

City of Rolling Hills Estates

State of California



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended
June 30, 2025



Prepared by
Administrative Services Department

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*Annual Comprehensive Financial Report
For the Year Ended June 30, 2025*

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

*Michael C. Whitehead
Administrative Services Director*

*Fernando Estrada
Senior Accountant*

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CITY OF ROLLING HILLS ESTATES

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INTRODUCTORY SECTION (UNAUDITED)

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CITY OF ROLLING HILLS ESTATES

4045 Palos Verdes Drive North
Rolling Hills Estates, CA 90274

December 12, 2025

Honorable Mayor, City Council and citizens

The Annual Comprehensive Financial Report (Annual Report) of the City of Rolling Hills Estates (City) for the fiscal year ended June 30, 2025, is hereby submitted as mandated by local ordinances. These ordinances and statutes require that the City issues annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component unit of the City. In addition, to the best of our knowledge, there are no untrue statements of material fact within the financial statements or omissions of material fact to cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Rolling Hills Estates as legally defined), as well as its component unit, the Pepper Tree Foundation. A component unit is a legally separate entity for which the primary government is financially accountable. The City provides a broad range of services, including police protection, solid waste collection, construction and maintenance of highways, streets, and infrastructure, planning and zoning activities, recreational activities, cultural events, and general administrative services. The City is a contract city, meaning that some of these services are provided by contract with other agencies (both public and private) and some services are delivered by the City's own employees.

Special districts provide library services, fire protection services, and sewer services. The City has excluded the County of Los Angeles, as well as the State of California and various school districts, from the financial reporting entity because they do not meet the established criteria for inclusion.

GOVERNMENTAL STRUCTURE, ECONOMIC CONDITION AND OUTLOOK

The City is located on a coastal peninsula overlooking the Pacific Ocean in Los Angeles County, 15 miles south of the City of Los Angeles. The City was incorporated September 18, 1957 and currently has a land area of 4.18 square miles and a population of 8,545. The City is a "bedroom" community with a commercial district. Rolling Hills Estates is home to the Promenade on the Peninsula mall, Peninsula Center Shopping Center, and several other businesses in the City's commercial district.

The City has operated under the council-manager form of government since incorporation. Policy-making and legislative authority are vested in the governing council, which consists of five Council members, including the Mayor and Mayor Pro-Tem. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the government's departments. The Council is elected on a non-partisan, at-large basis. Council members are elected to four-year staggered terms with two or three council members elected every two years. The Council designates the Mayor and Mayor Pro-Tem for a one-year term. In 2019, to ensure compliance with the California Voter Participation Act and in response to the State changing the date of the Statewide primary election, the City changed its election date to coincide with the Statewide election in November which resulted in the current Council members terms being extended by an additional five months.

Though the City's overall net position increased during the fiscal year ended June 30, 2025, it is important to continue to measure the City's financial strength over time, not just on the basis of the most recent three- or four-years' experience. The budget adopted by the City Council for the fiscal year ending June 30, 2025 presents the expectation of a positive net operating result. Management continues to practice conservative fiscal policies as directed by Council.

MAJOR INITIATIVES

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

Planning, Building, and Code Enforcement

- Residences at Peninsula Center: The City Council adopted Ordinance No. 750 on December 10, 2024, approving a 10-year Development Agreement for the 90-unit project. Amenities include 10% moderate-income units, 85 deed-restricted public parking spaces, a new sidewalk, and a landscaped plaza.
- 927 Deep Valley Drive: This mixed-use project, featuring 75 residential condominiums (including three moderate-income units) and one commercial condominium, received a temporary certificate of occupancy in Fall 2025.
- Brickwalk Project: An application was received for a 454-unit residential mixed-use development (the 'Brickwalk') at 615-855 Deep Valley Drive and 924-950 Indian Peak Road. The project includes 10,229 square feet of commercial space, 881 parking spaces, and remediation of a 1997 landslide area. It will provide 44 units for very low-income households, qualifying for State Density Bonus Law benefits. The project is currently in the environmental review phase.
- Zoning and General Plan Conformance: On July 9, 2024, the City Council adopted Ordinance No. 749 to amend the Municipal Code and rezone properties to conform with the 2040 General Plan. This established two new mixed-use districts: Commercial General (30 du/ac) and Commercial Limited (22 du/acre). The ordinance also addressed state housing law updates for emergency shelters, low-barrier navigation centers, and supportive housing.
- Objective Design Standards (ODS): Development of the ODS is underway and expected to be completed by the end of 2025.

- User Fee Study: The City Council adopted an amended Comprehensive Schedule of Municipal Fees and Charges (Resolution No. 2589) and a User Fee Cost Recovery Level Policy (Resolution No. 2590) on November 12, 2024. The new fee schedules became effective on January 11, 2025.

Public Works

- Rolling Hills Road Redevelopment: Engineered plans and environmental review are being prepared for the Rolling Hills Road project (from Palos Verdes Drive North to Torrance boundary). Improvements will include rolled curbs and gutters, drainage, new bike lanes, and pedestrian walkways. The construction phase received \$4M in Measure M Subregional funding in September 2025.
- Street Resurfacing: The FY 24-25 project covers Deep Valley Drive, Drybank Drive, and Indian Peak Road. It includes new asphalt, striping, and ADA ramp upgrades. The project also incorporates new crosswalks and bulb outs on Deep Valley Drive using an HSIP grant. This project was delayed to allow the 927 Deep Valley Drive project to finish. The work is estimated to cost \$1.5M and will be completed in Fall 2025.
- PVDN/Dapplegray Intersection Improvements: The City Council approved the Transportation Enhancement and ADA Improvement Project on August 13, 2024, for the Palos Verdes Drive North (PVDN) and Dapplegray School intersection. The \$4.8M project, funded by a \$2.88M Measure M grant and an additional \$1.6M awarded in September 2025, will enhance traffic flow by replacing signals, improving ADA access, adding two new through lanes, and replacing bus stops.
- Highway Safety Improvement Program (HSIP) Grants: In 2024, the City was awarded three HSIP (Caltrans) grants totaling \$1.5M for: guardrail replacement citywide (\$1M), pedestrian improvements on Rolling Hills Rd. (\$250k), and pedestrian improvements on Deep Valley and Drybank Drives (\$250k).

Community Services

- The City offered the use of regional and local park facilities to residents and local non-profit youth sports organizations throughout the 24-25 fiscal year.
- The City continued to host special events including the annual Hills Are Alive 5k/10k race, the annual City Celebration, the annual Tracy Austin Doubles Tennis Tournament, the annual Holiday Parade of Lights, the annual Mayor’s Breakfast Ride, a Summer Concert in the Park and Summer Movies in the Park.
- The City continues its work to bring a new Nature Center to the community. After the completion of a Nature Center Replacement Study and a conceptual design, plans and specifications were finalized and permits issued in the 23-24 fiscal year. After a first attempt at soliciting bids resulted in higher-than-expected project costs, staff refined the project and rebid in October 2025. There has been a continued focus on seeking grants as well as developing fundraising opportunities through the City’s Pepper Tree Foundation to support this capital project. The existing Nature Center building was closed in late 2024 due to the aging condition of the facility. The canyon trail remains open, and the Palos Verdes Peninsula Land Conservancy continues to offer programming on a limited basis.

- Phase 2 of Founders Park was completed in the fall of 2024, and incorporated the purchase and installation of play equipment, benches, picnic tables, bike racks and trash receptacles. Founders Park was dedicated on Tuesday, December 10, 2024.
- In FY 24-25, the City Council approved a fee study conducted by Matrix Consulting Group to review Community Services Department fees. The new fee schedule is anticipated to be completed next year to be implemented on July 1, 2026.
- The City contracted with Civic Plus for Recreation Management software to support its parks and recreation service. The system was launched in March 2025 and allows staff to view reservation calendars, run program rosters and generate financial reports for recreation programs. Additionally, it enables the public to register online for recreation programs, such as contract classes with future expansions planned for other operations.

FINANCIAL INFORMATION

The Administrative Services Department of the City is responsible for establishing and maintaining an appropriate internal control structure. The internal control system is designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. In years when over \$750,000 is expended on Federal financial assistance programs, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. For the year ended June 30, 2025, more than \$750,000 was expended on Federal financial assistance programs; and therefore, a single audit was required.

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

OTHER INFORMATION

Independent Audit. The City requires an annual audit by independent certified public accountants. The accounting firm of Rogers, Anderson, Malody & Scott, LLP conducted this year's audit. The auditor's report is included in the financial section of this report.

GFOA Certificate of Achievement Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Rolling Hills Estates for its annual comprehensive financial report for the fiscal year ended June 30, 2024.

This was the twenty-sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Acknowledgments. Preparation of this report was the accomplishment by combined efforts of many individuals. We wish to acknowledge the assistance of our auditors, Rogers, Anderson, Malody & Scott, LLP, and the contributions of the Administrative Services Department staff: Mike Whitehead, Fernando Estrada and Laurie Moromisato. Additionally, we want to acknowledge the contributions of the Department Heads, City Manager's office, and the City Council's Audit Subcommittee.

Respectfully submitted,



Gregory Grammer
City Manager



Michael C. Whitehead
Administrative Services Director

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CITY OF ROLLING HILLS ESTATES



**Directory of City Officials
June 30, 2025**

DEBBY STEGURA
MAYOR

FRANK V. ZERUNYAN
MAYOR PRO TEMPORE

PAM BROWN SCHACHTER
COUNCIL MEMBER

BRITT HUFF
COUNCIL MEMBER

VELVETH SCHMITZ
COUNCIL MEMBER

CITY STAFF

City Manager
Greg Grammer

Assistant City Manager
Alexa Davis

Administrative Services Director
Michael C. Whitehead

Community Development Director
Jeannie Naughton

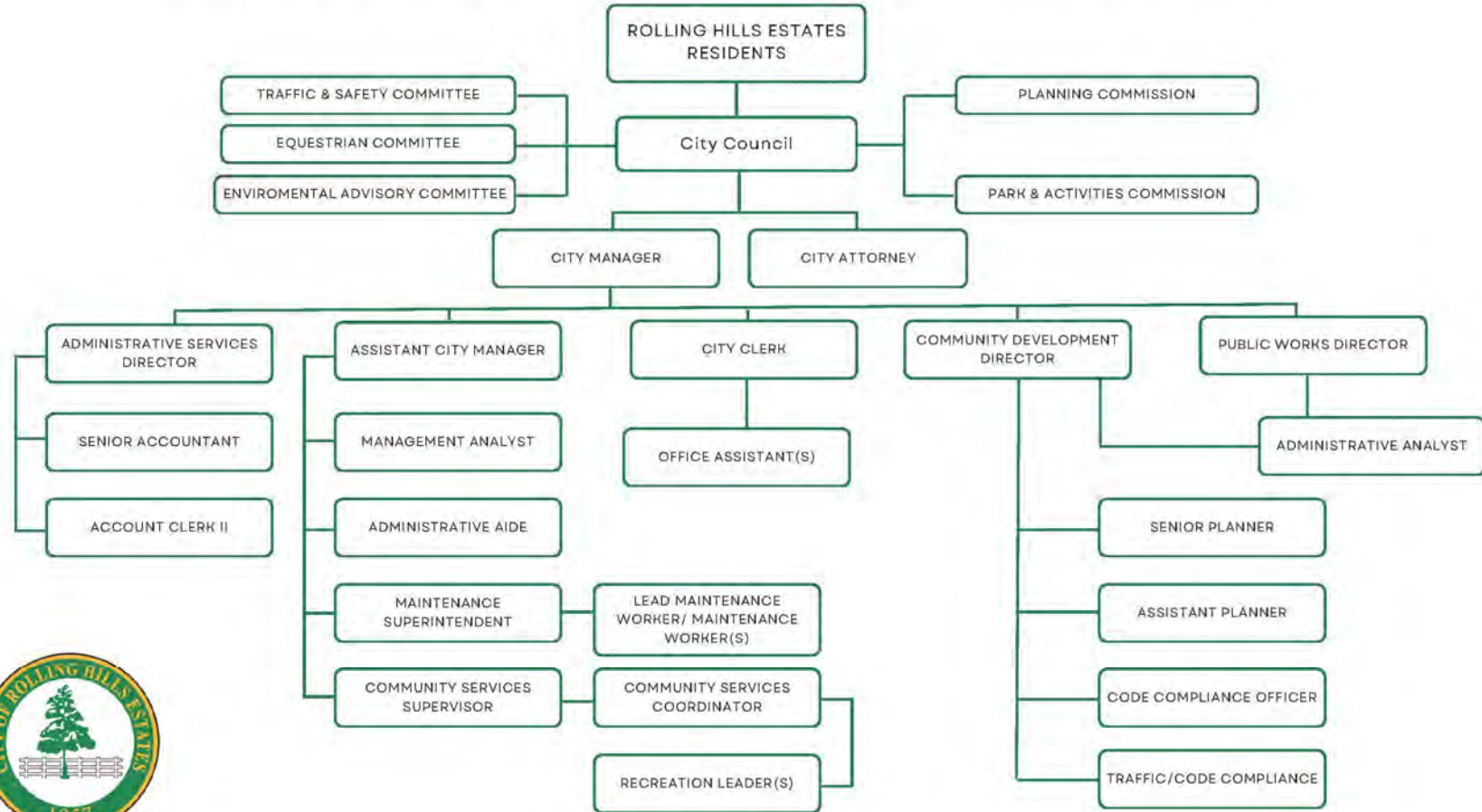
City Clerk
Lauren Petitt

City Attorney
Donald M. Davis

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ROLLING HILLS ESTATES ORGANIZATIONAL STRUCTURE

AS OF JUNE 30, 2025



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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Rolling Hills Estates
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rolling Hills Estates (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements during the year ended June 30, 2025, the City adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and No. 102, *Certain Risk Disclosures*. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, such as the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, CA
December 12, 2025

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2025

As management of the City of Rolling Hills Estates, California (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements.

