18,131
Refuse Collection Fund	-	-	694,062	717,534	694,062	717,534
<b>Total expenses</b>	<b>2,709,578</b>	<b>1,556,952</b>	<b>694,062</b>	<b>717,534</b>	<b>3,403,640</b>	<b>2,274,486</b>
<b>Excess (deficiency) before transfers</b>	<b>(904,461)</b>	<b>131,421</b>	<b>27,029</b>	<b>1,784</b>	<b>(877,432)</b>	<b>133,205</b>
<b>Transfers</b>	<b>12,000</b>	<b>-</b>	<b>(12,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net assets</b>	<b>(892,461)</b>	<b>131,421</b>	<b>15,029</b>	<b>1,784</b>	<b>(877,432)</b>	<b>133,205</b>
<b>Net assets - July 1, 2010</b>	<b>6,588,746</b>	<b>6,457,325</b>	<b>187,132</b>	<b>185,348</b>	<b>6,775,878</b>	<b>6,642,673</b>
<b>Net assets - June 30, 2011</b>	<b>\$5,696,285</b>	<b>\$6,588,746</b>	<b>\$202,161</b>	<b>\$187,132</b>	<b>\$5,898,446</b>	<b>\$6,775,878</b>

## **Governmental Activities**

The decrease in net assets of \$892,461 during the current fiscal year is mainly attributable to \$779,247 reverted, per state law, unspent Citizens Option for Public Safety (COPS) monies and paying the full balance of the outstanding CalPERS pension "Side Fund" of \$150,919. The cost of all governmental activities for the year was \$2,010,336. Overall, the City's governmental program revenues were \$699,242; of the remaining "public benefit" governmental activities, \$752,653 were paid with Property Taxes, Motor Vehicle in lieu Taxes of \$159,600 and Use of money and property of \$82,843.

The City's programs for governmental activities include General Government, Public Safety, Planning and Development, Public Works and Recreation.

## **Business-Type Activities**

The program for the business-type activities includes refuse collection operations.

As a result of the business-type activities, the City of Rolling Hills net assets increased by \$15,029. The increase in net assets is mainly attributable to a reduction in the administrative allocation to the General Fund. Charges for services are the major revenue source for the City's business type activities, accounting for 100% or \$721,091 of total business-type activity revenue. The cost of Proprietary (Business Type) activities this year was \$694,062.

## **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2010/11, the City's governmental funds reported combined ending fund balances of \$4,623,468 a decrease of \$810,607 from the previous year. The decrease is primarily attributed to \$779,247 reverted unspent COPS monies. Approximately 70.62% of ending fund balance (\$3,265,198) constitutes unassigned fund balance. The unassigned fund balance represents the amount available for spending at the government's discretion. The remainder of the fund balance is nonspendable, committed to prepaid costs of \$55,931 or restricted, subject to externally enforceable legal restrictions of \$1,302,339 to indicate that it is unavailable for discretionary spending.

There are three major funds on the balance sheet for governmental funds. The first is the general fund, the primary operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$3,265,198 which represents 98.32% of total fund balance of \$3,321,129. As a measure of the general fund's liquidity, it may be useful to compare unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 2.07 times of total general fund expenditures, while total fund balance represents 2.10 times of that same amount.

The City's general fund balance increased by \$99,235 during the current fiscal year because Building Permit revenues were \$66,565 above budget and Building Inspection costs were \$25,300 below budget.

The other two major funds on the City's governmental funds balance sheet are the Supplemental Law Enforcement Funds of Citizens Option for Public Safety Program (COPS) Fund. This fund provides funding for community based law enforcement programs. The COPS Fund has a total fund balance of \$10,277, which is \$768,970 lower than last year. The decrease is mainly attributable to \$779,247 reverted, per state law, unspent COPS monies. The other major fund is the Capital Projects – Utility Fund. This

fund provides funds for consultant and construction services for underground utilities projects and other infrastructure improvements. The Capital Projects – Utility Fund has a total fund balance of \$1,033,962, which is unchanged from the prior year's balance of \$1,033,962.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements but in greater detail.

Ending unrestricted net assets for the Refuse Collection - Enterprise Fund is \$202,161. The total change in net assets for the Refuse Collection - Enterprise Fund was a net asset increase of \$15,029.

Ending unrestricted net assets for the Municipal Self Insurance Fund - Internal Service Fund is \$595,103. The total change in net assets for the Municipal Self Insurance Fund - Internal Service Fund was a net asset decrease of \$63,572.

### **General Fund Budgetary Highlights**

The difference between the original general fund budget and the final amended budget was an increase of \$137,750 in revenues and an increase of \$163,000 in expenditures, which are summarized as follows:

Building Permit Fees were increased by \$75,000 due to increased building activity; Miscellaneous Revenue was increased by \$47,000 for the purchase of two LA County roadway parcels; Employer Retirement CalPERS expense was increased by \$151,000 to pay off the City's pension "Side Fund".

Actual to budget revenue variances included positive variances for Building Permit Fees of \$66,565 and Interest Income of \$8,307. Total General Fund revenues were \$72,797 more than budget.

Total General Fund expenditures were \$140,288 less than budget due to savings in City Attorney costs of \$12,979, City Council Election costs of \$8,852, Building Inspection costs of \$25,300, Law Enforcement costs of \$13,515, Contingency costs of \$15,345 and Consulting costs of \$7,735.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounts to \$564,040. This investment includes land for the City Hall campus, tennis courts, Poppy Trail land, Hesse's Gap, Hix Ring and Storm Hill Park.

**Long-term Debt.** The City avoids debt financing and has no long term debt. At the end of the current fiscal year, the City's compensated absences increased by \$5,114.

### **Other Post-Employment Health Care Benefits**

The 2010/11 net other post-employment health care benefits (OPEB) obligation is comprised of \$20,500 paid to CalPERS and annual OPEB cost of \$43,896. The total net OPEB obligation as June 30, 2011 is \$49,444. See footnote 10 on pages 40 – 42.

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

The City Council adopted the FY 2011/12 budget on May 23, 2011 and the following factors were considered in preparing the budget:

- A continued conservative approach to revenue projections with 2.7 % increases in property taxes and associated 4% increase in demand for development activity. The FY 2011-2012 budget includes a slight net increase in budgeted revenues of \$31,800.
- The FY 2011/12 expenditures include a \$391,100 transfer from the General Fund to create a new OPEB Trust & Agency Fund for 100% of the City's unfunded liability for retiree health coverage.

- The City's adopted budget excluding the OPEB \$391,100 transfer is flat and balances revenues with expenditures.

**Contacting the City's Financial Department**

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department at the City of Rolling Hills, 2 Portuguese Bend Road, Rolling Hills, California 90274.

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**BASIC  
FINANCIAL  
STATEMENTS**

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CITY OF ROLLING HILLS

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 4,900,022	\$ 159,899	\$ 5,059,921
Receivables:			
Accounts	340,583	42,262	382,845
Accrued interest	1,449	-	1,449
Prepaid costs	55,931	-	55,931
Capital assets not being depreciated	564,040	-	564,040
<b>Total Assets</b>	<b>5,862,025</b>	<b>202,161</b>	<b>6,064,186</b>
<b>Liabilities:</b>			
Accounts payable	57,135	-	57,135
Accrued liabilities	22,279	-	22,279
Noncurrent liabilities:			
Due within one year	9,000	-	9,000
Due in more than one year	77,326	-	77,326
<b>Total Liabilities</b>	<b>165,740</b>	<b>-</b>	<b>165,740</b>
<b>Net Assets:</b>			
Invested in capital assets	564,040	-	564,040
Restricted for:			
Public safety	62,129	-	62,129
Recreation	32,727	-	32,727
Public works	72,905	-	72,905
Capital projects	1,111,230	-	1,111,230
Quimby Act	23,348	-	23,348
Unrestricted	3,829,906	202,161	4,032,067
<b>Total Net Assets</b>	<b>\$ 5,696,285</b>	<b>\$ 202,161</b>	<b>\$ 5,898,446</b>