Financial Highlights

- The City's proportionate share of net pension liability (NPL) for the retirement benefits, based on the ratio of the City's contributions to the CalPERS Public Agency Cost – Sharing Multiple Employer Plan was \$5,645,425 as of the measurement date of June 30, 2024, and reporting date of June 30, 2025. NPL, the difference between the total pension liability (TPL) and the retirement plan's fiduciary net position, is an important measure required by generally accepted accounting principles, which required the City to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the net pension liability.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources, at the close of the fiscal year by \$22,457,212 (*net position*).
- The City had \$(291,428) in *unrestricted net position* that may be used to meet the government's ongoing obligations to citizens and creditors. A negative unrestricted net position represents a deficit in resources that can be freely used. The City had \$1,897,564 in deferred outflows of resources and \$463,329 in deferred inflows of resources related to pension as of June 30, 2025.
- The City's overall net position increased by \$988,196 from the prior fiscal year.
- The City's governmental funds in total reported combined ending fund balances of \$7,450,210, an increase of \$680,131 in comparison with the prior year. Approximately \$4,428,735 (*unassigned and assigned fund balances*) is available for spending at the government's discretion.
- The General Fund's fund balance decreased \$26,874 from \$4,523,576 on June 30, 2024 to \$4,496,702 on June 30, 2025.
- The General Fund unassigned fund balance was \$2,213,638 or 18% of total General Fund current operating expenditures. Out of the General Fund's assigned fund balance, \$600,000 was allocated to equipment, \$850,000 for capital projects replacement, \$710,000 for capital projects, and \$100,000 for PERS UAL.

Overview of the Financial Statements

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

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited)

June 30, 2025

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include its general government, public safety, public works, community services, and public health programs. The City does not have any business-type activities.

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

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

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

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

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2025

The City maintains 15 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Traffic Mitigation Fund, and Park Facilities Fees Fund which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* (see table of contents).

The City adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget. The governmental fund financial statements are listed in the table of contents.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including comparisons of budgeted revenues and expenditures to actual revenues and expenditures, schedule of proportionate share of the net pension liability and related ratios as of the measurement date, and the schedule of city contributions to the pension plan.

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

Government-wide Financial Analysis

- Net position may serve over time as a useful indicator of a government's financial position. The City's net position of \$22,457,212 in fiscal year 2024-25, increased from fiscal year 2023-24 by \$988,196. The largest portion of the City's total net position, \$19,714,455 or 88% in fiscal year 2024-25, and \$18,650,005 or 87% in fiscal year 2023-24, reflects its net investment in capital assets (e.g., land, building, facilities, vehicles, equipment and infrastructure). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's total net position (\$3,034,185 or 13.5% in fiscal year 2024-25, and \$2,428,511 or 11.3% in fiscal year 2023-24) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position (\$(291,428) or (1.3)% in fiscal year 2024-25, and \$390,500 or 1.8% in fiscal year 2023-24) may be used to meet the government's ongoing obligations to citizens and creditors. A negative unrestricted net position represents a deficit in resources that can be freely used

CITY OF ROLLING HILLS ESTATES

**Management's Discussion and Analysis (Unaudited)
June 30, 2025**

The following table presents of a summary of the City's net position as of June 30, 2025, and 2024:

Summary of Net Position

	Governmental Activities	
	2025	2024
Current and other assets	\$ 9,246,290	\$ 10,650,641
Capital assets, net	19,714,455	18,650,005
Total assets	28,960,745	29,300,646
Deferred pension related items	1,897,564	3,174,935
Total deferred outflows of resources	1,897,564	3,174,935
Current liabilities	1,822,510	3,832,700
Non current liabilities	469,833	460,474
Other liabilities	5,645,425	6,042,821
Total liabilities	7,937,768	10,335,995
Deferred pension related items	463,329	670,570
Total deferred inflows of resources	463,329	670,570
Net Position:		
Investment in capital assets	19,714,455	18,650,005
Restricted	3,034,185	2,428,511
Unrestricted	(291,428)	390,500
Total net position	\$ 22,457,212	\$ 21,469,016

CITY OF ROLLING HILLS ESTATES

**Management’s Discussion and Analysis (Unaudited)
June 30, 2025**

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

Summary of Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Revenues		
Program revenues:		
Charges for services	\$ 2,286,598	\$ 2,190,048
Operating contributions and grants	2,989,339	1,775,248
Capital contributions and grants	526,267	679,302
General revenues:		
Taxes:		
Property taxes	4,553,762	4,417,890
Sales taxes	1,642,846	1,669,708
Other taxes	1,511,045	1,423,558
Other general revenue	<u>713,276</u>	<u>444,562</u>
Total revenues	<u>14,223,133</u>	<u>12,600,316</u>
Expenses		
General government	3,911,847	3,968,955
Public safety	3,010,881	2,888,012
Public works	4,046,778	3,856,323
Community services	2,234,747	1,941,492
Public health	<u>30,684</u>	<u>28,504</u>
Total expenses	<u>13,234,937</u>	<u>12,683,286</u>
Increase in net position	988,196	(82,970)
Net position, beginning of year	<u>21,469,016</u>	<u>21,551,986</u>
Net position, end of year	<u>\$ 22,457,212</u>	<u>\$ 21,469,016</u>

Governmental activities. Governmental activities increased the City's net position by \$988,196 in fiscal year 2024-25 and decreased by \$82,970 in fiscal year 2023-24. Key elements of the \$988,196 increase in net position are as follows:

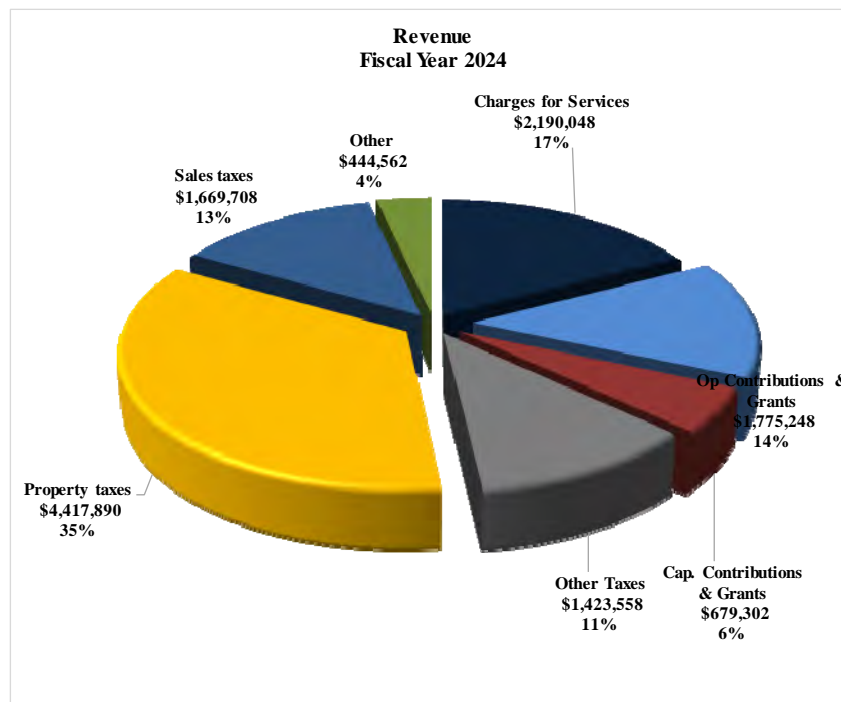
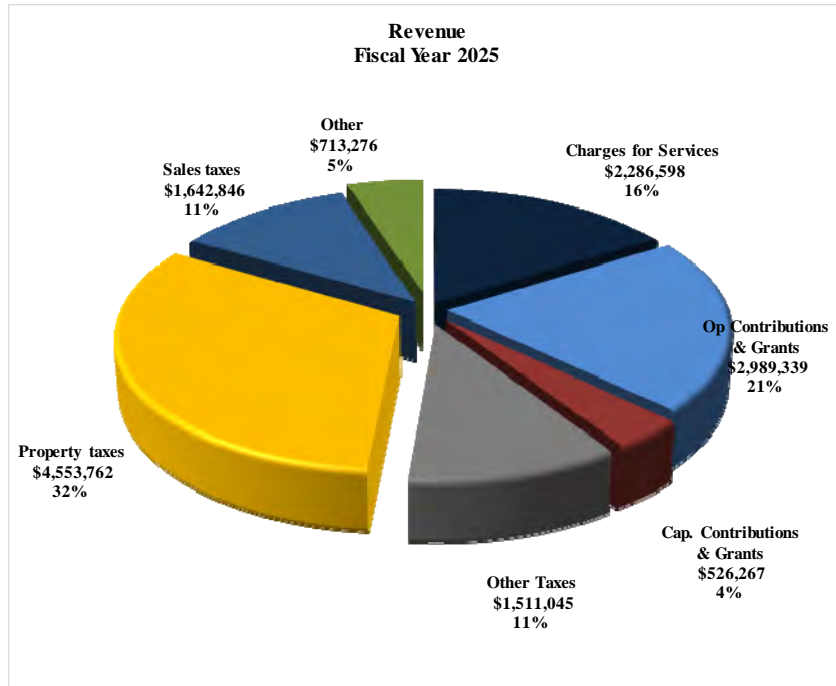
- Charges for services increased by \$96,550 primarily due to a decrease in Building Permits and Street Permits, and other taxes increased by \$87,487 with a 3.6% APV increase. Additionally, the housing market was strong, thus increasing the local real estate market values.
- Public safety expenses increased by \$122,869. The increase is due to Sheriff’s contract costs increase. Sales tax revenues increased slightly from prior year as retail sales tax growth is flat.

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2025

The following charts illustrate the proportion of sources of revenue for the fiscal years ended June 30, 2025 and 2024:

Revenue by Source - Governmental Activities



CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2025

The City's governmental funds reported combined ending fund balances of \$7,450,210 at June 30, 2025, an increase of \$680,131 in comparison with the prior year, for which ending fund balance was \$6,770,079. Approximately 59% of the combined ending fund balances, \$4,428,735, constitute unassigned and assigned fund balance, which is available for spending at the City's discretion. This is in line with the 65% reported for fiscal year 2023-24. \$3,008,411 of ending fund balances are restricted to indicate that they are not available for new spending because they have already been restricted for: 1) the maintenance of Hawthorne Canyon (\$10,000), 2) transportation (\$1,853,124), 3) capital projects (\$592,734), and 4) park improvements (\$552,553). \$13,064 is non-spendable for inventories. The City has assigned fund balances of \$600,000 for equipment, \$850,000 for capital projects replacement, \$710,000 for capital projects, and \$100,000 for the PERS UAL.

The General Fund is the chief operating fund of the City. At June 30, 2025, unassigned fund balance of the General Fund was \$2,213,638, an increase from the prior year unassigned fund balance by \$323,475.

During the fiscal year ended June 30, 2025, the fund balance of the City's General Fund decreased by \$26,874. The key factors contributing to the slight decrease are due to an increase in expenditures in Fiscal Year 2024-2025 in Public Safety, Public Works and Community Services.

Sales tax revenues decreased slightly from prior year as our sales tax revenue is flat. Property taxes increased by \$135,872 with an annual 6.0% APV increase. Additionally, the housing market was very strong thus, increasing the local real estate market values, and new housing developments closed escrow in the City.

Capital Project Funds Highlights. The capital project fund, Park Facilities Fees Fund, is reported as a major fund. The Park Facilities Fees are used to account for monies received from developers or new home purchasers for park and equestrian improvement projects city-wide.

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

General Fund Budgetary Highlights

There were insignificant changes between the original and final budget. The difference between the actual and final amended budget was a negative variance of \$316,263 and is primarily due to a decrease of anticipated building permit revenue from developer projects.

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2025

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$19,714,455 (net of accumulated depreciation). These investments in capital assets include land, buildings and improvements, facilities and improvements, vehicles and equipment, furniture and fixtures, and infrastructure. During the fiscal year 2024-25, the City's investment in capital assets increased by 6% primarily due to an increase in infrastructure.

The following table presents the City's investment in capital assets, net of accumulated depreciation, as of June 30, 2025, and 2024, respectively:

Summary of Capital Assets, Net of Accumulated Depreciation

	<u>2025</u>	<u>2024</u>
Land	\$ 4,241,414	\$ 4,241,414
Construction in progress	-	240,245
Buildings and improvements	3,021,482	3,123,515
Facilities and improvements	1,706,643	1,346,670
Vehicles and equipment	42,685	68,830
Infrastructure	<u>10,702,231</u>	<u>9,629,331</u>
Total	<u>\$ 19,714,455</u>	<u>\$ 18,650,005</u>

The City had major storm drain improvements and repairs during the fiscal year. Additional information regarding the City's capital assets can be found in Note 1(g) and Note 4.

Long-term liabilities. The City had total long-term liabilities of \$522,037 at June 30, 2025, which is an increase of \$10,399 or 2.03% from the previous year.

The following is a summary of the City's long-term liabilities as of June 30, 2025 and 2024, respectively:

Summary of Long-Term Liabilities

	<u>2025</u>	<u>2024</u>
Compensated absences	\$ 522,037	\$ 511,638
Total	<u>\$ 522,037</u>	<u>\$ 511,638</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City is \$726,334,103. The City operates well within the legal limit imposed by the State.

Additional information on the City's long-term liabilities can be found in Note 6.

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2025

Net Pension Liability

The City recorded \$5,646,425 in fiscal year 2025 to recognize the City's proportionate share of net pension liability. In addition to the net pension liability, the City also recognized the proportionate share of deferred outflows of resources related to pension of \$1,897,564 and deferred inflows of resources related to pension of \$463,329. Implementation of GASB Statements No. 68 and 71 is solely for financial reporting purposes and it does not represent an immediate funding requirement.

Economic Factors and Next Year's Budgets and Rates

- Local property values remain modest, and account for approximately 36% of General Fund revenues. Los Angeles County Net Local Roll of Assessed Property Valuations increased by 3.1% in 2025 and continues to increase annually.
- The building permit fees are anticipated to increase with proposed new redevelopment in the City.
- Sales tax revenues increased slightly but is flat in the City, however, the commercial district has some area proposed for redevelopment that should spur additional sales tax revenues in the near future.

All three of these factors were considered in preparing the City's budget for fiscal year 2025-2026. This fiscal year and probably next fiscal year, the City's Nature Center will have a new building and surrounding grounds. Additionally, next fiscal year a major street improvement and repaving project is being planned.

Requests for Information

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

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CITY OF ROLLING HILLS ESTATES

Statement of Net Position June 30, 2025

	Governmental Activities
Assets:	
Cash and investments	\$ 8,368,617
Accounts receivable	864,609
Inventories	13,064
Capital assets:	
Not being depreciated	4,241,414
Being depreciated, net	15,473,041
Total capital assets, net	<u>19,714,455</u>
 Total assets	 <u>28,960,745</u>
 Deferred Outflows of Resources:	
Pension related items	 <u>1,897,564</u>
 Liabilities:	
Accounts payable and accrued liabilities	1,223,385
Deposits payable	523,679
Unearned revenue	23,242
Current portion of long-term liabilities:	
Compensated absences	52,204
Non-current portion of long-term liabilities:	
Compensated absences	469,833
Net pension liability	<u>5,645,425</u>
 Total liabilities	 <u>7,937,768</u>
 Deferred Inflows of Resources:	
Pension related items	 <u>463,329</u>
 Net Position:	
Net investment in capital assets	19,714,455
Restricted for:	
Maintenance of Hawthorne Canyon	10,000
Transportation	1,878,898
Capital projects	592,734
Park improvements	552,553
Unrestricted	<u>(291,428)</u>
 Total net position	 <u>\$ 22,457,212</u>

See Accompanying Notes to Financial Statements.

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CITY OF ROLLING HILLS ESTATES

**Statement of Activities
Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Primary Government:					
Governmental activities:					
General government	\$ 3,911,847	\$ 1,554,237	\$ 11,375	\$ -	\$ (2,346,235)
Public safety	3,010,881	39,489	1,948,164	-	(1,023,228)
Public works	4,046,778	497,729	918,941	526,267	(2,103,841)
Community services	2,234,747	195,143	110,859	-	(1,928,745)
Public health	30,684	-	-	-	(30,684)
Total governmental activities	13,234,937	2,286,598	2,989,339	526,267	(7,432,733)
Total primary government	\$ 13,234,937	\$ 2,286,598	\$ 2,989,339	\$ 526,267	(7,432,733)
General revenues:					
Taxes:					
Business license taxes 603,584					
Franchise taxes 800,400					
Other taxes:					
Real property transfer tax 106,061					
New construction tax 1,000					
Property taxes 4,553,762					
Sales taxes 1,642,846					
Use of money and property 625,788					
Miscellaneous 87,488					
Total general revenues 8,420,929					
Change in net position 988,196					
Net position:					
Beginning of year 21,469,016					
End of year \$ 22,457,212					

See Accompanying Notes to Financial Statements.

CITY OF ROLLING HILLS ESTATES

**Balance Sheet
Governmental Funds
June 30, 2025**

	General Fund	Special Revenue Fund Traffic Mitigation
Assets		
Cash and investments	\$ 5,010,579	\$ 690,049
Accounts receivable	765,852	6,043
Due from other funds	19,352	-
Inventories	13,064	-
Total assets	<u>\$ 5,808,847</u>	<u>\$ 696,092</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,135,154	\$ -
Due to other funds	-	-
Deposits payable	130,975	392,704
Unearned revenue	20,242	-
Total liabilities	<u>1,286,371</u>	<u>392,704</u>
Deferred Inflows of Resources:		
Unavailable revenues	25,774	-
Total deferred inflows of resources	<u>25,774</u>	<u>-</u>
Fund Balances:		
Non-spendable:		
Inventories	13,064	-
Restricted for:		
Maintenance of Hawthorne Canyon	10,000	-
Transportation	-	303,388
Capital projects	-	-
Park improvements	-	-
Assigned to:		
Equipment	600,000	-
Capital projects replacement	850,000	-
Capital projects	710,000	-
PERS UAL	100,000	-
Unassigned (deficit)	2,213,638	-
Total fund balances	<u>4,496,702</u>	<u>303,388</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,808,847</u>	<u>\$ 696,092</u>

See Accompanying Notes to Financial Statements.

Capital Projects		
Funds		
Park	Nonmajor	Total
Facilities Fees	Governmental	Governmental
	Funds	Funds
\$ 461,789	\$ 2,206,200	\$ 8,368,617
4,096	88,618	864,609
-	-	19,352
-	-	13,064
<u>\$ 465,885</u>	<u>\$ 2,294,818</u>	<u>\$ 9,265,642</u>
\$ 340	\$ 87,891	\$ 1,223,385
-	19,352	19,352
-	-	523,679
-	3,000	23,242
<u>340</u>	<u>110,243</u>	<u>1,789,658</u>
-	-	25,774
-	-	25,774
-	-	13,064
-	-	10,000
-	1,549,736	1,853,124
-	592,734	592,734
465,545	87,008	552,553
-	-	600,000
-	-	850,000
-	-	710,000
-	-	100,000
-	(44,903)	2,168,735
<u>465,545</u>	<u>2,184,575</u>	<u>7,450,210</u>
<u>\$ 465,885</u>	<u>\$ 2,294,818</u>	<u>\$ 9,265,642</u>

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CITY OF ROLLING HILLS ESTATES

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2025**

Fund balances of governmental funds	\$	7,450,210
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		19,714,455
Deferred outflows and inflows of resources related to pension have not been reported in the governmental funds:		
Deferred outflows - pension related		1,897,564
Deferred inflows - pension related		(463,329)
Compensated absences that have not been included in the governmental fund activity.		(522,037)
Revenues reported as unavailable in the governmental funds are recognized in the statement of activities.		25,774
Governmental funds report all pension contributions as expenditures, however, in the Statement of Net Position, the excess of the plan's proportionate share of the total pension liability over the proportionate share of the plan's fiduciary net position is reported as a net pension liability.		<u>(5,645,425)</u>
Net position of governmental activities	\$	<u>22,457,212</u>

See Accompanying Notes to Financial Statements.

CITY OF ROLLING HILLS ESTATES

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025**

	General Fund	Special Revenue Fund Traffic Mitigation
	<u> </u>	<u> </u>
Revenues:		
Intergovernmental:		
Property taxes	\$ 4,553,762	\$ -
Sales and use taxes	1,642,846	-
Business license taxes	603,584	-
Other taxes	907,461	-
Licenses and permits	1,558,812	-
Fines and forfeitures	27,020	-
Use of money and property	502,971	26,906
Charges for services	480,435	6,118
Revenue from other agencies	2,177,532	-
Other revenues	87,484	-
	<u> </u>	<u> </u>
Total revenues	12,541,907	33,024
	<u> </u>	<u> </u>
Expenditures:		
Current:		
General government	3,122,064	-
Public safety	2,970,929	-
Public works	2,430,697	-
Community services	2,063,698	-
Public health	30,684	-
Capital outlay	1,950,709	-
	<u> </u>	<u> </u>
Total expenditures	12,568,781	-
	<u> </u>	<u> </u>
Net change in fund balances	(26,874)	33,024
Fund balances:		
Beginning of year	4,523,576	270,364
	<u> </u>	<u> </u>
End of year	<u>\$ 4,496,702</u>	<u>\$ 303,388</u>

See Accompanying Notes to Financial Statements.

Capital Projects Funds		
Park Facilities Fees	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,553,762
-	-	1,642,846
-	-	603,584
-	-	907,461
-	-	1,558,812
-	8,933	35,953
22,837	73,079	625,793
-	56,857	543,410
31,594	1,528,154	3,737,280
-	-	87,484
<u>54,431</u>	<u>1,667,023</u>	<u>14,296,385</u>
-	-	3,122,064
-	39,952	3,010,881
-	536,609	2,967,306
-	39,984	2,103,682
-	-	30,684
<u>272,424</u>	<u>158,504</u>	<u>2,381,637</u>
<u>272,424</u>	<u>775,049</u>	<u>13,616,254</u>
(217,993)	891,974	680,131
<u>683,538</u>	<u>1,292,601</u>	<u>6,770,079</u>
<u>\$ 465,545</u>	<u>\$ 2,184,575</u>	<u>\$ 7,450,210</u>

CITY OF ROLLING HILLS ESTATES

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2025**

Net change in fund balances - total governmental funds **\$ 680,131**

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

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

Capital outlay	2,208,159
Depreciation	(1,143,709)

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. (10,399)

Revenues reported as unavailable in the governmental funds are recognized in the statement of activities. (73,252)

Pension obligation expenses, net of pension deferred related amounts, reported in the Statement of Activities do not require current financial resources and therefore, are not reported as expenditures in governmental funds. (672,734)

Change in net position of governmental activities **\$ 988,196**

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

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

Pepper Tree Foundation (the Foundation)

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

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

(b) Joint Ventures

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

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Joint Ventures (continued)

The Palos Verdes Peninsula Transit Authority's fiscal year ended on June 30, 2025. As of June 30, 1899 (most recent information available), audited financial statements indicated the following:

Total assets	\$	5,046,270
Total liabilities		<u>171,772</u>
Total net position	\$	<u>4,874,498</u>
Charges for services	\$	271,071
Route 225 operating support		630,713
Governmental sources		<u>30,905</u>
Total operating revenues		932,689
Total operating expenses		2,895,099
Total nonoperating revenues		<u>2,134,418</u>
Change in net position	\$	<u>172,008</u>

Separate financial statements are available at:

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

(c) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities.

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

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The City reports the following major governmental funds:

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

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

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **Park Facilities Fees - Capital Projects Fund** is used to account for park-in-lieu fees for all new residential projects from developers who cannot provide land and park improvements as part of their development. The City elected to present this as a major fund.

Additionally, the City reports the following fund types:

Governmental Funds:

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

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

(e) *Interfund Activity*

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between a government's enterprise function, if applicable, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (the current portion of interfund loans) or "advances to/ from other funds" (interfund loans that are not expected to be repaid within one year). Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as "internal balances."

(f) *Property Taxes*

Under California law, the property tax rate is limited to 1% of market value plus other increases approved by the voters. The City's share of property tax is 7% of the 1% or .0007. Property taxes are levied by the County Tax Assessor and shared among local taxing authorities. The County of Los Angeles collects and distributes property taxes on the basis of each taxing authority's tax rate percentage. As a "No Property Tax City," Rolling Hills Estates' city tax rate is zero. However, under State legislation (Assembly Bill (AB) 1197), the City began receiving a share of property tax revenue in 1990. Property taxes are levied on July 1 and are due on November 1 and February 1. Property taxes become delinquent after December 10 and April 10 for the first and second installments, respectively. The lien date is January 1. The City recognizes property tax revenue based upon distributions received from the County of Los Angeles which occurs shortly after the delinquency dates.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and Investments

Cash and investments are reported in the accompanying statement of net position and balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as revenue from use of money and property reported for that fiscal year. Revenue from use of money and property includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools its cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying basic financial statements as pooled cash and investments. Investment income, earned by the pooled investments, is allocated to the various funds based on each fund's average cash and investment balance. The City considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash invested in the State of California Local Agency Investment Fund (LAIF) is also considered to be cash equivalents.

Accounts Receivable and Allowance for Bad Debt

The \$864,609 recorded as accounts receivable include \$293,582 due from businesses and individuals, which includes building permits and licenses, \$70,961 in interest receivable, and \$500,066 due from Federal, State, County and other local governments for amounts collected and not remitted to the City as of June 30, 2025. The receivables due from other governments include property taxes from the County of Los Angeles which assesses, bills, and collects taxes for the City. The City considers all of these receivables as fully collectible.

Inventories

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

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental activities columns in the government-wide financial statements. In accordance with generally accepted accounting principles, major general infrastructure assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the acquisition value of the assets on the date on which they were contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The City utilizes a capitalization threshold of \$10,000. Depreciation is charged to operations using the straight-line method over the estimated useful lives of the assets as follows:

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

Compensated Absences

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

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

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-Term Obligations

The City's governmental fund obligations not currently due and payable at year-end are reported in the government-wide statement of net position.

Fund Balance

Fund balance for governmental funds is classified as follows:

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

Restricted - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed - includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council adopting a resolution or ordinance.

Assigned - comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council.

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

In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. The City Council adopts the City Fund Balance Policy annually. The policy establishes guidelines for budget decisions as to the appropriate use of General Fund resources and the maintenance of adequate reserves for contingencies, emergencies, capital improvements, and other such uses as determined by the City Council. Assigned fund balance for capital projects expenditures is based on the Capital Improvement plan forecast, within the limits of the overall Fund Balance Policy. Capital improvements are funded by prior year operating surpluses, special funds, and current year revenues.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

General Fund reserve requirements - Appropriation for contingencies are maintained at approximately two months of operating expenditures. Unassigned fund balance is eligible for use at the discretion of the City Council at a time of an unforeseen fiscal crisis. Such determinations are made by the City Council on a case-by-case basis. The unassigned fund balance of the General Fund must not be less than \$1.2 million at any time. As of June 30, 2025, \$2,213,638 of unassigned fund balance has been identified for future operating expenditures. General Fund is the only fund that reports a positive unassigned fund balance amount.