CITY OF ROLLING HILLS

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 1,055,473	\$ 1,903	\$ 48,750	\$ -
Public safety	1,062,234	15,427	100,690	-
Planning and development	417,208	452,140	-	-
Recreation	3,370	-	-	-
Public works	171,293	61	65,271	15,000
<b>Total Governmental Activities</b>	<b>2,709,578</b>	<b>469,531</b>	<b>214,711</b>	<b>15,000</b>
Business-Type Activities:				
Refuse Collection Fund	694,062	721,091	-	-
<b>Total Business-Type Activities</b>	<b>694,062</b>	<b>721,091</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 3,403,640</b>	<b>\$ 1,190,622</b>	<b>\$ 214,711</b>	<b>\$ 15,000</b>

**General Revenues:**

Taxes:

    Property taxes, levied for general purpose

    Franchise taxes

    Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

**Transfers**

**Total General Revenues and transfers**

Change in Net Assets

Net Assets at Beginning of Year

**Net Assets at End of Year**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (1,004,820)	\$ -	\$ (1,004,820)
(946,117)	-	(946,117)
34,932	-	34,932
(3,370)	-	(3,370)
(90,961)	-	(90,961)
<b>(2,010,336)</b>	<b>-</b>	<b>(2,010,336)</b>
-	27,029	27,029
-	<b>27,029</b>	<b>27,029</b>
<b>(2,010,336)</b>	<b>27,029</b>	<b>(1,983,307)</b>
752,653	-	752,653
16,507	-	16,507
35,848	-	35,848
159,600	-	159,600
82,843	-	82,843
58,424	-	58,424
12,000	(12,000)	-
<b>1,117,875</b>	<b>(12,000)</b>	<b>1,105,875</b>
(892,461)	15,029	(877,432)
6,588,746	187,132	6,775,878
<b>\$ 5,696,285</b>	<b>\$ 202,161</b>	<b>\$ 5,898,446</b>

CITY OF ROLLING HILLS

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	<u>General</u>	<u>Special Revenue Funds  COPS</u>	<u>Capital Projects Funds  Underground Utility Fund</u>	<u>Other Governmental Funds</u>
<b>Assets:</b>				
Cash and investments	\$ 3,216,002	\$ 8,626	\$ 1,033,962	\$ 262,966
Receivables:				
Accounts	105,492	12,706	-	53
Accrued interest	1,449	-	-	-
Prepaid costs	55,931	-	-	-
<b>Total Assets</b>	<b><u>\$ 3,378,874</u></b>	<b><u>\$ 21,332</u></b>	<b><u>\$ 1,033,962</u></b>	<b><u>\$ 263,019</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 35,466	\$ 11,055	\$ -	\$ 4,919
Accrued liabilities	22,279	-	-	-
<b>Total Liabilities</b>	<b><u>57,745</u></b>	<b><u>11,055</u></b>	<b><u>-</u></b>	<b><u>4,919</u></b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	55,931	-	-	-
<b>Restricted for:</b>				
Public safety	-	10,277	-	51,852
Parks and recreation	-	-	-	32,727
Public works	-	-	-	72,905
Capital Projects	-	-	1,033,962	77,268
Quimby Act	-	-	-	23,348
<b>Unassigned</b>	<b><u>3,265,198</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>3,321,129</u></b>	<b><u>10,277</u></b>	<b><u>1,033,962</u></b>	<b><u>258,100</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 3,378,874</u></b>	<b><u>\$ 21,332</u></b>	<b><u>\$ 1,033,962</u></b>	<b><u>\$ 263,019</u></b>

CITY OF ROLLING HILLS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

---

	<b>Total Governmental Funds</b>
<b>Assets:</b>	
Cash and investments	\$ 4,521,556
Receivables:	
Accounts	118,251
Accrued interest	1,449
Prepaid costs	55,931
<b>Total Assets</b>	<b>\$ 4,697,187</b>
<b>Liabilities and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 51,440
Accrued liabilities	22,279
<b>Total Liabilities</b>	<b>73,719</b>
<b>Fund Balances:</b>	
<b>Nonspendable:</b>	
Prepaid costs	55,931
<b>Restricted for:</b>	
Public safety	62,129
Parks and recreation	32,727
Public works	72,905
Capital Projects	1,111,230
Quimby Act	23,348
<b>Unassigned</b>	<b>3,265,198</b>
<b>Total Fund Balances</b>	<b>4,623,468</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,697,187</b>

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**CITY OF ROLLING HILLS**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011**

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Fund balances of governmental funds	\$ 4,623,468
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	564,040
Long-term debt, compensated absences and other post employment benefits that have not been included in the governmental fund activity:	
Compensated Absences	(36,882)
Other post employment benefits (OPEB)	(49,444)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	<u>595,103</u>
<b>Net assets of governmental activities</b>	<b><u><u>\$ 5,696,285</u></u></b>

CITY OF ROLLING HILLS

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

	General	Special Revenue Funds  COPS	Capital Projects Funds  Underground Utility Fund	Other Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 805,008	\$ -	\$ -	\$ -
Licenses and permits	426,565	-	-	-
Intergovernmental	209,040	100,000	-	80,271
Charges for services	27,478	-	-	-
Use of money and property	78,855	2,979	-	1,009
Fines and forfeitures	15,427	-	-	61
Miscellaneous	58,424	-	-	-
<b>Total Revenues</b>	<b>1,620,797</b>	<b>102,979</b>	<b>-</b>	<b>81,341</b>
<b>Expenditures:</b>				
Current:				
General government	973,619	-	-	-
Public safety	187,735	871,949	-	2,550
Planning and development	417,208	-	-	-
Recreation	-	-	-	3,370
Public works	-	-	-	171,293
<b>Total Expenditures</b>	<b>1,578,562</b>	<b>871,949</b>	<b>-</b>	<b>177,213</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,235	(768,970)	-	(95,872)
<b>Other Financing Sources (Uses):</b>				
Transfers in	57,000	-	-	51,232
Transfers out	-	-	-	(96,232)
<b>Total Other Financing Sources (Uses)</b>	<b>57,000</b>	<b>-</b>	<b>-</b>	<b>(45,000)</b>
Net Change in Fund Balances	99,235	(768,970)	-	(140,872)
Fund Balances, Beginning of Year	3,221,894	779,247	1,033,962	398,972
<b>Fund Balances, End of Year</b>	<b>\$ 3,321,129</b>	<b>\$ 10,277</b>	<b>\$ 1,033,962</b>	<b>\$ 258,100</b>

**CITY OF ROLLING HILLS**

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

---

	<b>Total Governmental Funds</b>
<b>Revenues:</b>	
Taxes	\$ 805,008
Licenses and permits	426,565
Intergovernmental	389,311
Charges for services	27,478
Use of money and property	82,843
Fines and forfeitures	15,488
Miscellaneous	58,424
	<hr/>
<b>Total Revenues</b>	<b>1,805,117</b>
	<hr/>
<b>Expenditures:</b>	
Current:	
General government	973,619
Public safety	1,062,234
Planning and development	417,208
Recreation	3,370
Public works	171,293
	<hr/>
<b>Total Expenditures</b>	<b>2,627,724</b>
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>(822,607)</b>
	<hr/>
<b>Other Financing Sources (Uses):</b>	
Transfers in	108,232
Transfers out	(96,232)
	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>12,000</b>
	<hr/>
Net Change in Fund Balances	<b>(810,607)</b>
	<hr/>
Fund Balances, Beginning of Year	5,434,075
	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ 4,623,468</b>
	<hr/>

**CITY OF ROLLING HILLS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

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Net change in fund balances - total governmental funds \$ (810,607)

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

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 5,114

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense. (23,396)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. (63,572)