Deferred Outflows and Inflows of Resources

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

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

Net Position Flow Assumption

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the capitalized Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Net pension liabilities are generally liquidated by the City's General Fund.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Valuation Date (VD) - June 30, 1899

Measurement Date (MD) - June 30, 1899

Measurement Period (MP) - July 1, 1899 to June 30, 1899

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncements

In 2025, the City adopted new accounting standards to conform to the following Governmental Accounting Standards Board Statements:

GASB Statement No. 101 – Compensated Absences: The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

Statement No. 102, Certain Risk Disclosures: The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

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

Statement No. 103, Financial Reporting Model Improvements: The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, Disclosure of Certain Capital Assets: The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
For the year ended June 30, 2025**

NOTE 2: DEFICIT FUND BALANCES

The following funds have an accumulated deficit as of June 30, 2025:

Special revenue funds:		
Traffic Safety	\$	(42,588)
Capital projects funds:		
CDBG Grant		(2,315)

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

NOTE 3: CASH AND INVESTMENTS

Cash and investments were comprised of the following as of June 30, 2025:

Cash on hand	\$	1,550
Deposits with financial institutions		1,008,813
Investments		<u>7,358,254</u>
Total cash and investments	\$	<u>8,368,617</u>

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

The City's investments are in an external government investment pool, which is not subject to reporting within the fair value hierarchy. In addition, the City holds certificates of deposits with separate financial institutions, which are not subject to the fair value hierarchy. Please see additional information in "Investment in State Investment Pool".

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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

The City of Rolling Hills Estates' Statement of Investment Policy (Policy) is reviewed and adopted by the City Council each year. The Policy is more conservative and the investment types authorized are more restrictive than the investment vehicles authorized by Section 53601 of the California Government Code (CGC), except for U.S. treasury notes and U.S. treasury bonds. The maximum maturity authorized by the CGC for U.S. treasury notes and U.S. treasury bonds is 5 years, and the City's Policy is 1 - 10 years and 10 - 30 years, respectively. Investment vehicles not specifically mentioned in the City's Policy are not authorized unless the Policy is amended by the City Council or are approved as part of the provisions of the bond indentures. Investments are limited to:

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

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

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

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

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

(b) *Disclosures Relating to Interest Rate Risk*

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

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
For the year ended June 30, 2025**

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

(b) Disclosures Relating to Interest Rate Risk (continued)

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

<u>Investment Type</u>	<u>Remaining Maturity 12 Months or Less</u>
LAIF	\$ 7,122,172
Negotiable Certificates of Deposit	<u>236,082</u>
Total	<u>\$ 7,358,254</u>

(c) Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Not rated</u>
LAIF	\$ 7,122,172	N/A	\$ 7,122,172
Negotiable Certificates of Deposit	<u>236,082</u>	N/A	<u>236,082</u>
Total	<u>\$ 7,358,254</u>		<u>\$ 7,358,254</u>

(d) Concentration of Credit Risk

With the exception of U.S. Treasury Bills, U.S. Treasury Notes, and U.S. Treasury Bonds, the Policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City has no investments in one issuer (other than external investment pools) that represents more than 5% of total City investments.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

(e) *Custodial Credit Risk*

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California Law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Bank balances exceeding \$250,000 are insured through the Federal Deposit Insurance Corporation; the remaining balance is collateralized as identified above.

(f) *Investment in State Investment Pool*

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

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
For the year ended June 30, 2025**

NOTE 4: CAPITAL ASSETS

A summary of changes in capital asset activity for the City's governmental activities for the year ended June 30, 2025, is as follows:

Governmental Activities	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 4,241,414	\$ -	\$ -	\$ 4,241,414
Construction in progress	240,245	2,190,447	(2,430,692)	-
Total capital assets, not being depreciated	4,481,659	2,190,447	(2,430,692)	4,241,414
Capital assets, being depreciated:				
Buildings and improvements	4,830,305	-	-	4,830,305
Facilities and improvements	3,169,056	469,510	-	3,638,566
Vehicles and equipment	885,905	-	-	885,905
Furniture and fixtures	79,871	-	-	79,871
Infrastructure	17,606,766	1,978,894	-	19,585,660
Total capital assets, being depreciated	26,571,903	2,448,404	-	29,020,307
Accumulated Depreciation:				
Buildings and improvements	(1,706,790)	(102,033)	-	(1,808,823)
Facilities and improvements	(1,822,386)	(109,537)	-	(1,931,923)
Vehicles and equipment	(817,075)	(26,145)	-	(843,220)
Furniture and fixtures	(79,871)	-	-	(79,871)
Infrastructure	(7,977,435)	(905,994)	-	(8,883,429)
Total accumulated depreciation	(12,403,557)	(1,143,709)	-	(13,547,266)
Total capital assets, being depreciated, net	14,168,346	1,304,695	-	15,473,041
Capital assets, net	<u>\$ 18,650,005</u>	<u>\$ 3,495,142</u>	<u>\$ (2,430,692)</u>	<u>\$ 19,714,455</u>

Depreciation expense was charged to the following functions:

General government	\$ 106,650
Community services	131,065
Public works	905,994
Total	<u>\$ 1,143,709</u>

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
For the year ended June 30, 2025**

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2025, are as follows:

	<u>Due from other funds</u>
<u>Due to other funds</u>	<u>General Fund</u>
Nonmajor funds	\$ 19,352

Due to other funds balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) short-term borrowings. All due to other funds balances are expected to be reimbursed within the subsequent year.

NOTE 6: LONG-TERM LIABILITIES

Compensated Absences Payable

The City's policies relating to compensated absences are described in Note 1(g). The following is a summary of changes in compensated absences payable:

	<u>Balance July 1, 2024</u>	<u>Net Change</u>	<u>Balance June 30, 2025</u>	<u>Amount Due Within One Year</u>
Compensated absences	<u>\$ 511,638</u>	<u>\$ 10,399</u>	<u>\$ 522,037</u>	<u>\$ 52,204</u>

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

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

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to mitigate these risks, the City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 124 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

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

(b) Primary Self-Insurance Programs of the Authority

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

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Primary Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$75,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

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

For 2024-25 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

(c) *Purchased Insurance*

Pollution Legal Liability Insurance

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

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of is currently insured according to a schedule of covered property submitted by the City of to the Authority. The City property currently has all-risk property insurance protection in the amount of \$11,271,862. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Rolling Hills Estates property currently has earthquake protection in the amount of \$10,654,668. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

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

Special Event Tenant User Liability Insurance

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

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

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

(d) Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2024-25.

NOTE 8: RELATED PARTY TRANSACTIONS

The California Joint Powers Insurance Authority provides insurance services to the City as mentioned above. The contributions paid by the City to the Authority for the year ended June 30, 2025 were \$232,527.

NOTE 9: RETIREMENT PLANS

(a) General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City participates in three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
For the year ended June 30, 2025**

NOTE 9: RETIREMENT PLANS (CONTINUED)

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

The Plan's provisions and benefits in effect as of June 30, 2025 are summarized as follows:

	Miscellaneous	Miscellaneous 2nd Tier	PEPRA Miscellaneous
Hire Date	Prior to 12/6/2011	Between 12/6/2011 and 12/31/2012	On or after 1/1/2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 & up	60 & up	62 & up
Monthly benefits, as a % eligible compensation	1.426% - 2.418%	1.092% - 2.418%	1.000% - 2.500%
Required employer contribution rates	13.26%	10.87%	8.00%

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 9: RETIREMENT PLANS (CONTINUED)

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer contributions to the Plan for the fiscal year ended June 30, 2025 were \$696,530.

(b) Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 1899, using an annual actuarial valuation as of June 30, 1899 rolled forward to June 30, 1899 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

The collective total pension liability for the June 30, 2024 measurement period was determined by an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2024. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements For the year ended June 30, 2025

NOTE 9: RETIREMENT PLANS (CONTINUED)

(b) *Net Pension Liability (continued)*

Long-term Expected Rate of Return

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

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

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
For the year ended June 30, 2025**

NOTE 9: RETIREMENT PLANS (CONTINUED)

(b) Net Pension Liability (continued)

Subsequent Events

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

Pension Plan Fiduciary Net Position

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

(c) Proportionate Share of Net Pension Liability

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

	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Plan Net Pension Liability</u>
Balance at 6/30/2023 (VD)	\$ 31,695,749	\$ 25,652,929	\$ 6,042,820
Balance at 6/30/2024 (MD)	<u>33,075,789</u>	<u>27,430,364</u>	<u>5,645,425</u>
Net changes during 2023 - 2024	<u>\$ 1,380,040</u>	<u>\$ 1,777,435</u>	<u>\$ (397,395)</u>

Valuation Date (VD), Measurement Date (MD)

The City’s proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS’ website, at www.calpers.ca.gov.

The City’s proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 1899 and 1899 measurement dates was as follows:

Proportionate share - June 30, 2023	0.12085%
Proportionate share - June 30, 2024	<u>0.11672%</u>
Change - increase (decrease)	<u>-0.00413%</u>

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
For the year ended June 30, 2025**

NOTE 9: RETIREMENT PLANS (CONTINUED)

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.9 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

	Discount Rate - 1% (5.9%)	Current Discount Rate (6.9%)	Discount Rate + 1% (7.9%)
Plan's Net Pension Liability	\$ 10,108,684	\$ 5,645,425	\$ 1,971,504

Amortization of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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

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

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

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
For the year ended June 30, 2025**

NOTE 9: RETIREMENT PLANS (CONTINUED)

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

As of the start of the measurement period (July 1, 1899), the City's net pension liability was \$6,042,821. For the measurement period ending June 30, 1899 (the measurement date), the City incurred pension expense of \$1,369,263.

As of June 30, 2025, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 145,099	\$ -
Differences between expected and actual experience	488,099	19,045
Differences between projected and actual investments earnings	325,000	-
Differences between employer's contributions and proportionate share of contributions	-	416,817
Change in employer's proportion	242,836	27,467
Pension contributions made subsequent to measurement date	696,530	-
	<hr/>	<hr/>
Total	<u>\$ 1,897,564</u>	<u>\$ 463,329</u>

The amounts above are net of outflows and inflows recognized in the 2023-24 measurement period expense. Contributions subsequent to the measurement date of \$696,530 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2026	\$ 308,873
2027	577,250
2028	(37,044)
2029	(111,374)
2030	-
Remaining	-

(e) Payable to the Pension Plan

As of June 30, 2025, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year then ended.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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CITY OF ROLLING HILLS ESTATES

**Required Supplementary Information
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 4,569,895	\$ 4,569,895	\$ 4,553,762	\$ (16,133)
Sales and use taxes	1,637,847	1,637,847	1,642,846	4,999
Business license taxes	530,000	530,000	603,584	73,584
Other taxes	990,000	990,000	907,461	(82,539)
Licenses and permits	2,507,500	2,507,500	1,558,812	(948,688)
Fines and forfeitures	46,000	46,000	27,020	(18,980)
Use of money and property	422,000	422,000	502,971	80,971
Charges for services	691,500	693,910	480,435	(213,475)
Revenue from other agencies	2,375,931	2,387,985	2,177,532	(210,453)
Other revenues	84,000	84,000	87,484	3,484
Total revenues	13,854,673	13,869,137	12,541,907	(1,327,230)
Expenditures:				
Current:				
General government	3,095,744	3,183,393	3,122,064	61,329
Public safety	2,991,596	3,008,706	2,970,929	37,777
Public works	2,933,754	2,922,991	2,430,697	492,294
Community services	1,785,690	2,150,883	2,063,698	87,185
Public health	42,000	42,000	30,684	11,316
Capital outlay	2,357,761	2,271,775	1,950,709	321,066
Total expenditures	13,206,545	13,579,748	12,568,781	1,010,967
Net change in fund balance	648,128	289,389	(26,874)	(316,263)
Fund balance:				
Beginning of year	4,523,576	4,523,576	4,523,576	-
End of year	\$ 5,171,704	\$ 4,812,965	\$ 4,496,702	\$ (316,263)

See accompanying notes to required supplementary information.

CITY OF ROLLING HILLS ESTATES

**Required Supplementary Information
Traffic Mitigation Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 25,000	\$ 25,000	\$ 26,906	\$ 1,906
Charges for services	260,015	260,015	6,118	(253,897)
Total revenues	<u>285,015</u>	<u>285,015</u>	<u>33,024</u>	<u>(251,991)</u>
Expenditures:				
Capital outlay	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Net change in fund balance	(14,985)	(14,985)	33,024	48,009
Fund balance:				
Beginning of year	<u>270,364</u>	<u>270,364</u>	<u>270,364</u>	<u>-</u>
End of year	<u>\$ 255,379</u>	<u>\$ 255,379</u>	<u>\$ 303,388</u>	<u>\$ 48,009</u>

See accompanying notes to required supplementary information.

CITY OF ROLLING HILLS ESTATES

Required Supplementary Information

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

Last 10 Fiscal Years

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
6/30/2015	0.060158%	\$ 4,129,172	\$ 1,783,355	231.54%	82.02%
6/30/2016	0.064174%	5,553,069	1,794,426	309.46%	76.47%
6/30/2017	0.045382%	4,500,624	1,843,465	244.14%	82.64%
6/30/2018	0.044912%	4,327,804	1,904,103	227.29%	82.18%
6/30/2019	0.043028%	4,409,133	1,981,431	222.52%	83.93%
6/30/2020	0.041516%	4,517,076	1,901,375	237.57%	84.23%
6/30/2021	0.062813%	1,192,694	1,925,296	61.95%	95.94%
6/30/2022	0.117544%	5,500,151	1,954,814	281.36%	82.04%
6/30/2023	0.120846%	6,042,821	2,080,554	290.44%	80.93%
6/30/2024	0.116720%	5,645,425	2,257,547	250.07%	82.93%

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

See accompanying notes to required supplementary information.