**Change in net assets of governmental activities** \$ (892,461)

CITY OF ROLLING HILLS

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT  
GENERAL FUND  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 3,221,894	\$ 3,221,894	\$ 3,221,894	\$ -
<b>Resources (Inflows):</b>				
Taxes	809,000	809,000	805,008	(3,992)
Licenses and permits	285,000	360,000	426,565	66,565
Intergovernmental	201,000	204,750	209,040	4,290
Charges for services	31,800	31,800	27,478	(4,322)
Use of money and property	70,550	70,550	78,855	8,305
Fines and forfeitures	12,600	12,600	15,427	2,827
Miscellaneous	12,300	59,300	58,424	(876)
Transfers in	45,000	57,000	57,000	-
<b>Amounts Available for Appropriation</b>	<b>4,689,144</b>	<b>4,826,894</b>	<b>4,899,691</b>	<b>72,797</b>
<b>Charges to Appropriation (Outflow):</b>				
General government				
City administration	618,650	803,650	746,015	57,635
Finance	101,950	101,950	101,486	464
Non-Department	144,900	156,900	126,118	30,782
Public safety	242,100	208,100	187,735	20,365
Planning and Development	448,250	448,250	417,208	31,042
<b>Total Charges to Appropriations</b>	<b>1,555,850</b>	<b>1,718,850</b>	<b>1,578,562</b>	<b>140,288</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,133,294</b>	<b>\$ 3,108,044</b>	<b>\$ 3,321,129</b>	<b>\$ 213,085</b>

CITY OF ROLLING HILLS

**BUDGETARY COMPARISON STATEMENT  
COPS  
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 779,247	\$ 779,247	\$ 779,247	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	100,000	100,000	100,000	-
Use of money and property	2,100	2,100	2,979	879
<b>Amounts Available for Appropriation</b>	<b>881,347</b>	<b>881,347</b>	<b>882,226</b>	<b>879</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	100,000	879,500	871,949	7,551
<b>Total Charges to Appropriations</b>	<b>100,000</b>	<b>879,500</b>	<b>871,949</b>	<b>7,551</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 781,347</b>	<b>\$ 1,847</b>	<b>\$ 10,277</b>	<b>\$ 8,430</b>

CITY OF ROLLING HILLS

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2011

	<b>Business-Type Activities - Enterprise Funds</b>	<b>Governmental Activities- Internal Service Funds</b>
	<b>Refuse Collection Fund</b>	
<b>Assets:</b>		
Current:		
Cash and investments	\$ 159,899	\$ 378,466
Receivables:		
Accounts	42,262	222,332
<b>Total Current Assets</b>	<b>202,161</b>	<b>600,798</b>
<b>Total Assets</b>	<b>\$ 202,161</b>	<b>\$ 600,798</b>
<b>Liabilities and Net Assets:</b>		
<b>Liabilities:</b>		
Current:		
Accounts payable	\$ -	\$ 5,695
<b>Total Current Liabilities</b>	<b>-</b>	<b>5,695</b>
<b>Total Liabilities</b>	<b>-</b>	<b>5,695</b>
<b>Net Assets:</b>		
Unrestricted	202,161	595,103
<b>Total Net Assets</b>	<b>202,161</b>	<b>595,103</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 202,161</b>	<b>\$ 600,798</b>

CITY OF ROLLING HILLS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2011

	<b>Business-Type Activities - Enterprise Funds</b>	<b>Governmental Activities- Internal Service Funds</b>
	<b>Refuse Collection Fund</b>	
<b>Operating Revenues:</b>		
Sales and service charges	\$ 721,091	\$ -
<b>Total Operating Revenues</b>	<b>721,091</b>	<b>-</b>
<b>Operating Expenses:</b>		
Administration and general	-	63,572
Refuse collection	694,062	-
<b>Total Operating Expenses</b>	<b>694,062</b>	<b>63,572</b>
Income (Loss) Before Transfers	27,029	(63,572)
Transfers out	(12,000)	-
Changes in Net Assets	15,029	(63,572)
<b>Net Assets:</b>		
Beginning of Year	187,132	658,675
<b>End of Fiscal Year</b>	<b>\$ 202,161</b>	<b>\$ 595,103</b>

CITY OF ROLLING HILLS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2011

	<b>Business-Type Activities - Enterprise Funds</b>	<b>Governmental Activities- Internal Service Funds</b>
	<b>Refuse Collection Fund</b>	
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers and users	\$ 707,383	\$ -
Cash paid to suppliers for goods and services	(694,062)	(69,809)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>13,321</b>	<b>(69,809)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Cash transfers in	(12,000)	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(12,000)</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,321</b>	<b>(69,809)</b>
Cash and Cash Equivalents at Beginning of Year	158,578	448,275
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 159,899</b>	<b>\$ 378,466</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ 27,029	\$ (63,572)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>		
(Increase) decrease in accounts receivable	(13,708)	-
Increase (decrease) in accounts payable	-	(6,237)
<b>Total Adjustments</b>	<b>(13,708)</b>	<b>(6,237)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 13,321</b>	<b>\$ (69,809)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>		
There were no non-cash transactions during the fiscal year.		

**CITY OF ROLLING HILLS**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011**

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	<b>Agency Funds</b>
<b>Assets:</b>	
Cash and investments	\$ 812
Restricted assets:	
Cash and investments	<u>305,000</u>
<b>Total Assets</b>	<b><u>\$ 305,812</u></b>
<b>Liabilities:</b>	
Deposits payable	<u>305,812</u>
<b>Total Liabilities</b>	<b><u>\$ 305,812</u></b>

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**I. SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: Organization and Summary of Significant Accounting Policies**

The basic financial statements of the City of Rolling Hills, California (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**a. Description of Entity**

The accompanying basic financial statements present the financial activity of the City of Rolling Hills. The City is the level of government primarily accountable for activities relevant to the operations of the City of Rolling Hills, California.

The City of Rolling Hills (the City) was incorporated on January 25, 1957, under the provisions of the State of California. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, sanitation, animal control, culture and recreation, public improvement planning and zoning, and general administrative services.

The Rolling Hills Community Association is not a part of the City's reporting entity because the City exercises no oversight responsibility and has no accountability for fiscal matters of the Rolling Hills Community Association.

**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 non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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. Revenues are recognized as soon as they are both 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 period. 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 and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The COPS Fund is used to track the revenues and expenditures associated with the COPS Grant program.

The Underground Utility Fund is used to facilitate the expenditures necessary to construct the City's underground utility projects.

The City reports the following major proprietary fund:

The Refuse Collection Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Additionally, the City reports the following fund types:

- The Internal service fund accounts for the financing of goods and services provided by one department to other departments on a cost reimbursement basis. The City's internal service fund is for self-insurance.

**d. Assets, Liabilities and Net Assets or Equity**

**Cash and Investments**

All cash and investments, except those that are held by fiscal agents, are held in a City pool. These pooled funds are available upon demand and, therefore, are considered cash and cash equivalents for purposes of the statement of cash flows. Investments held by fiscal agents with an original maturity of three months or less are also considered cash equivalents and are shown as restricted assets for financial statement presentation purposes.

Investments for the City, as well as for its component units, are reported at fair value. The City's policy is generally to hold investments until maturity.

**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 either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of allowance for uncollectibles.

**Prepaid Costs**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF ROLLING HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building improvements	7-50
Improvements other than buildings	20
Computer equipment	5-20
Equipment and vehicles	5-20
Furniture and fixtures	20

**Compensated Absences**

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, which will be paid to employees in the period taken or upon separation from City's service. All vacation pay is accrued when incurred in the government-wide financial statements. In governmental funds, the cost of vacations is recognized when payments are made to employees.

Accumulated sick leave benefits are not recognized as liabilities of the City. The City's policy is to record sick leave as an operational expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**Fund Equity**

In the fund financial statements, government funds report the following fund balance classification:

Non-spendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council.

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include non-spendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications.

**Property Tax**

Property tax revenue is recognized on the basis of GASB Code Section P70, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period.

The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 AM on the first day in January prior to the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, by December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1 each year and are delinquent, if unpaid, on August 31.

**II. STEWARDSHIP**

**Note 2: Stewardship, Compliance and Accountability**

**a. General Budget Policies**

The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year. Annual budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The City Council reviews a tentative budget and adopts a final budget after a public hearing is conducted to receive comments prior to adoption. The City's governing board satisfied these requirements.

Expenditures may not exceed the total annual budgeted amount in any category without the approval of the City Council. Throughout the fiscal year, monthly financial reports comparing actual figures with budgeted figures are prepared and distributed to the City Manager and members of the City Council. As these reports are reviewed, attention is drawn to variations between budgeted amounts and actual amounts and if necessary the City Council considers the need for increases in expenditure categories. The original adopted budgets are revised by the City Council during the year to give consideration to these modified expenditure categories and to unanticipated income. It is this final revised budget including all revisions and amendments approved by the City Council subsequent to the initial budget adoption that is presented in the financial statements.