CITY OF ROLLING HILLS ESTATES

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

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2016	\$ 316,760	\$ (316,760)	\$ -	\$ 1,794,426	17.65%
6/30/2017	317,398	(317,398)	-	1,843,465	17.22%
6/30/2018	316,489	(316,489)	-	1,904,103	16.62%
6/30/2019	375,392	(875,392)	(500,000)	1,981,431	18.95%
6/30/2020	406,582	(906,582)	(500,000)	1,901,375	21.38%
6/30/2021	444,035	(444,035)	-	1,925,296	23.06%
6/30/2022	518,238	(1,018,238)	(500,000)	1,954,814	26.51%
6/30/2023	569,770	(569,770)	-	2,080,554	27.39%
6/30/2024	573,703	(873,703)	(300,000)	2,257,547	25.41%
6/30/2025	696,529	(696,529)	-	2,570,155	27.10%

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2023, valuation date, unless the liability impact is deemed to be material to the Public

Change in Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30,

See accompanying notes to required supplementary information.

CITY OF ROLLING HILLS ESTATES

**Note to Required Supplementary Information
For the year ended June 30, 2025**

(1) Budgetary Data

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

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

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

Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the categories in the following departments of the listed Non-Major funds:

<u>Fund/Department</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Traffic Safety:			
Public Safety	\$ 15,000	\$ 39,952	\$ (24,952)
Peppertree Foundation:			
Community services	18,826	21,802	(2,976)

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SUPPLEMENTARY INFORMATION

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CITY OF ROLLING HILLS ESTATES

Non-Major Funds
June 30, 2025

Special Revenue Funds

The Special Revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes.

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

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

Air Quality Improvement Fund - To account for monies received from the Department of Motor Vehicles to be used for the purpose of reducing air pollution.

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

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

HUTA SB1 RMRA Fund - To account for the City's share of funds used to address basic road maintenance, rehabilitation, and critical safety needs on local streets, which is funded through a per gallon fuel tax and vehicle registration fees.

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

Capital Project Funds

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

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

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

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

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

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

CITY OF ROLLING HILLS ESTATES

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025**

	Special Revenue Funds					
	Traffic Safety	Prop A Transit Tax	Air Quality Improvement	Highway Users Tax	Pepper Tree Foundation	HUTASB1 RMRA
Assets						
Cash and investments	\$ -	\$ 203,489	\$ 206,469	\$ 271,924	\$ 89,712	\$ 343,156
Accounts receivable	1,519	1,622	4,762	22,593	973	22,354
Total assets	<u>\$ 1,519</u>	<u>\$ 205,111</u>	<u>\$ 211,231</u>	<u>\$ 294,517</u>	<u>\$ 90,685</u>	<u>\$ 365,510</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 24,952	\$ 554	\$ -	\$ 27,551	\$ 677	\$ -
Due to other funds	19,155	-	-	-	-	-
Unearned revenue	-	-	-	-	3,000	-
Total liabilities	<u>44,107</u>	<u>554</u>	<u>-</u>	<u>27,551</u>	<u>3,677</u>	<u>-</u>
Fund Balances (deficit):						
Restricted for:						
Transportation	-	204,557	211,231	266,966	-	-
Capital projects	-	-	-	-	-	365,510
Park improvements	-	-	-	-	87,008	-
Unassigned	(42,588)	-	-	-	-	-
Total fund balances	<u>(42,588)</u>	<u>204,557</u>	<u>211,231</u>	<u>266,966</u>	<u>87,008</u>	<u>365,510</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,519</u>	<u>\$ 205,111</u>	<u>\$ 211,231</u>	<u>\$ 294,517</u>	<u>\$ 90,685</u>	<u>\$ 365,510</u>

CITY OF ROLLING HILLS ESTATES

**Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025**

	Special Revenue Funds		Capital Projects Funds	
	Measure W	CDBG Grant	PEG Fees	Prop C
Assets				
Cash and investments	\$ 150,254	\$ -	\$ 127,241	\$ 503,054
Accounts receivable	1,332	20,130	6,574	4,265
Total assets	<u>\$ 151,586</u>	<u>\$ 20,130</u>	<u>\$ 133,815</u>	<u>\$ 507,319</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 8,478	\$ 22,248	\$ 129	\$ -
Due to other funds	-	197	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>8,478</u>	<u>22,445</u>	<u>129</u>	<u>-</u>
Fund Balances (deficit):				
Restricted for:				
Transportation	143,108	-	-	507,319
Capital projects	-	-	133,686	-
Park improvements	-	-	-	-
Unassigned	-	(2,315)	-	-
Total fund balances	<u>143,108</u>	<u>(2,315)</u>	<u>133,686</u>	<u>507,319</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 151,586</u>	<u>\$ 20,130</u>	<u>\$ 133,815</u>	<u>\$ 507,319</u>

CITY OF ROLLING HILLS ESTATES

**Combining Balance Sheet (Concluded)
Nonmajor Governmental Funds
June 30, 2025**

	<u>Capital Projects Funds</u>		Total Nonmajor Governmental Funds
	<u>Measure R</u>	<u>Measure M</u>	
Assets			
Cash and investments	\$ 214,779	\$ 96,122	\$ 2,206,200
Accounts receivable	1,776	718	88,618
Total assets	\$ 216,555	\$ 96,840	\$ 2,294,818
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 3,302	\$ 87,891
Due to other funds	-	-	19,352
Unearned revenue	-	-	3,000
Total liabilities	-	3,302	110,243
Fund Balances (deficit):			
Restricted for:			
Transportation	216,555	-	1,549,736
Capital projects	-	93,538	592,734
Park improvements	-	-	87,008
Unassigned	-	-	(44,903)
Total fund balances	216,555	93,538	2,184,575
Total liabilities, deferred inflows of resources, and fund balances	\$ 216,555	\$ 96,840	\$ 2,294,818

CITY OF ROLLING HILLS ESTATES

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2025**

	Special Revenue Funds					
	Traffic Safety	Prop A Transit Tax	Air Quality Improvement	Highway Users Tax	Pepper Tree Foundation	HUTA SB1 RMRA
Revenues:						
Fines and forfeitures	\$ 8,933	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	8,304	7,834	9,567	3,431	9,132
Charges for services	-	-	-	-	56,857	-
Revenue from other agencies	-	221,612	11,375	241,903	-	231,767
Total revenues	8,933	229,916	19,209	251,470	60,288	240,899
Expenditures:						
Current:						
Public safety	39,952	-	-	-	-	-
Public works	-	190,678	-	174,007	16,768	-
Community services	-	-	-	-	21,802	-
Capital outlay	-	-	-	-	7,825	-
Total expenditures	39,952	190,678	-	174,007	46,395	-
Net change in fund balances	(31,019)	39,238	19,209	77,463	13,893	240,899
Fund balances (deficit):						
Beginning of year	(11,569)	165,319	192,022	189,503	73,115	124,611
End of year	\$ (42,588)	\$ 204,557	\$ 211,231	\$ 266,966	\$ 87,008	\$ 365,510

CITY OF ROLLING HILLS ESTATES

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 Year Ended June 30, 2025**

	Special Revenue Funds		Capital Projects Funds	
	Measure W	CDBG Grant	PEG Fees	Prop C
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Use of money and property	6,317	-	4,758	16,672
Charges for services	-	-	-	-
Revenue from other agencies	174,065	20,130	22,408	272,822
Total revenues	180,382	20,130	27,166	289,494
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	155,156	-	-	-
Community services	18,182	-	-	-
Capital outlay	-	22,248	11,107	86,627
Total expenditures	173,338	22,248	11,107	86,627
Net change in fund balances	7,044	(2,118)	16,059	202,867
Fund balances (deficit):				
Beginning of year	136,064	(197)	117,627	304,452
End of year	\$ 143,108	\$ (2,315)	\$ 133,686	\$ 507,319

CITY OF ROLLING HILLS ESTATES

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Concluded)
 Nonmajor Governmental Funds
 Year Ended June 30, 2025**

	<u>Capital Projects Funds</u>		Total Nonmajor Governmental Funds
	<u>Measure R</u>	<u>Measure M</u>	<u>Funds</u>
Revenues:			
Fines and forfeitures	\$ -	\$ -	\$ 8,933
Use of money and property	5,818	1,246	73,079
Charges for services	-	-	56,857
Revenue from other agencies	137,841	194,231	1,528,154
	<u>143,659</u>	<u>195,477</u>	<u>1,667,023</u>
Total revenues	<u>143,659</u>	<u>195,477</u>	<u>1,667,023</u>
Expenditures:			
Current:			
Public safety	-	-	39,952
Public works	-	-	536,609
Community services	-	-	39,984
Capital outlay	-	30,697	158,504
	<u>-</u>	<u>30,697</u>	<u>775,049</u>
Total expenditures	<u>-</u>	<u>30,697</u>	<u>775,049</u>
Net change in fund balances	143,659	164,780	891,974
Fund balances (deficit):			
Beginning of year	<u>72,896</u>	<u>(71,242)</u>	<u>1,292,601</u>
End of year	<u>\$ 216,555</u>	<u>\$ 93,538</u>	<u>\$ 2,184,575</u>

CITY OF ROLLING HILLS ESTATES

**Park Facilities Fees Capital Projects Fund – Major Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 45,000	\$ 45,000	\$ 22,837	\$ (22,163)
Revenue from other agencies	<u>2,500,000</u>	<u>2,500,000</u>	<u>31,594</u>	<u>(2,468,406)</u>
Total revenues	<u>2,545,000</u>	<u>2,545,000</u>	<u>54,431</u>	<u>(2,490,569)</u>
Expenditures:				
Capital outlay	<u>1,595,000</u>	<u>1,725,000</u>	<u>272,424</u>	<u>1,452,576</u>
Total expenditures	<u>1,595,000</u>	<u>1,725,000</u>	<u>272,424</u>	<u>1,452,576</u>
Net change in fund balance	950,000	820,000	(217,993)	(1,037,993)
Fund balance:				
Beginning of year	<u>683,538</u>	<u>683,538</u>	<u>683,538</u>	<u>-</u>
End of year	<u>\$1,633,538</u>	<u>\$1,503,538</u>	<u>\$ 465,545</u>	<u>\$ (1,037,993)</u>

CITY OF ROLLING HILLS ESTATES

**Traffic Safety Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 8,933	\$ (6,067)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>8,933</u>	<u>(6,067)</u>
Expenditures:				
Current:				
Public safety	<u>15,000</u>	<u>15,000</u>	<u>39,952</u>	<u>(24,952)</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>39,952</u>	<u>(24,952)</u>
Net change in fund balance	-	-	(31,019)	(31,019)
Fund balance (deficit):				
Beginning of year	<u>(11,569)</u>	<u>(11,569)</u>	<u>(11,569)</u>	<u>-</u>
End of year	<u>\$ (11,569)</u>	<u>\$ (11,569)</u>	<u>\$ (42,588)</u>	<u>\$ (31,019)</u>

CITY OF ROLLING HILLS ESTATES

**Prop A Transit Tax Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Use of money and property	\$ 4,000	\$ 4,000	\$ 8,304	\$ 4,304
Revenue from other agencies	<u>237,558</u>	<u>237,558</u>	<u>221,612</u>	<u>(15,946)</u>
Total revenues	<u>241,558</u>	<u>241,558</u>	<u>229,916</u>	<u>(11,642)</u>
Expenditures:				
Current:				
Public works	<u>192,511</u>	<u>192,511</u>	<u>190,678</u>	<u>1,833</u>
Total expenditures	<u>192,511</u>	<u>192,511</u>	<u>190,678</u>	<u>1,833</u>
Net change in fund balance	49,047	49,047	39,238	(9,809)
Fund balance:				
Beginning of year	<u>165,319</u>	<u>165,319</u>	<u>165,319</u>	<u>-</u>
End of year	<u>\$ 214,366</u>	<u>\$ 214,366</u>	<u>\$ 204,557</u>	<u>\$ (9,809)</u>

CITY OF ROLLING HILLS ESTATES

**Air Quality Improvement Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 2,500	\$ 2,500	\$ 7,834	\$ 5,334
Revenue from other agencies	20,000	20,000	11,375	(8,625)
Total revenues	<u>22,500</u>	<u>22,500</u>	<u>19,209</u>	<u>(3,291)</u>
Expenditures:				
Current:				
General government	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Net change in fund balance	(22,500)	(22,500)	19,209	41,709
Fund balance:				
Beginning of year	<u>192,022</u>	<u>192,022</u>	<u>192,022</u>	<u>-</u>
End of year	<u>\$ 169,522</u>	<u>\$ 169,522</u>	<u>\$ 211,231</u>	<u>\$ 41,709</u>

CITY OF ROLLING HILLS ESTATES

**Highway Users Tax Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 4,000	\$ 4,000	\$ 9,567	\$ 5,567
Revenue from other agencies	215,119	242,644	241,903	(741)
Total revenues	219,119	246,644	251,470	4,826
Expenditures:				
Current:				
Public works	214,809	214,809	174,007	40,802
Total expenditures	214,809	214,809	174,007	40,802
Net change in fund balance	4,310	31,835	77,463	45,628
Fund balance:				
Beginning of year	189,503	189,503	189,503	-
End of year	<u>\$ 193,813</u>	<u>\$ 221,338</u>	<u>\$ 266,966</u>	<u>\$ 45,628</u>

CITY OF ROLLING HILLS ESTATES

**Pepper Tree Foundation Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 3,500	\$ 3,500	\$ 3,431	\$ (69)
Charges for services	350,000	350,000	56,857	(293,143)
Total revenues	<u>353,500</u>	<u>353,500</u>	<u>60,288</u>	<u>(293,212)</u>
Expenditures:				
Current:				
Public works	15,500	20,675	16,768	3,907
Community services	15,000	18,826	21,802	(2,976)
Capital outlay	350,000	350,000	7,825	342,175
Total expenditures	<u>380,500</u>	<u>389,501</u>	<u>46,395</u>	<u>343,106</u>
Net change in fund balance	(27,000)	(36,001)	13,893	49,894
Fund balance:				
Beginning of year	<u>73,115</u>	<u>73,115</u>	<u>73,115</u>	<u>-</u>
End of year	<u>\$ 46,115</u>	<u>\$ 37,114</u>	<u>\$ 87,008</u>	<u>\$ 49,894</u>

CITY OF ROLLING HILLS ESTATES

**HUTA SB1 RMRA Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 2,100	\$ 2,100	\$ 9,132	\$ 7,032
Revenue from other agencies	218,748	218,748	231,767	13,019
Total revenues	<u>220,848</u>	<u>220,848</u>	<u>240,899</u>	<u>20,051</u>
Expenditures:				
Capital outlay	<u>235,407</u>	<u>235,407</u>	<u>-</u>	<u>235,407</u>
Total expenditures	<u>235,407</u>	<u>235,407</u>	<u>-</u>	<u>235,407</u>
Net change in fund balance	(14,559)	(14,559)	240,899	255,458
Fund balance:				
Beginning of year	<u>124,611</u>	<u>124,611</u>	<u>124,611</u>	<u>-</u>
End of year	<u>\$ 110,052</u>	<u>\$ 110,052</u>	<u>\$ 365,510</u>	<u>\$ 255,458</u>

CITY OF ROLLING HILLS ESTATES

**Measure W Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 3,000	\$ 3,000	\$ 6,317	\$ 3,317
Revenue from other agencies	174,000	174,000	174,065	65
Total revenues	<u>177,000</u>	<u>177,000</u>	<u>180,382</u>	<u>3,382</u>
Expenditures:				
Current:				
Public works	159,550	159,550	155,156	4,394
Community services	20,000	20,000	18,182	1,818
Total expenditures	<u>179,550</u>	<u>179,550</u>	<u>173,338</u>	<u>6,212</u>
Net change in fund balance	(2,550)	(2,550)	7,044	9,594
Fund balance:				
Beginning of year	<u>136,064</u>	<u>136,064</u>	<u>136,064</u>	<u>-</u>
End of year	<u>\$ 133,514</u>	<u>\$ 133,514</u>	<u>\$ 143,108</u>	<u>\$ 9,594</u>

CITY OF ROLLING HILLS ESTATES

**CDBG Grant Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from other agencies	\$ 20,445	\$ 20,445	\$ 20,130	\$ (315)
Total revenues	<u>20,445</u>	<u>20,445</u>	<u>20,130</u>	<u>(315)</u>
Expenditures:				
Capital outlay	<u>22,445</u>	<u>22,445</u>	<u>22,248</u>	<u>197</u>
Total expenditures	<u>22,445</u>	<u>22,445</u>	<u>22,248</u>	<u>197</u>
Net change in fund balance	(2,000)	(2,000)	(2,118)	(118)
Fund balance (deficit):				
Beginning of year	<u>(197)</u>	<u>(197)</u>	<u>(197)</u>	<u>-</u>
End of year	<u>\$ (2,197)</u>	<u>\$ (2,197)</u>	<u>\$ (2,315)</u>	<u>\$ (118)</u>

CITY OF ROLLING HILLS ESTATES

**PEG Fees Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 3,800	\$ 3,800	\$ 4,758	\$ 958
Revenue from other agencies	26,500	26,500	22,408	(4,092)
Total revenues	<u>30,300</u>	<u>30,300</u>	<u>27,166</u>	<u>(3,134)</u>
Expenditures:				
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>11,107</u>	<u>18,893</u>
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>11,107</u>	<u>18,893</u>
Net change in fund balance	300	300	16,059	15,759
Fund balance:				
Beginning of year	<u>117,627</u>	<u>117,627</u>	<u>117,627</u>	<u>-</u>
End of year	<u>\$ 117,927</u>	<u>\$ 117,927</u>	<u>\$ 133,686</u>	<u>\$ 15,759</u>

CITY OF ROLLING HILLS ESTATES

**Prop C Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 5,000	\$ 5,000	\$ 16,672	\$ 11,672
Revenue from other agencies	197,048	197,048	272,822	75,774
Total revenues	<u>202,048</u>	<u>202,048</u>	<u>289,494</u>	<u>87,446</u>
Expenditures:				
Capital outlay	<u>352,710</u>	<u>352,710</u>	<u>86,627</u>	<u>266,083</u>
Total expenditures	<u>352,710</u>	<u>352,710</u>	<u>86,627</u>	<u>266,083</u>
Net change in fund balance	(150,662)	(150,662)	202,867	353,529
Fund balance:				
Beginning of year	<u>304,452</u>	<u>304,452</u>	<u>304,452</u>	<u>-</u>
End of year	<u>\$ 153,790</u>	<u>\$ 153,790</u>	<u>\$ 507,319</u>	<u>\$ 353,529</u>

CITY OF ROLLING HILLS ESTATES

**Measure R Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 3,500	\$ 3,500	\$ 5,818	\$ 2,318
Revenue from other agencies	147,786	147,786	137,841	(9,945)
Total revenues	151,286	151,286	143,659	(7,627)
Expenditures:				
Capital outlay	155,000	155,000	-	155,000
Total expenditures	155,000	155,000	-	155,000
Net change in fund balance	(3,714)	(3,714)	143,659	147,373
Fund balance:				
Beginning of year	72,896	72,896	72,896	-
End of year	<u>\$ 69,182</u>	<u>\$ 69,182</u>	<u>\$ 216,555</u>	<u>\$ 147,373</u>

CITY OF ROLLING HILLS ESTATES

**Measure M Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 1,246	\$ 1,246
Revenue from other agencies	<u>1,647,491</u>	<u>1,647,491</u>	<u>194,231</u>	<u>(1,453,260)</u>
Total revenues	<u>1,647,491</u>	<u>1,647,491</u>	<u>195,477</u>	<u>(1,452,014)</u>
Expenditures:				
Capital outlay	<u>1,167,491</u>	<u>1,167,491</u>	<u>30,697</u>	<u>1,136,794</u>
Total expenditures	<u>1,167,491</u>	<u>1,167,491</u>	<u>30,697</u>	<u>1,136,794</u>
Net change in fund balance	480,000	480,000	164,780	(315,220)
Fund balance (deficit):				
Beginning of year	<u>(71,242)</u>	<u>(71,242)</u>	<u>(71,242)</u>	<u>-</u>
End of year	<u>\$ 408,758</u>	<u>\$ 408,758</u>	<u>\$ 93,538</u>	<u>\$ (315,220)</u>

STATISTICAL INFORMATION

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STATISTICAL SECTION (UNAUDITED)

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

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CITY OF ROLLING HILLS ESTATES

**Annual Comprehensive Financial Report
Year Ended June 30, 2025**

City of Rolling Hills Estates

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	\$ 15,340,607	\$ 16,804,702	\$ 17,377,140	\$ 17,921,715	\$ 17,929,342	\$ 17,861,218	\$ 17,253,233	\$ 18,471,559	\$ 18,650,005	\$ 19,714,455
Restricted	2,150,212	546,634	645,603	747,495	1,685,746	2,667,335	2,993,367	2,269,429	2,428,511	3,034,185
Unrestricted	(3,735,772)	(5,396,425)	(4,090,309)	(2,931,572)	(2,150,439)	(516,263)	1,974,733	810,998	390,500	(291,428)
Total governmental activities net position	<u>\$ 13,755,047</u>	<u>\$ 11,954,911</u>	<u>\$ 13,932,434</u>	<u>\$ 15,737,638</u>	<u>\$ 17,464,649</u>	<u>\$ 20,012,290</u>	<u>\$ 22,221,333</u>	<u>\$ 21,551,986</u>	<u>\$ 21,469,016</u>	<u>\$ 22,457,212</u>
Business-type activities:										
Net investment in capital assets	\$ 103,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(74,491)	-	-	-	-	-	-	-	-	-
Total business-type activities net position	<u>\$ 28,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government:										
Net investment in capital assets	\$ 15,443,657	\$ 16,804,702	\$ 17,377,140	\$ 17,921,715	\$ 17,929,342	\$ 17,861,218	\$ 17,253,233	\$ 18,471,559	\$ 18,650,005	\$ 19,714,455
Restricted	2,150,212	546,634	645,603	747,495	1,685,746	2,667,335	2,993,367	2,269,429	2,428,511	3,034,185
Unrestricted	(3,810,263)	(5,396,425)	(4,090,309)	(2,931,572)	(2,150,439)	(516,263)	1,974,733	810,998	390,500	(291,428)
Total primary government net position	<u>\$ 13,783,606</u>	<u>\$ 11,954,911</u>	<u>\$ 13,932,434</u>	<u>\$ 15,737,638</u>	<u>\$ 17,464,649</u>	<u>\$ 20,012,290</u>	<u>\$ 22,221,333</u>	<u>\$ 21,551,986</u>	<u>\$ 21,469,016</u>	<u>\$ 22,457,212</u>

Source: City Administrative Services Department

CITY OF ROLLING HILLS ESTATES

**Annual Comprehensive Financial Report
Year Ended June 30, 2025**

City of Rolling Hills Estates

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental activities:										
General government	\$ 3,470,235	\$ 5,653,201	\$ 3,441,459	\$ 2,205,664	\$ 2,802,991	\$ 2,738,373	\$ 1,018,752	\$ 4,003,429	\$ 3,968,955	\$ 3,911,847
Public safety	2,013,850	2,357,650	2,327,680	2,218,431	2,354,743	2,410,444	2,507,504	2,543,611	2,888,012	3,010,881
Public works	1,612,353	2,127,233	1,438,526	3,197,631	3,231,200	3,640,088	3,970,939	3,917,931	3,856,323	4,046,778
Community services	1,451,622	1,688,376	2,248,864	1,705,420	1,564,474	1,666,647	1,896,793	1,941,055	1,941,492	2,234,747
Public health	19,239	17,995	24,526	23,704	27,338	112,864	52,808	22,326	28,504	30,684
Interest on bond payable	47,228	40,490	33,175	25,270	16,942	4,295	-	-	-	-
Total governmental activities expenses	8,614,527	11,884,945	9,514,230	9,376,120	9,997,688	10,572,711	9,446,796	12,428,352	12,683,286	13,234,937
Business-type activities:										
Equestrian	802	-	-	-	-	-	-	-	-	-
Tennis	91,107	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	91,909	-	-	-	-	-	-	-	-	-
Total primary government expenses	8,706,436	11,884,945	9,514,230	9,376,120	9,997,688	10,572,711	9,446,796	12,428,352	12,683,286	13,234,937
Program revenues:										
Governmental activities:										
Charges for services:										
General government	3,134,137	3,023,534	3,186,879	3,356,303	2,569,675	3,524,152	1,170,630	1,712,423	1,284,690	1,554,237
Public safety	63,027	85,708	47,762	67,805	60,477	64,821	73,471	89,535	60,112	39,489
Public works	495,338	434,045	435,296	439,022	386,212	385,190	376,203	648,401	368,746	497,729
Community services	70,142	135,372	234,609	296,793	282,673	332,042	429,494	486,418	476,500	195,143
Operating grants and contributions	1,205,518	1,611,349	964,680	1,128,409	2,205,873	1,987,045	2,077,414	1,556,794	1,775,248	2,989,339
Capital grants and contributions	865,205	446,924	260,968	238,014	376,968	565,189	765,961	607,636	679,302	526,267
Total governmental activities Program revenues	5,833,367	5,736,932	5,130,194	5,526,346	5,881,878	6,858,439	4,893,173	5,101,207	4,644,598	5,802,204
Business-type activities:										
Charges for services:										
Equestrian	104,388	127,749	80,931	-	-	-	-	-	-	-
Tennis	77,579	74,053	-	-	-	-	-	-	-	-
Total business-type activities	181,967	201,802	80,931	-	-	-	-	-	-	-
Total primary government program revenues	6,015,334	5,938,734	5,211,125	5,526,346	5,881,878	6,858,439	4,893,173	5,101,207	4,644,598	5,802,204
Net revenues (expenses):										
Governmental activities	(2,781,160)	(6,148,013)	(4,384,036)	(3,849,774)	(4,115,810)	(3,714,272)	(4,553,623)	(7,327,145)	(8,038,688)	(7,432,733)
Business-type activities	90,058	201,802	80,931	-	-	-	-	-	-	-
Total net revenues (expenses)	(2,691,102)	(5,946,211)	(4,303,105)	(3,849,774)	(4,115,810)	(3,714,272)	(4,553,623)	(7,327,145)	(8,038,688)	(7,432,733)

(continued)