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

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**Note 2: Stewardship, Compliance and Accountability (Continued)**

The level of appropriated budgetary control is the total adopted budget which is defined as the total budget for all funds and divisions. The City Manager may authorize transfers of appropriations within the sub-categories of the major expenditure categories of the adopted budget. Supplemental appropriations during the year must be approved by the City Council.

Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the subsequent year's budget by action of the City Council.

**III. DETAILED NOTES ON ALL FUNDS**

**Note 3: Cash and Investments**

As of June 30, 2011, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 4,900,022
Business-type activities	159,899
Fiduciary funds	<u>305,812</u>
Total Cash and Investments	<u>\$ 5,365,733</u>

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated annually to the various funds based on average daily cash balances. Interest Income from cash and investments with fiscal agents is credited directly to the related fund.

**Deposits**

At June 30, 2011, the carrying amount of the City's deposits was \$335,977 and the bank balance was \$408,885. The \$72,908 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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**Note 3: Cash and Investments (Continued)**

interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

**Investments**

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- U.S. Treasury Bonds, Notes and Bills
- Money Market Savings Accounts
- Local Agency Investment Fund (State Pool)
- Deposit of Funds

**Investments Authorized by Debt Agreements**

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

**Investments in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

**GASB Statement No. 31**

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City mitigates its credit risk generally by following its three primary investment objectives, in order, of safety, liquidity and yield. The California Government Code generally limits allowable investments to those classes of investments with lower risk (and therefore lower yields). The City's investment policy further restricts these investments to the highest quality within a category and excludes certain otherwise allowable investments as not meeting the City's liquidity requirement. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**Note 3: Cash and Investments (Continued)**

As of June 30, 2011, all securities were investment grade and were legal under State and City law. Investments in U.S. government securities are not considered to have a credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2011, the City's investments in external investment pools and money market mutual funds are unrated.

On August 5, 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the United States of America to AA+ from AAA. As a result, on August 8, 2011, Standard & Poor's Ratings Services lowered its issuer credit ratings and related issue ratings on various Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac to AA+ from AAA. The City also invests in LAIF which invests in various underlying securities, including the federal agency securities listed above. While LAIF is not rated, the federal agency securities are, and these have been affected by this rating change as well.

**Custodial Credit Risk**

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2011, none of the City's deposits or investments were exposed to custodial credit risk.

**Concentration of Credit Risk**

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. As of June 30, 2011, in accordance with GASB Statement No. 40, if the City has invested more than 5% of its total investments in any one issuer then it is exposed to credit risk. The Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this.

As of June 30, 2011, none of the City's deposits or investment were exposed to concentration of credit risk.

**Interest Rate Risk**

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy establishes a maximum maturity of three years for all individual investments.

As of June 30, 2011, the City had the following investments and original maturities:

	Investment Maturities (in Years)				Fair Value
	180 days or less	180 days to 270 days	270 days to 3 years	3 - 5 years	
Investments					
Local Agency Investment Fund	\$ 1,083,049	\$ -	\$ -	\$ -	\$ 1,083,049
Money Market Saving Accounts	246,830	-	-	-	246,830
Certificates of Deposits	2,700,000	-	-	-	2,700,000
US Treasury Bills	999,877	-	-	-	999,877
	<u>\$ 5,029,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,029,756</u>

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**Note 4: Receivables**

Receivables at June 30, 2011, for the City's individual major funds, and non-major and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are detailed below. All receivables are expected to be collected within one year, except for delinquent property taxes.

Accounts Receivable	General Fund	COPS	Non-major Governmental Funds	Refuse Collection Fund	Internal Service Fund	Total
Accounts	\$ 27,861	\$ 12,706	\$ 53	\$ -	\$ -	\$ 40,620
Property Taxes	71,056	-	-	-	-	71,056
Taxes assessed for rubbish collection	-	-	-	42,262	-	42,262
Interest	1,449	-	-	-	-	1,449
Poppy trail lien	-	-	-	-	222,332	222,332
Rolling Hills Community Association	6,575	-	-	-	-	6,575
Total Receivables	<u>\$ 106,941</u>	<u>\$ 12,706</u>	<u>\$ 53</u>	<u>\$ 42,262</u>	<u>\$ 222,332</u>	<u>\$ 384,294</u>

**Note 5: Interfund Transfers**

Individual fund operating transfers for the fiscal year ended June 30, 2011, are as follows:

Funds	Transfers Out		Total
	Refuse Collection Fund	Non-Major Governmental Funds	
<b>Transfers In:</b>			
General Fund	\$ 12,000	\$ 45,000	\$ 57,000
Non-major Funds	-	51,232	51,232
Total	<u>\$ 12,000</u>	<u>\$ 96,232</u>	<u>\$ 108,232</u>

The Refuse Collection Fund and Non-Major Governmental Funds transferred out \$12,000 and \$45,000 respectively to the General Fund to cover expenditures in the current fiscal year. In addition there were also transfers between Non-Major Governmental Funds of \$51,232.

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**Note 6: Capital Assets**

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 564,040	\$ -	\$ -	\$ 564,040
Total Capital Assets, Not Being Depreciated	564,040	-	-	564,040
Capital assets, being depreciated:				
Land Improvements	176,139	-	-	176,139
Total Capital Assets, Being Depreciated	176,139	-	-	176,139
Less accumulated depreciation:				
Land Improvements	176,139	-	-	176,139
Total Accumulated Depreciation	176,139	-	-	176,139
Total capital assets being depreciated, net	-	-	-	-
Governmental Activities Capital Assets, net	<u>\$ 564,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 564,040</u>

During the fiscal year ended June 30, 2011, all capital assets with the exception of land were fully depreciated and accordingly no depreciation was recorded or allocated.

**Note 7: Long-Term Debt**

The following is a summary of changes in long-term liabilities of the City for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Compensated Absences	\$ 41,996	\$ 12,032	\$ 17,146	\$ 36,882	\$ 9,000
Other Post-Employment Benefits	26,048	23,396	-	49,444	-
Total	<u>\$ 68,044</u>	<u>\$ 35,428</u>	<u>\$ 17,146</u>	<u>\$ 86,326</u>	<u>\$ 9,000</u>

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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**Note 8: Liability, Insured Programs and Worker' Compensation Protection**

**a. Description of Self-Insured Pool Pursuant to Joint Powers Agreement**

The City of Rolling Hills is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 121 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

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

A revised cost allocation methodology was introduced in 2010-11, however it retains many elements of the previous cost allocation methodology. 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. 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.

General 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 2010-11 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.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence. Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

CITY OF ROLLING HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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**Note 8: Liability, Insured Programs and Worker' Compensation Protection (Continued)**

Workers' Compensation: In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is 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 \$4 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$4 million to \$10 million are pooled among members.

**c. Purchased Insurance**

Pollution Legal Liability Insurance: The City of Rolling Hills 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. 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, 2008 through July 1, 2011. 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 participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Rolling Hills property is currently insured according to a schedule of covered property submitted by the City of Rolling Hills to the Authority. The City of Rolling Hills property currently has all-risk property insurance protection in the amount of \$822,904. 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.

Crime Insurance: City of Rolling Hills purchases crime insurance coverage in the amount of \$100,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

**d. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2010-11.

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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**Note 9: Pension Plan Obligations**

Plan Description

The City of Rolling Hills contributes to the California Public Employees Retirement System (PERS), an agent 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 its executive office: 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate as a percentage of annual covered payroll is 10.395%. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost (APC) and Net Pension Obligation

For the year ended June 30, 2011, the City's annual pension cost of \$60,870 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the alternative measurement method.

A summary of principle assumptions and methods used to determine the APC is shown below:

Valuation Date	June 30, 2008
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	4 years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on age, service and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%.

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**Note 9: Pension Plan Obligations (Continued)**

Initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the Plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Three-Year Trend Information for PERS - City			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligations
6/30/2009	\$ 36,752	100%	\$ -
6/30/2010	53,150	100%	-
6/30/2011	60,870	100%	-

**Note 10: Other Post-Employment Health Care Benefits**

**Plan Description**

The City provides retiree medical benefits through a single-employer defined benefit healthcare plan which provides medical insurance benefits to eligible retirees. A separate financial report is not available for the plan.

**Eligibility**

Employees are eligible for retiree health benefits if they retire from the City on or after age 60 with at least 5 years of service with the City, and are eligible for a PERS pension. Membership of the plan consisted of 4 eligible active employees and 4 enrolled eligible retirees at June 30, 2011. These amounts do not reflect current retirees not enrolled in the Cal PERS health plan who are eligible to enroll in the plan at a later date.

**Funding Policy**

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The actual contribution is based on projected pay-as-you-go financing requirements.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**Note 10: Other Post-Employment Health Care Benefits (Continued)**

As of June 30, 2011, the most recent actuarial valuation date, the City did not use a trust fund to administer the financing and payment of benefits for its OPEB. Instead the City paid \$20,500 in benefits on a pay-as-you-go basis during the fiscal year. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	<u>June 30, 2011</u>
Annual required contribution (ARC)	\$ 44,794
Interest on net OPEB obligation	-
Adjustment to ARC	<u>(898)</u>
Annual OPEB cost	43,896
Contributions made	<u>(20,500)</u>
(Decrease) increase in Net OPEB obligation	23,396
Net OPEB obligation (asset) June 30, 2010	<u>26,048</u>
Net OPEB obligation (asset) June 30, 2011	<u><u>\$ 49,444</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2011, the first in which GASB Statement 45 is required to be implemented, were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 44,794	\$ 18,746	42%	\$ 26,048
6/30/2011	43,896	20,500	43%	49,444

**Funding Status and Progress**

As of July 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$391,029, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$391,029 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0 percent. The annual covered payroll was \$361,582 and UAAL as a % of covered payroll was 108%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

**CITY OF ROLLING HILLS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**Note 10: Other Post-Employment Health Care Benefits (Continued)**

Schedule of Funding Progress							UAAL as a %
Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (a)	Actuarial Asset Value (b)	Unfunded AAL (UAAL) [(a) - (b)]	Funded Ratio [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b)-(a)/(c)]	
07/01/09	\$ 391,029	\$ -	\$ 391,029	0%	\$ 361,582	-108.14%	

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 5.0% investment rate of return, which is based on assumed long-term investment returns on plan assets and on the City's assets, as appropriate, and an annual healthcare cost trend rate of 7.0% graded down by 1.0% per year with an ultimate rate of 5.0%. The UAAL is being amortized as a level percentage of projected payroll over 30 years, on a closed amortization period.

**Note 11: Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Pursuant to the IRC 457 subsection (g); all amounts of compensation deferred under the deferred compensation plan, all property, or rights are solely the property and rights of the employee and beneficiaries of the plan. Deferred compensation funds are not subject to the claims of the City's general creditors; consequently, the assets and related liabilities of the plan are not included within the City's financial statements. The ending investment balance of the plan as of June 30, 2011, was \$626,190.

**Note 12: Commitments and Contingencies**

**Litigation**

In the opinion of the California Joint Powers Insurance Authority, there are no known claims which would exceed the City's applicable coverage. The City's management is not aware of any lawsuits or claims that would have a material adverse effects on the financial position of the City.

**Grants**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of non-compliance were disclosed by prior year's audits of the financial statements or by a prior year single audit of a Federal grant program; grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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CITY OF ROLLING HILLS

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2011

Special Revenue Funds

	<u>Community Facilities Fund</u>	<u>Transit Fund</u>	<u>Traffic Safety Fund</u>	<u>Measure R</u>
<b>Assets:</b>				
Cash and investments	\$ 58,250	\$ 53,811	\$ 141	\$ 19,094
Receivables:				
Accounts	-	-	53	-
<b>Total Assets</b>	<b><u>\$ 58,250</u></b>	<b><u>\$ 53,811</u></b>	<b><u>\$ 194</u></b>	<b><u>\$ 19,094</u></b>
 <b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,175	\$ -	\$ 194	\$ -
<b>Total Liabilities</b>	<b><u>2,175</u></b>	<b><u>-</u></b>	<b><u>194</u></b>	<b><u>-</u></b>
 <b>Fund Balances:</b>				
<b>Restricted for:</b>				
Public safety	-	-	-	-
Recreation	32,727	-	-	-
Quimby Act	23,348	-	-	-
Public works	-	53,811	-	19,094
Capital Projects	-	-	-	-
<b>Total Fund Balances</b>	<b><u>56,075</u></b>	<b><u>53,811</u></b>	<b><u>-</u></b>	<b><u>19,094</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 58,250</u></b>	<b><u>\$ 53,811</u></b>	<b><u>\$ 194</u></b>	<b><u>\$ 19,094</u></b>

CITY OF ROLLING HILLS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	Special Revenue Funds		Capital Projects Fund	Total Non-major Governmental Funds
	CLEEP	Transportation Development Act	Capital Projects Fund	
<b>Assets:</b>				
Cash and investments	\$ 54,402	\$ -	\$ 77,268	\$ 262,966
Receivables:				
Accounts	-	-	-	53
<b>Total Assets</b>	<b>\$ 54,402</b>	<b>\$ -</b>	<b>\$ 77,268</b>	<b>\$ 263,019</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,550	\$ -	\$ -	\$ 4,919
<b>Total Liabilities</b>	<b>2,550</b>	<b>-</b>	<b>-</b>	<b>4,919</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Public safety	51,852	-	-	51,852
Recreation	-	-	-	32,727
Quimby Act	-	-	-	23,348
Public works	-	-	-	72,905
Capital Projects	-	-	77,268	77,268
<b>Total Fund Balances</b>	<b>51,852</b>	<b>-</b>	<b>77,268</b>	<b>258,100</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 54,402</b>	<b>\$ -</b>	<b>\$ 77,268</b>	<b>\$ 263,019</b>

CITY OF ROLLING HILLS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

	<u>Special Revenue Funds</u>			
	<u>Community Facilities Fund</u>	<u>Transit Fund</u>	<u>Traffic Safety Fund</u>	<u>Measure R</u>
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 48,760	\$ -	\$ 16,511
Use of money and property	336	282	-	79
Fines and forfeitures	-	-	61	-
<b>Total Revenues</b>	<b>336</b>	<b>49,042</b>	<b>61</b>	<b>16,590</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Recreation	3,370	-	-	-
Public works	-	95,000	51,293	10,000
<b>Total Expenditures</b>	<b>3,370</b>	<b>95,000</b>	<b>51,293</b>	<b>10,000</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,034)	(45,958)	(51,232)	6,590
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	51,232	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>51,232</b>	<b>-</b>
Net Change in Fund Balances	(3,034)	(45,958)	-	6,590
Fund Balances, Beginning of Year	59,109	99,769	-	12,504
<b>Fund Balances, End of Year</b>	<b>\$ 56,075</b>	<b>\$ 53,811</b>	<b>\$ -</b>	<b>\$ 19,094</b>

CITY OF ROLLING HILLS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

	Special Revenue Funds		Capital Projects Fund	Total Non-major Governmental Funds
	CLEEP	Transportation Development Act	Capital Projects Fund	
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 15,000	\$ -	\$ 80,271
Use of money and property	312	-	-	1,009
Fines and forfeitures	-	-	-	61
<b>Total Revenues</b>	<b>312</b>	<b>15,000</b>	<b>-</b>	<b>81,341</b>
<b>Expenditures:</b>				
Current:				
Public safety	2,550	-	-	2,550
Recreation	-	-	-	3,370
Public works	-	15,000	-	171,293
<b>Total Expenditures</b>	<b>2,550</b>	<b>15,000</b>	<b>-</b>	<b>177,213</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,238)	-	-	(95,872)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	51,232
Transfers out	-	-	(96,232)	(96,232)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(96,232)</b>	<b>(45,000)</b>
Net Change in Fund Balances	(2,238)	-	(96,232)	(140,872)
Fund Balances, Beginning of Year	54,090	-	173,500	398,972
<b>Fund Balances, End of Year</b>	<b>\$ 51,852</b>	<b>\$ -</b>	<b>\$ 77,268</b>	<b>\$ 258,100</b>