CITY OF ROLLING HILLS ESTATES

**Annual Comprehensive Financial Report
Year Ended June 30, 2025**

City of Rolling Hills Estates

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,959,989	\$ 2,801,529	\$ 2,994,694	\$ 3,255,455	\$ 3,400,843	\$ 3,688,941	\$ 3,890,421	\$ 4,157,353	\$ 4,417,890	\$ 4,553,762
Sales taxes	906,872	1,171,000	1,287,221	1,257,782	1,132,919	1,229,031	1,546,267	1,615,932	1,669,708	1,642,846
Business license taxes	237,784	238,062	229,750	378,343	407,143	404,296	411,204	547,183	547,284	603,584
Franchise taxes	618,698	570,539	604,648	592,171	629,996	673,052	712,084	742,744	769,567	800,400
Other taxes	190,705	91,129	149,247	116,611	207,310	235,690	239,922	163,574	106,707	107,061
Use of money and property	13,575	10,251	26,026	33,206	57,486	23,764	(65,935)	143,982	408,475	625,788
Capital contributions	-	268,251	-	-	-	-	-	-	-	-
Miscellaneous	62,775	87,620	69,973	21,410	7,124	7,139	28,703	230,852	36,087	87,488
Transfers	-	109,490	-	-	-	-	-	-	-	-
Total governmental activities	<u>4,990,398</u>	<u>5,347,871</u>	<u>5,361,559</u>	<u>5,654,978</u>	<u>5,842,821</u>	<u>6,261,913</u>	<u>6,762,666</u>	<u>7,601,620</u>	<u>7,955,718</u>	<u>8,420,929</u>
Business-type activities:										
Use of money and property	27	-	-	-	-	-	-	-	-	-
Transfers	-	(109,490)	-	-	-	-	-	-	-	-
Total business-type activities	<u>27</u>	<u>(109,490)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position:										
Governmental activities	2,209,238	(800,142)	977,523	1,805,204	1,727,011	2,547,641	2,209,043	274,475	(82,970)	988,196
Business-type activities	90,085	92,312	80,931.00	-	-	-	-	-	-	-
Total primary government	<u>\$ 2,299,323</u>	<u>\$ (707,830)</u>	<u>\$ 1,058,454</u>	<u>\$ 1,805,204</u>	<u>\$ 1,727,011</u>	<u>\$ 2,547,641</u>	<u>\$ 2,209,043</u>	<u>\$ 274,475</u>	<u>\$ (82,970)</u>	<u>\$ 988,196</u>

Source: City Administrative Services Department

CITY OF ROLLING HILLS ESTATES

**Annual Comprehensive Financial Report
Year Ended June 30, 2025**

City of Rolling Hills Estates
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund:										
Nonspendable	\$ 126,377	\$ 15,472	\$ 14,635	\$ 10,997	\$ 7,861	\$ 7,301	\$ 10,298	\$ 12,585	\$ 13,413	\$ 13,064
Restricted	15,201	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Assigned	2,040,000	605,871	940,003	520,000	535,000	2,255,000	2,593,165	2,651,146	2,610,000	2,610,000
Unassigned	2,378,531	1,892,936	1,976,085	2,147,214	2,057,943	1,988,655	1,726,256	1,836,772	1,890,163	1,863,638
Total general fund	<u>\$ 4,560,109</u>	<u>\$ 2,524,279</u>	<u>\$ 2,940,723</u>	<u>\$ 2,688,211</u>	<u>\$ 2,610,804</u>	<u>\$ 4,260,956</u>	<u>\$ 4,339,719</u>	<u>\$ 4,510,503</u>	<u>\$ 4,523,576</u>	<u>\$ 4,496,702</u>
All other governmental funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,135,011	1,536,634	635,603	737,495	1,675,746	2,657,335	2,983,367	2,259,429	2,329,511	2,998,411
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(1,639,080)	(1,053,768)	(671,330)	(598,317)	(249,062)	(265,277)	(66,670)	(331,172)	(83,008)	(44,903)
Total all other governmental funds	<u>\$ 495,931</u>	<u>\$ 482,866</u>	<u>\$ (35,727)</u>	<u>\$ 139,178</u>	<u>\$ 1,426,684</u>	<u>\$ 2,392,058</u>	<u>\$ 2,916,697</u>	<u>\$ 1,928,257</u>	<u>\$ 2,246,503</u>	<u>\$ 2,953,508</u>

Source: City Administrative Services Department.

Note:

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

CITY OF ROLLING HILLS ESTATES

**Annual Comprehensive Financial Report
Year Ended June 30, 2025**

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Property taxes	\$ 2,959,989	\$ 2,801,529	\$ 2,994,694	\$ 3,255,455	\$ 3,400,843	\$ 3,688,941	\$ 3,890,421	\$ 4,157,353	\$ 4,417,890	\$ 4,553,762
Sales and use taxes	906,872	1,171,000	1,287,221	1,257,782	1,132,919	1,229,031	1,546,267	1,615,932	1,669,708	1,642,846
Business license taxes	237,784	238,062	229,750	378,343	407,143	404,296	411,204	547,183	547,284	603,584
Other taxes	809,403	661,668	753,895	708,782	837,306	908,742	952,007	906,318	876,273	907,461
Licenses and permits	3,129,514	3,061,756	3,056,594	3,354,436	2,607,712	3,397,458	1,201,123	1,979,253	1,278,110	1,558,812
Fines and forfeitures	61,380	140,225	102,402	61,122	54,374	57,352	68,087	85,364	55,458	35,953
Use of money and property	34,323	93,365	215,385	232,911	264,598	225,049	182,843	408,207	683,639	625,793
Charges for services	398,927	301,532	652,443	354,059	315,083	484,120	436,353	474,679	436,241	543,410
Revenues from other agencies	2,311,795	2,219,369	1,190,706	1,557,025	2,697,597	2,718,226	2,938,832	2,297,687	2,500,596	3,737,280
Other revenues	8,930	18,197	8,665	21,409	7,124	7,137	28,702	230,851	36,091	87,484
Total revenues	10,858,917	10,706,703	10,491,755	11,181,324	11,724,699	13,120,352	11,655,839	12,702,827	12,501,290	14,296,385
Expenditures:										
Current:										
General government	3,346,845	5,156,455	3,599,516	3,183,366	2,939,298	2,354,520	3,116,605	2,818,876	3,163,537	3,122,064
Public safety	2,013,850	2,357,650	2,327,680	2,218,431	2,354,743	2,410,444	2,507,504	2,543,611	2,888,012	3,010,881
Public works	718,345	730,167	669,286	2,224,168	2,160,029	2,550,636	2,566,816	2,530,740	2,377,990	2,967,306
Community services	1,325,031	1,445,788	1,469,859	1,602,016	1,454,051	1,568,545	1,812,222	1,841,763	1,824,944	2,103,682
Public health	19,239	17,995	24,524	23,704	27,338	112,864	52,808	22,326	28,504	30,684
Planning and community development	-	-	-	-	-	-	996,482	-	-	-
Capital outlay	2,604,760	2,810,053	2,257,864	1,751,976	1,316,199	1,238,522	-	2,819,345	1,886,984	2,381,637
Debt Service:										
Principal	182,000	197,000	212,000	230,000	246,000	265,000	-	-	-	-
Interest	47,228	40,490	33,175	25,270	16,942	4,295	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	10,257,298	12,755,598	10,593,904	11,258,931	10,514,600	10,504,826	11,052,437	12,576,661	12,169,971	13,616,254
Excess (deficiency) of revenues over (under) expenditures	601,619	(2,048,895)	(102,149)	(77,607)	1,210,099	2,615,526	603,402	126,166	331,319	680,131
Other financing sources (uses):										
Transfers in	62,545	-	653,312	59,980	232,278	-	-	44,528	58,917	-
Transfers out	(62,545)	-	(653,312)	(59,980)	(232,278)	-	-	(44,528)	(58,917)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 601,619	\$ (2,048,895)	\$ (102,149)	\$ (77,607)	\$ 1,210,099	\$ 2,615,526	\$ 603,402	\$ 126,166	\$ 331,319	\$ 680,131
Debt service as a percentage of noncapital expenditures	2.9%	2.5%	2.8%	2.6%	2.8%	2.8%	0.0%	0.0%	0.0%	0.0%

Source: City Administrative Services Department.

CITY OF ROLLING HILLS ESTATES

Business Tax Rates

June 30, 2025

FEE TYPE	BUSINESS TYPE / DESCRIPTION	
Free. First calendar year or portion or thereof tax	New license at Fixed Location	
Flat fee		
	\$424.52	General Contractors
	\$121.29	Other Contractors
	\$242.58	Real Estate Agents and Brokers
	\$303.23	Delivery Service
	\$121.29	Landscapers or Gardeners
	\$173.70	Maintenance GR
	\$173.70	All other businesses not classified elsewhere
	\$363.87	Horse Trainers - base fee
	\$0	Exempt/Non Profits
Base fee		
	\$60.65	Home Occupation
Min. \$173.70 or gross receipts	(gross receipt formulas vary according to business type)	
\$1 per every \$1,000 receipts	All Other Business not elsewhere classified	
\$1 per every \$1,000 receipts	Professionals	
\$3 per every \$1,000 receipts	Recreation/Entertainment	
\$2 per every \$1,000 receipts	Residential Care Facilities	
\$0.50 per every \$1,000 receipts	Restaurants/Food Service	
\$0.50 per every \$1,000 receipts	Retail/Wholesale	
AB 1379 State Mandate Fee of \$4.00		
Daily fee		
	\$500/day	Motion picture filming - non-commercial/non-public areas
	\$1,000/day	Motion picture filming - commercial/public areas
	\$200/day	Still photography - City property
	\$100/day	Still photography - other property
Daily/Quarterly/Annually		
	\$50/day	Solicitation permit (commercial)
	\$200/quarterly	Solicitation permit (commercial)
	\$500/annually	Solicitation permit (commercial)

Note: Business tax rates changed on January 2019.

Source: City's Administrative Services Department.

City of Rolling Hills Estates

Principal Property Tax Payers Current Fiscal Year and Nine Years Ago

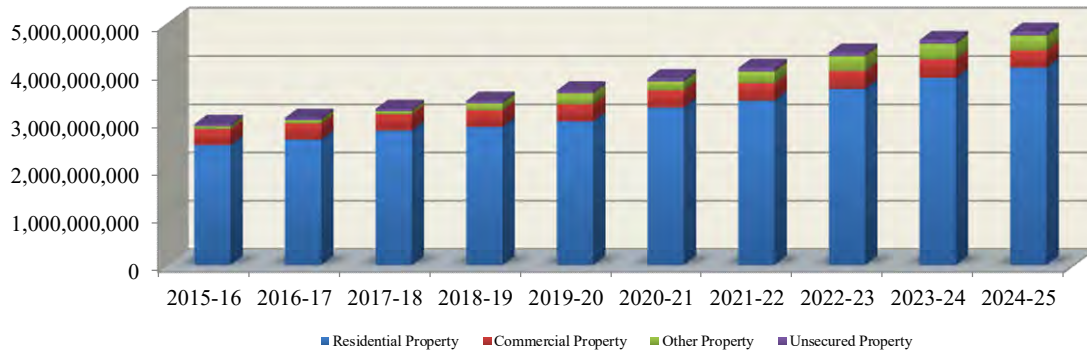
Taxpayer	2024-25			2015-16		
	Taxable Value (\$)	Rank	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percent of Total City Taxable Value (%)
Vestar Peninsula Retail LLC	\$ 109,719,342	1	2.27%	\$ 89,448,496	1	3.05%
CYP LLC	65,299,935	2	1.35%			
Cox Communications California LLC	39,329,801	3	0.81%	17,986,925	3	0.61%
Rolling Hills Country Club	29,832,079	4	0.62%			
RHE-75 LLC	18,558,677	5	0.38%			
Merrill Gardens At Rolling Hills LP	16,054,600	6	0.33%			
JPMorgan Chase Bank	14,511,028	7	0.30%	8,569,650	10	0.29%
Deep Valley Day LLC	14,196,089	8	0.29%			
Universal Master Fund LLC	12,917,903	9	0.27%			
Silver Spur Shopping Center LLC	12,282,384	10	0.25%	10,423,989	7	0.36%
Promenade LLC				82,695,332	2	2.82%
Anastasi Development Company LLC				17,725,764	4	0.61%
Highpoint Associates III LLC				10,963,332	5	0.37%
Continental RHE Corporation				10,786,230	6	0.37%
Koll Per Peninsula Pointe LLC				10,222,252	8	0.35%
Norris Center for the Performing Arts				8,728,692	9	0.30%
Total Top 10 Taxpayers	<u>332,701,838</u>		<u>6.87%</u>	<u>267,550,662</u>		<u>9.13%</u>
Total Taxable Value	<u>4,842,227,350</u>		<u>100.00%</u>	<u>2,928,139,367</u>		<u>100.00%</u>

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

City of Rolling Hills Estates

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

Fiscal Year End	Residential Property	Commercial Property	Other Property	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	% Change	Total Direct Tax Rate (1)
2015-16	\$ 2,492,070,809	\$ 334,019,396	\$ 54,622,247	\$ 47,426,915	\$ 11,041,865	\$ 2,928,139,367	25.03%	.06464
2016-17	2,606,326,127	336,276,281	68,594,955	45,361,521	11,041,865	3,056,558,884	4.39%	.06438
2017-18	2,794,099,303	340,813,037	61,120,270	46,679,793	11,041,865	3,242,712,403	6.09%	.06437
2018-19	2,872,360,977	341,625,282	145,119,903	51,187,153	11,045,974	3,410,293,315	5.17%	.06435
2019-20	2,982,853,213	357,323,772	229,262,887	55,937,006	11,045,974	3,625,376,878	6.31%	.06435
2020-21	3,271,747,274	358,449,799	183,198,854	63,331,797	11,045,974	3,876,727,724	6.93%	.06454
2021-22	3,417,137,507	358,982,357	243,715,425	72,005,030	11,045,974	4,091,840,319	5.55%	.06451
2022-23	3,657,540,846	371,080,739	311,470,685	67,918,190	11,045,974	4,408,010,460	7.73%	.06438
2023-24	3,889,672,243	381,719,359	326,391,825	74,791,111	11,045,974	4,672,574,538	6.00%	.06436
2024-25	4,101,746,391	353,458,644	311,585,092	75,437,223	11,045,974	4,842,227,350	3.63%	.06425