CITY OF ROLLING HILLS

BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY FACILITIES FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 59,109	\$ 59,109	\$ 59,109	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	200	200	336	136
<b>Amounts Available for Appropriation</b>	<b>59,309</b>	<b>59,309</b>	<b>59,445</b>	<b>136</b>
<b>Charges to Appropriation (Outflow):</b>				
Recreation	10,000	10,000	3,370	6,630
<b>Total Charges to Appropriations</b>	<b>10,000</b>	<b>10,000</b>	<b>3,370</b>	<b>6,630</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 49,309</b>	<b>\$ 49,309</b>	<b>\$ 56,075</b>	<b>\$ 6,766</b>

CITY OF ROLLING HILLS

**BUDGETARY COMPARISON SCHEDULE  
TRANSIT FUND  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 99,769	\$ 99,769	\$ 99,769	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	48,500	48,500	48,760	260
Use of money and property	90	90	282	192
<b>Amounts Available for Appropriation</b>	<b>148,359</b>	<b>148,359</b>	<b>148,811</b>	<b>452</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	60,000	95,000	95,000	-
<b>Total Charges to Appropriations</b>	<b>60,000</b>	<b>95,000</b>	<b>95,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 88,359</b>	<b>\$ 53,359</b>	<b>\$ 53,811</b>	<b>\$ 452</b>

CITY OF ROLLING HILLS

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC SAFETY FUND  
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Fines and forfeitures	100	100	61	(39)
Transfers in	70,000	70,000	51,232	(18,768)
<b>Amounts Available for Appropriation</b>	<b>70,100</b>	<b>70,100</b>	<b>51,293</b>	<b>(18,807)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	70,100	70,100	51,293	18,807
<b>Total Charges to Appropriations</b>	<b>70,100</b>	<b>70,100</b>	<b>51,293</b>	<b>18,807</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF ROLLING HILLS

**BUDGETARY COMPARISON SCHEDULE  
MEASURE R  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 12,504	\$ 12,504	\$ 12,504	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	16,500	16,500	16,511	11
Use of money and property	10	10	79	69
<b>Amounts Available for Appropriation</b>	<b>29,014</b>	<b>29,014</b>	<b>29,094</b>	<b>80</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	10,000	10,000	-
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 29,014</b>	<b>\$ 19,014</b>	<b>\$ 19,094</b>	<b>\$ 80</b>

CITY OF ROLLING HILLS

BUDGETARY COMPARISON SCHEDULE  
 CLEEP  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 54,090	\$ 54,090	\$ 54,090	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	100	100	312	212
<b>Amounts Available for Appropriation</b>	<b>54,190</b>	<b>54,190</b>	<b>54,402</b>	<b>212</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	4,500	7,500	2,550	4,950
<b>Total Charges to Appropriations</b>	<b>4,500</b>	<b>7,500</b>	<b>2,550</b>	<b>4,950</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 49,690</b>	<b>\$ 46,690</b>	<b>\$ 51,852</b>	<b>\$ 5,162</b>

CITY OF ROLLING HILLS

**BUDGETARY COMPARISON SCHEDULE  
TRANSPORTATION DEVELOPMENT ACT  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	15,000	15,000	-
<b>Amounts Available for Appropriation</b>	<b>-</b>	<b>15,000</b>	<b>15,000</b>	<b>-</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	15,000	15,000	-
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>15,000</b>	<b>15,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF ROLLING HILLS

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 173,500	\$ 173,500	\$ 173,500	\$ -
<b>Amounts Available for Appropriation</b>	<b>173,500</b>	<b>173,500</b>	<b>173,500</b>	<b>-</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	115,000	115,000	96,232	18,768
<b>Total Charges to Appropriations</b>	<b>115,000</b>	<b>115,000</b>	<b>96,232</b>	<b>18,768</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 58,500</b>	<b>\$ 58,500</b>	<b>\$ 77,268</b>	<b>\$ 18,768</b>

CITY OF ROLLING HILLS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2011

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2011</u>
<b><u>Deposits Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 812	\$ -	\$ 812
Restricted assets:				
Cash and investments	-	305,000		305,000
<b>Total Assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 305,812</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 305,812</u></b>
<b>Liabilities:</b>				
Deposits payable	\$ -	\$ 305,812	\$ -	\$ 305,812
<b>Total Liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ 305,812</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 305,812</u></b>

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**STATISTICAL  
SECTION**

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## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	58
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	59
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	67
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's financial activities take place.	
Demographic and Economic Information	69
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place	
Operating Information	71
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF ROLLING HILLS  
 Net Assets by Component  
 Last Three Fiscal Years  
 (accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental activities</b>			
Invested in capital assets, net of related debt	\$ 564,040	\$ 564,040	\$ 564,040
Restricted	856,364	1,004,719	1,302,339
Unrestricted	<u>5,036,921</u>	<u>5,019,987</u>	<u>3,829,906</u>
<b>Total governmental activities net assets</b>	<b><u>\$ 6,457,325</u></b>	<b><u>\$ 6,588,746</u></b>	<b><u>\$ 5,696,285</u></b>
<b>Business-Type activities</b>			
Unrestricted	<u>\$ 185,348</u>	<u>\$ 187,132</u>	<u>\$ 202,161</u>
<b>Total business-type activities net assets</b>	<b><u>\$ 185,348</u></b>	<b><u>\$ 187,132</u></b>	<b><u>\$ 202,161</u></b>
<b>Primary government</b>			
Invested in capital assets, net of related debt	\$ 564,040	\$ 564,040	\$ 564,040
Restricted	856,364	1,004,719	1,302,339
Unrestricted	<u>5,222,269</u>	<u>5,207,119</u>	<u>4,032,067</u>
<b>Total primary government net asset</b>	<b><u>\$ 6,642,673</u></b>	<b><u>\$ 6,775,878</u></b>	<b><u>\$ 5,898,446</u></b>

The City of Rolling Hills has presented only three years of data for this schedule, prior years are unavailable.

CITY OF ROLLING HILLS  
Changes in Net Assets  
Last Three Fiscal Years  
(accrual basis of accounting)

	2009	2010	2011
<b>Expenses:</b>			
<b>Governmental activities:</b>			
General government	\$ 806,274	\$ 785,432	\$ 1,055,473
Public safety	302,710	302,936	1,062,234
Planning and development	474,397	442,248	417,208
Recreation	4,609	8,205	3,370
Public works	125,456	18,131	171,293
<b>Total governmental activities expenses</b>	<b>\$ 1,713,446</b>	<b>\$ 1,556,952</b>	<b>\$ 2,709,578</b>
<b>Business-type activities:</b>			
Refuse collection fund	724,298	717,534	694,062
<b>Total business-type activities expenses</b>	<b>\$ 724,298</b>	<b>\$ 717,534</b>	<b>\$ 694,062</b>
<b>Total Primary government expenses</b>	<b>\$ 2,437,744</b>	<b>\$ 2,274,486</b>	<b>\$ 3,403,640</b>
<b>Program revenues:</b>			
<b>Governmental activities:</b>			
<b>Charges for services:</b>			
General government	\$ -	\$ 1,848	\$ 1,903
Public safety	12,682	10,221	15,427
Planning and development	449,911	387,401	452,140
Recreation	23,348	-	-
Public works	9,280	83	61
Operating grants and contributions	156,075	183,832	214,711
Capital grants and contributions	-	-	15,000
<b>Total governmental activities program revenues</b>	<b>651,296</b>	<b>583,385</b>	<b>699,242</b>
<b>Net (expense)/revenue</b>	<b>\$ (1,062,150)</b>	<b>\$ (973,567)</b>	<b>\$ (2,010,336)</b>
<b>Business-type activities:</b>			
<b>Charges for services:</b>			
Refuse collection fund	722,264	719,318	721,091
<b>Total business-type activities program revenues</b>	<b>722,264</b>	<b>719,318</b>	<b>721,091</b>
<b>Net (expense)/revenue</b>	<b>\$ (2,034)</b>	<b>\$ 1,784</b>	<b>\$ 27,029</b>
<b>Total Net (expense)/revenue</b>	<b>\$ (1,064,184)</b>	<b>\$ (971,783)</b>	<b>\$ (1,983,307)</b>
<b>General revenues and other changes in net assets:</b>			
<b>Governmental activities:</b>			
<b>Taxes:</b>			
Property taxes	\$ 741,297	\$ 775,091	\$ 752,653
Sales and use taxes	6,564	-	-
Franchise taxes	13,619	15,064	16,507
Other taxes	24,242	38,387	35,848
Motor vehicle in lieu tax (unrestricted)	155,755	158,205	159,600
Use of money and property	138,599	73,767	82,843
Other	57,940	44,474	58,424
Transfers	-	-	12,000
<b>Total governmental activities</b>	<b>1,138,016</b>	<b>1,104,988</b>	<b>1,117,875</b>
<b>Business-type activities:</b>			
Transfers	-	-	(12,000)
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>(12,000)</b>
<b>Total General Revenue and Extraordinary Item</b>	<b>1,138,016</b>	<b>1,104,988</b>	<b>1,105,875</b>
<b>Change in Net Assets</b>			
Governmental activities	\$ 75,866	\$ 131,421	\$ (892,461)
Business-type activities	\$ (2,034)	\$ 1,784	\$ 15,029
<b>Total primary government</b>	<b>\$ 73,832</b>	<b>\$ 133,205</b>	<b>\$ (877,432)</b>

The City of Rolling Hills has presented only three years of data for this schedule, prior years are unavailable.

CITY OF ROLLING HILLS  
Fund Balances of Governmental Funds  
Last Three Fiscal Years  
(accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund:			
Reserved	\$ 22,116	\$ 75,880	
Designated for working capital	257,652	-	
Designated for budget contingency	154,591	-	
Undesignated	<u>3,461,390</u>	<u>3,146,014</u>	
Total general fund	<u>\$ 3,895,749</u>	<u>\$ 3,221,894</u>	
All other governmental funds:			
Reserved	\$ -	\$ -	
Unreserved, reported in:			
Special revenue funds	120,902	225,472	
Capital projects funds	179,459	173,500	
Undesignated	<u>1,036,036</u>	<u>1,813,209</u>	
Total all other governmental funds	<u>\$ 1,336,397</u>	<u>\$ 2,212,181</u>	
General fund:			
Nonspendable			\$ 55,931
Restricted			-
Committed			-
Assigned			-
Spendable			<u>3,265,198</u>
Total general fund			<u>\$ 3,321,129</u>
All other governmental funds:			
Nonspendable			\$ -
Spendable			<u>1,302,339</u>
Total all other governmental funds			<u>\$ 1,302,339</u>

The City of Rolling Hills has presented only three years of data for this schedule, prior years are unavailable.

CITY OF ROLLING HILLS  
Changes in Fund Balances of Governmental Funds  
Last Three Fiscal Years  
(amounts expressed in thousands)

	2009	2010	2011
<b>Revenues:</b>			
Taxes	\$ 785,722	\$ 828,542	\$ 805,008
Licenses and permits	408,811	356,680	426,565
Intergovernmental	311,830	342,037	389,311
Charges for services	73,640	32,569	27,478
Use of money and property	138,599	73,767	82,843
Fines and forfeitures	12,770	10,304	15,488
Miscellaneous	57,940	44,474	58,424
<b>Total revenues</b>	<b>1,789,312</b>	<b>1,688,373</b>	<b>1,805,117</b>
<b>Expenditures</b>			
General government	789,994	725,192	973,619
Public safety	291,661	295,524	1,062,234
Planning and development	474,397	442,248	417,208
Recreation	4,609	8,205	3,370
Public works	108,557	5,888	171,293
Capital outlay	-	9,387	-
<b>Total expenditures</b>	<b>1,669,218</b>	<b>1,486,444</b>	<b>2,627,724</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>120,094</b>	<b>201,929</b>	<b>(822,607)</b>
<b>Other financing sources (uses):</b>			
Transfers in	345,443	739,194	108,232
Transfers out	(570,443)	(739,194)	(96,232)
<b>Total other financing sources (uses)</b>	<b>(225,000)</b>	<b>-</b>	<b>12,000</b>
<b>Net change in fund balances</b>	<b>\$ (104,906)</b>	<b>\$ 201,929</b>	<b>\$ (810,607)</b>

The City of Rolling Hills has presented only three years of data for this schedule, prior years are unavailable.

CITY OF ROLLING HILLS  
 Selected Governmental Activities Tax Revenues by Source  
 Last Three Fiscal Years  
 (accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales and Use Tax</u>	<u>Franchise and Other Taxes</u>	<u>Motor Vehicle in Lieu Tax</u>	<u>Total</u>
2009	741,297	6,564	37,861	155,755	941,477
2010	775,091	-	53,451	158,205	986,747
2011	752,653	-	52,355	159,600	964,608

The City of Rolling Hills has presented only three years of data for this schedule, prior years are unavailable.

CITY OF ROLLING HILLS  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Residential	Other (1)	Total Net Taxable Assessed Value	Total Direct Rate
2002	763,279,349	3,486,504	766,765,853	0.06491
2003	798,865,920	3,363,963	802,229,883	0.06495
2004	856,702,223	3,384,789	860,087,012	0.06495
2005	916,551,139	2,873,110	919,424,249	0.06494
2006	985,322,272	3,004,225	988,326,497	0.06494
2007	1,049,307,759	2,871,594	1,052,179,353	0.06504
2008	1,123,283,501	2,973,585	1,126,257,086	0.06575
2009	1,174,194,979	3,315,119	1,177,510,098	0.06502
2010	1,192,443,291	3,056,506	1,195,499,797	0.06503
2011	1,166,813,432	2,821,199	1,169,634,631	0.06493

Data Source: HDL Coren & Cone (Los Angeles County Assessor)

(1) Includes industrial, govt. owned, miscellaneous, vacant, cross reference, and unsecured.

CITY OF ROLLING HILLS

Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(Per \$100 of Assessed Value)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000
LA Community College District	0.01600	0.01460	0.01986	0.01810	0.01429	0.02146	0.00879	0.02212	0.02311	0.04031
LA County Flood Control	0.00107	0.00088	0.00046	0.00025	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370
Palos Verdes Library District	0.00959	0.00970	0.00896	0.00852	0.00781	0.00731	0.00685	0.00680	0.00662	0.00672
Palos Verdes Peninsula Unified	0.01547	0.01510	0.01478	0.01496	0.01946	0.01410	0.01976	0.02018	0.02164	0.02249
<b>Total Direct &amp; Overlapping (2) Tax Rates</b>	<b>1.05096</b>	<b>1.04801</b>	<b>1.05115</b>	<b>1.04855</b>	<b>1.04761</b>	<b>1.04828</b>	<b>1.03990</b>	<b>1.05340</b>	<b>1.05567</b>	<b>1.07322</b>
City's Share of 1% Levy Per Prop 13 (3)	0.06496	0.06495	0.06495	0.06495	0.06495	0.06495	0.06495	0.06495	0.06495	0.06495
<b>Total Direct Rate (4)</b>	<b>0.06491</b>	<b>0.06495</b>	<b>0.06495</b>	<b>0.06494</b>	<b>0.06494</b>	<b>0.06504</b>	<b>0.06575</b>	<b>0.06502</b>	<b>0.06503</b>	<b>0.06493</b>

Data Source: HDL Coren & Cone (Los Angeles County Assessor)

(1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

(3) City's share of 1% Levy is based on the City's share of general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.

(4) Total Direct Rate is the weighted average of all individual direct rates applied by the City of Rolling Hills.

CITY OF ROLLING HILLS  
 Top Ten Property Taxpayers  
 Current Year and Ten Years Ago

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Taxpayer #1	\$ 16,028,271	1	1.37%	\$ 7,140,644	1	0.93%
Taxpayer #2	10,679,894	2	0.91%			
Taxpayer #3	10,000,000	3	0.85%			
Taxpayer #4	8,216,695	4	0.70%	7,038,725	2	0.92%
Taxpayer #5	8,207,500	5	0.70%			
Taxpayer #6	6,734,366	6	0.58%			
Taxpayer #7	6,600,000	7	0.56%			
Taxpayer #8	6,563,000	8	0.56%			
Taxpayer #9	5,549,074	9	0.47%			
Taxpayer #10	5,507,318	10	0.47%			
Taxpayer #11				6,701,405	3	0.87%
Taxpayer #12				6,630,000	4	0.86%
Taxpayer #13				6,284,188	5	0.82%
Taxpayer #14				4,996,999	6	0.65%
Taxpayer #15				4,713,304	7	0.61%
Taxpayer #16				4,590,000	8	0.60%
Taxpayer #17				4,372,091	9	0.57%
Taxpayer #18				3,969,094	10	0.52%
Top Ten Total	\$ 84,086,118		7.19%	\$ 56,436,450		7.36%

Data Source: HDL Coren & Cone (Los Angeles County Assessor)

CITY OF ROLLING HILLS  
Property Tax Levies and Collections  
Last Three Fiscal Years

<u>Year Ended June 30</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2009	765,715	695,068	90.77%	58,324	753,392	98.39%
2010	777,416	710,677	91.42%	62,852	773,529	99.50%
2011	759,462	703,505	92.63%	-	703,505	92.63%

Source: Los Angeles County Auditor Controller's Office.

The City of Rolling Hills has presented only three years of data for this schedule, prior years are unavailable.

CITY OF ROLLING HILLS  
Direct and Overlapping Debt  
June 30, 2011

2010/2011 Assessed Valuation: \$1,169,634,631

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
<b>Overlapping Debt</b>			
PV LIB. DIST. REF. BONDS DS SER 98	6,520,000	6.340%	413,393
METROPOLITAN WATER DISTRICT	107,259,876	0.138%	147,725
L. A. CCD DS 2001 SER-A	10,590,000	0.204%	21,587
L. A. CCD DS 2003 SERIES B	71,760,000	0.203%	145,888
L. A. CCD DS 2003 TAXABLE SERIES 2004B	17,935,000	0.203%	36,462
L. A. CCD DS 2001 TAXABLE SERIES 2004A	74,760,000	0.203%	151,987
LACC DS REFUNDING 2001 SERIES 2005A	431,075,000	0.203%	876,376
LA CCD DS 2001, 2006 SERIES B	382,830,000	0.203%	778,294
LA CCD DS 2003, 2006 SERIES C	292,480,000	0.203%	594,612
LACC DS 2001, 2008 SER E-1	276,500,000	0.203%	562,125
LACC DS 2001, 2008 TAXABLE SER E-2	2,420,000	0.203%	4,920
LACC DS 2003, 2008 SER F-1	344,915,000	0.203%	701,212
LACC DS 2003, 2008 TAXABLE SER F-2	6,480,000	0.203%	13,174
LACC DS 2008, 2009 TAXABLE SER A	350,000,000	0.203%	711,550
LACC DS 2008, 2009 TAXABLE SER B	75,000,000	0.203%	152,475
LACC DEBT 2008, 2010 TAX SERIES D	175,000,000	0.203%	355,818
LACC DEBT 2010 TAX SER E (BABS)	900,000,000	0.203%	1,829,922
LACC DS 2008, 2010 SERIES C	125,000,000	0.203%	254,156
PALOS VERDES PEN USD 2000 SERIES B	2,300,098	6.665%	153,308
PALOS VERDES PEN USD 2000 SERIES C	8,949,694	6.665%	596,522
PALOS VERDES PEN USD REFUNDING SERIES 2005	19,335,000	6.665%	1,288,731
PALOS VERDES PEN USD 2005R SERIES 2006	22,809,233	6.665%	1,520,298
PALOS VERDES PEN USD 2005S SERIES 2006	1,188,988	6.665%	79,249
PALOS VERDES PEN USD REFUNDING SERIES 2006	11,495,000	6.665%	766,173
PALOS VERDES PEN USD DS 2005 REFUNDING SERIES 200	6,994,337	6.714%	469,590
PALOS VERDES PEN USD DS 2005 SERIES 2009	7,805,000	6.665%	520,225
<b>Total Overlapping Debt</b>			<b>13,145,772</b>
Valuation Ratios:	Direct Debt	0.00%	
	Overlapping Debt	1.12%	
	Total Debt	1.12%	

Data Source: HDL Coren & Cone

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Legal Debt Margin Information  
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed value	766,765,853	802,229,883	860,087,012	919,424,249	988,326,497	1,052,179,353	1,126,257,066	1,177,510,098	1,165,499,797	1,169,634,631
Debt Limit -15% of assessed value	115,014,878	120,334,482	129,013,052	137,913,637	148,248,975	157,826,903	168,938,563	176,626,515	179,324,970	175,445,195
Amount of Debt Applicable to the Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	115,014,878	120,334,482	129,013,052	137,913,637	148,248,975	157,826,903	168,938,563	176,626,515	179,324,970	175,445,195
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Data Source: City Finance Department

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel).

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

<u>Calendar Year</u>	<u>City Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	1,890	209,948	109,691	0.6
2003	1,898	208,155	107,685	0.7
2004	1,910	202,459	103,507	0.6
2005	1,912	196,069	99,477	0.9
2006	1,889	183,147	93,490	0.8
2007	1,876	174,904	89,511	0.8
2008	1,868	173,107	88,591	1.2
2009	1,868	179,562	91,473	2.0
2010	1,860	227,987	115,495	2.2
2011	*	*	*	*

Sources: Data Source: HDL Coren & Cone (California State Department of Finance, California EDD, Census)

\* No data available

CITY OF ROLLING HILLS

Principal Employers

Current Year

<u>Type of Business (1)</u>	<u>Number of Employees</u>	<u>Percentage of Total City Employment</u>
Transportation Concepts Inc	20-49	24-26%
Rolling Hills Community Assn	10-19	5-6%
Southland Ships Supply	5-9	5-6%
E Search	5-9	5-6%
Rancho Del Mar School	5-9	5-6%
Beach Cities Learning Ctr	5-9	5-6%
LA County Fire Station #56	5-9	5-6%
PV Kids' Corner	5-9	5-6%

Source: State Employment Development Department

The City of Rolling Hills has presented only current year data for this schedule, 2002 is unavailable.

CITY OF ROLLING HILLS  
 Full-time Equivalent City Government Employees by Function/Program  
 Last Three Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30,		
	2009	2010	2011
City Management	1	1	1
Planning	1	1	1
Administration	3	3	2.75
<b>Total</b>	<b>5.00</b>	<b>5.00</b>	<b>4.75</b>

Source: City Finance Department

The City of Rolling Hills has presented only three years of data for this schedule, prior years are unavailable.

**CITY OF ROLLING HILLS**  
**Operating Indicators by Function/Program**  
**Last Three Years**

Function/Program	2009	2010	2011
<b>Police:</b>			
Physical arrests	10	10	4
Parking violations	2	-	-
Moving violations	345	482	561
<b>Fire:</b>			
Number of Emergency calls	143	111	118
Inspections	n/a	n/a	n/a
<b>Building &amp; Planning:</b>			
Building permits issues	n/a	109.0	82.0
Grading applications	9	7	8.0
<b>Public Works:</b>			
Public works permits	n/a	n/a	n/a
Street resurfacing (miles)	n/a	n/a	n/a
<b>Recreation:</b>			
Number of recreation classes	n/a	n/a	n/a
Number of facility rentals	n/a	n/a	n/a

Source: City Departments

The City of Rolling Hills has presented only three years of data for this schedule, prior years are unavailable.

N/A - Information is not applicable

CITY OF ROLLING HILLS  
 Capital Asset Statistics by Function/Program  
 Last Three Years

Function/Program	2009	2010	2011
Police:			
Stations	N/A	N/A	N/A
Patrol units	N/A	N/A	N/A
Streets (miles)	N/A	N/A	N/A
Sanitary sewers (miles)	N/A	N/A	N/A
Storm drains (miles)	N/A	N/A	N/A
Recreation facilities:			
Riding Rings *	2	2	2
Tennis Courts *	3	3	3

Source: City Departments

The City of Rolling Hills has presented only three years of data for this schedule, prior years are unavailable.

\* Riding rings and tennis courts leased to Rolling Hills Community Association

N/A - Information is not applicable

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