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

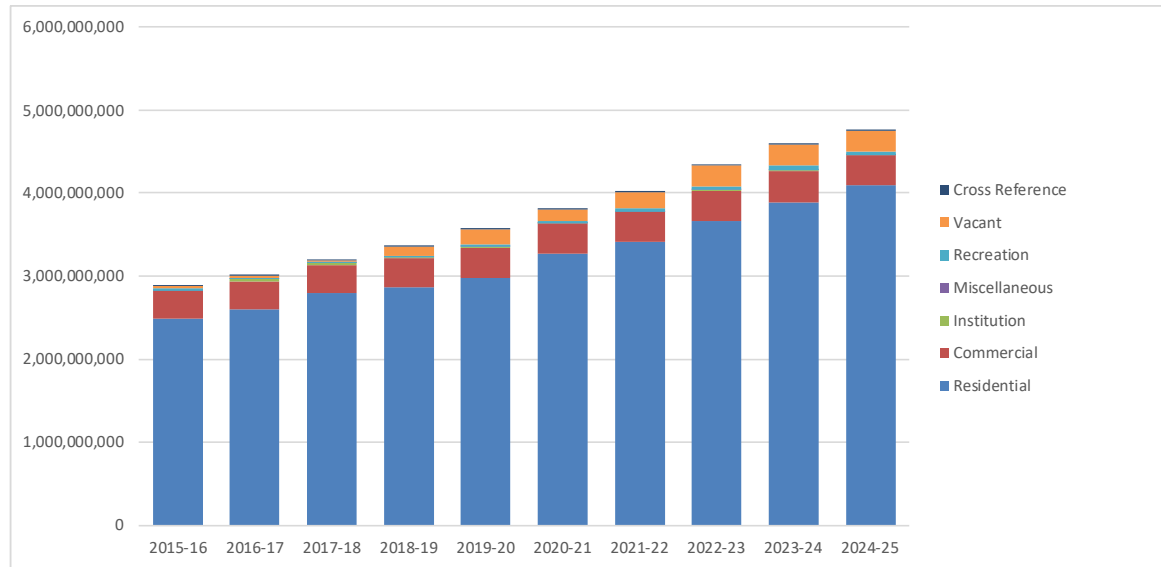
Exempt values are not included in Total.

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

City of Rolling Hills Estates

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

Category	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Residential	\$2,492,070,809	\$2,606,326,127	\$2,794,099,303	\$2,872,360,977	\$2,982,853,213	\$3,271,747,274	\$3,417,137,507	\$3,657,540,846	\$3,889,672,243	\$4,101,746,391
Commercial	334,019,396	336,276,281	340,813,037	341,625,282	357,323,772	358,449,799	358,982,357	371,080,739	381,719,359	353,458,644
Institution	3,973,308	18,429,621	19,301,506	15,237,208	15,525,200	4,314,769	4,223,051	6,854,484	5,996,074	4,440,924
Miscellaneous	46,062	17,741	17,582	50,935	63,244	56,183	65,329	65,791	64,837	66,133
Recreation	18,917,305	19,350,903	19,393,287	20,648,338	24,583,473	30,629,444	37,987,516	47,534,222	49,889,130	44,041,609
Vacant	27,515,388	25,448,055	16,907,507	102,282,944	179,227,560	133,613,489	193,987,398	247,006,066	257,664,830	251,126,870
Cross Reference	4,170,184	5,348,635	5,500,388	6,900,478	9,863,410	14,584,969	7,452,131	10,010,122	12,776,954	11,909,556
Net Secured Value	2,880,712,452	3,011,197,363	3,196,032,610	3,359,106,162	3,569,439,872	3,813,395,927	4,019,835,289	4,340,092,270	4,597,783,427	4,766,790,127
Unsecured Value	47,426,915	45,361,521	46,679,793	51,187,153	55,937,006	63,331,797	72,005,030	67,918,190	74,791,111	75,437,223
Net Assessed Value	2,928,139,367	3,056,558,884	3,242,712,403	3,410,293,315	3,625,376,878	3,876,727,724	4,091,840,319	4,408,010,460	4,672,574,538	4,842,227,350



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

City of Rolling Hills Estates

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

(Rate per \$100 of Taxable Value)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
El Camino Community College	0.00000	0.00000	0.00000	0.00000	0.02155	0.02362	0.02264	0.02299	0.02116	0.02101
La Community College District	0.03575	0.03596	0.04599	0.04621	0.02717	0.04016	0.04376	0.02488	0.06023	0.05136
Los Angeles Unified School District	0.00000	0.00000	0.00000	0.00000	0.12552	0.13993	0.11323	0.12107	0.12422	0.12802
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00700
Palos Verdes Library District	0.00563	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Palos Verdes Peninsula Unified	0.02343	0.02320	0.02309	0.02371	0.02359	0.02378	0.02398	0.02277	0.02383	0.02273
Torrance Unified	0.00000	0.00000	0.00000	0.00000	0.09564	0.08759	0.09437	0.09065	0.08543	0.08166
Total Direct & Overlapping² Tax Rates	1.06831	1.06266	1.07258	1.07342	1.29697	1.31858	1.30148	1.28586	1.31837	1.31178
City's Share of 1% Levy Per Prop 13³	0.06691	0.06691	0.06691	0.06691	0.06691	0.06691	0.06691	0.06691	0.06691	0.06691
Total Direct Rate⁴	0.06471	0.06464	0.06438	0.06437	0.06435	0.06435	0.06454	0.06451	0.06438	0.06425

Source: Los Angeles County Assessor, HdL Coren & Cone

Notes:

¹In 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

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

³City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's

⁴Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

CITY OF ROLLING HILLS ESTATES

Principal Sales Tax Producers Current Fiscal Year and Nine Years Ago

2024-25	2015-16
Taxpayer	Taxpayer
Abercrombie & Fitch	Abercrombie & Fitch
Bath & Body Works	AT&T
Bristol Farms	Banana Republic
Chicken Maison	Bristol Farms
Chipotle	Chicken Maison
CVS Pharmacy	Chico's
El Polo Inka	CVS Pharmacy
Five Below	Gap
Good Stuff Palos Verdes	J Crew
Habit Burger Grill	Loft
Inka Wasi	Mama Terano
Kims Barbeque	Medawar Fine Jewelers
Medawar Fine Jewelers	Morgan's Jewelers
MOD Pizza	Pavilions
Old Navy	Petco
Pavilions	Pottery Barn
Pet Food Express	Rite Aid
Petco	Rolling Hills Country Club
Rite Aid	Rubios
Rolling Hills Country Club	Rubys Diner
Silver Spur Arco	Silver Spur Arco
Target	Sproutloud Media Networks
The Red Onion	Talbots
TJ Maxx	The Red Onion
Ulta Beauty	TJ Maxx

Source: HdL Companies, Administrative Services Department
Top Sales Tax Producers listed in alphabetical order.

CITY OF ROLLING HILLS ESTATES

Direct and Overlapping Debt

June 30, 2025

2024-25 Assessed Valuation: \$4,842,227,350

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt <u>6/30/2025</u>	<u>% Applicable (1)</u>	City's Share of <u>Debt 6/30/25</u>
Metropolitan Water District	\$ 17,155,000	0.119%	\$ 20,414
Los Angeles Community College District	4,919,505,000	0.391	19,235,265
El Camino Community College District	480,045,366	0.120	576,054
Los Angeles Unified School District	11,745,405,000	0.003	352,362
Palos Verdes Peninsula Unified School District	107,022,861	14.514	15,533,298
Torrance Unified School District	388,755,634	0.002	<u>7,775</u>
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$17,657,888,861</u>		<u>\$35,725,168</u>
Less: Los Angeles Unified School District General Obligation Bonds, Election of 2005, Series J & H Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Asides for Repayment			<u>13,837</u>
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$35,711,331</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$ 3,036,637,390	0.230%	\$ 6,984,266
Los Angeles County Superintendent of Schools Certificates of Participation	2,331,775	0.230	5,363
Los Angeles Unified School District Certificates of Participation	225,010,000	0.003	6,750
City of Rolling Hills Estates	0	100	0
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$6,996,379</u>
 TOTAL DIRECT DEBT			\$0
TOTAL GROSS OVERLAPPING DEBT			\$42,721,547
TOTAL NET OVERLAPPING DEBT			\$42,707,710
 GROSS COMBINED TOTAL DEBT			\$42,721,547 (2)
NET COMBINED TOTAL DEBT			\$42,707,710

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	0.74%
Total Net Overlapping Tax and Assessment Debt	0.74%
Total Direct Debt	0.00%
Gross Combined Total Debt	0.88%
Net Combined Total Debt	0.88%

Source: California Municipal Statistics, Inc.

CITY OF ROLLING HILLS ESTATES

Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assessed valuation	\$ 2,928,139,367	\$ 3,056,558,884	\$ 3,242,712,403	\$ 3,410,293,315	\$ 3,625,376,878	\$ 3,876,727,724	\$ 4,091,840,319	\$ 4,408,010,460	\$ 4,672,574,538	\$ 4,842,227,350
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	439,220,905	458,483,833	486,406,860	511,543,997	543,806,532	581,509,159	613,776,048	661,201,569	700,886,181	726,334,103
Total net debt applicable to limit:										
General obligation bonds	1,332,000	1,150,000	953,000	741,000	511,000	265,000	-	-	-	-
Legal debt margin	<u>\$ 437,888,905</u>	<u>\$ 457,333,833</u>	<u>\$ 485,453,860</u>	<u>\$ 510,802,997</u>	<u>\$ 543,295,532</u>	<u>\$ 581,244,159</u>	<u>\$ 613,776,048</u>	<u>\$ 661,201,569</u>	<u>\$ 700,886,181</u>	<u>\$ 726,334,103</u>
Total debt applicable to the limit as a percentage of debt limit	0.3%	0.3%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: HdL, Coren & Cone

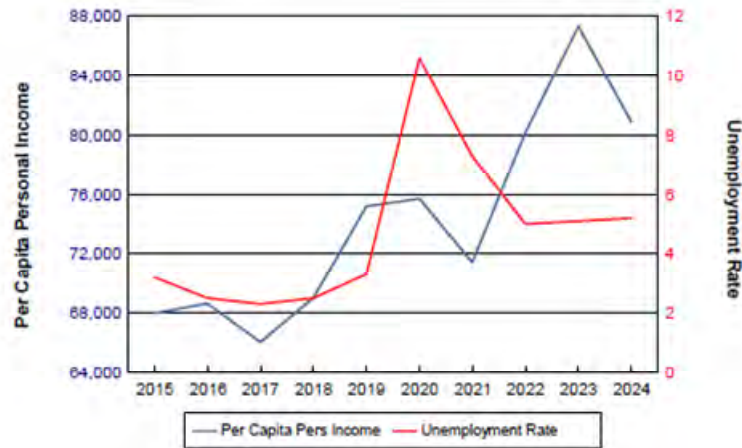
City of Rolling Hills Estates

Demographic and Economic Statistics

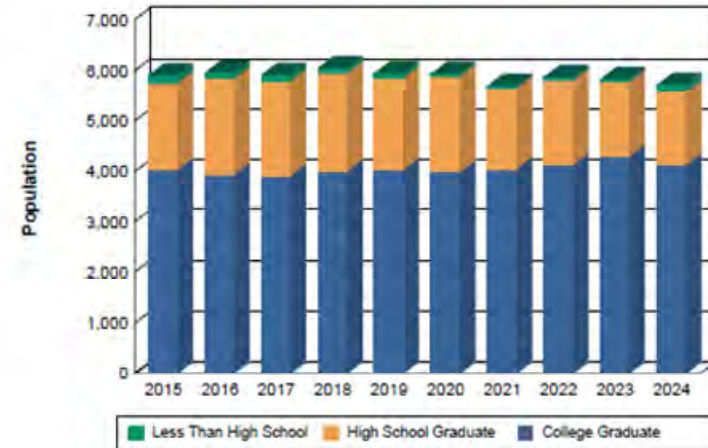
Last Ten Calendar Years

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2015	8,028	\$545,715	\$67,976	3.2%	48.7	97.4%	68.3%
2016	8,059	\$553,087	\$68,629	2.5%	50.1	98.0%	66.1%
2017	8,111	\$535,667	\$66,042	2.3%	49.5	98.0%	66.2%
2018	8,247	\$569,243	\$69,024	2.5%	50.5	98.4%	66.2%
2019	8,066	\$606,490	\$75,190	3.3%	50.7	98.5%	67.8%
2020	8,098	\$612,984	\$75,695	10.6%	50.1	99.3%	67.2%
2021	8,289	\$592,096	\$71,431	7.3%	48.3	99.3%	71.0%
2022	8,446	\$677,187	\$80,178	5.0%	48.1	98.9%	70.4%
2023	8,534	\$745,390	\$87,343	5.1%	48.0	99.1%	73.7%
2024	8,545	\$691,354	\$80,907	5.2%	47.4	97.6%	72.2%

Personal Income and Unemployment



Education Level Attained for Population 25 and Over



Notes and Data Sources:

HdL, Coren & Cone, Population: California State Department of Finance. Unemployment Data: California Employment Development Department
 2000-2009 Income, Age, and Education Data: ESRI - *Demographic Estimates are based on the last available Census*. Projections are developed by incorporating all of the prior census data released to date.
 Demographic Data is totaled from Census Block Groups that overlap the City's boundaries
 2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey

CITY OF ROLLING HILLS ESTATES

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

Full-Time and Part-Time Employees as of June 30					
Function	2021	2022	2023	2024	2025
General government	17	19	19	19	19
Public safety	0	0	0	0	0
Community services	10	8	10	10	12
Total	27	27	29	29	31

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

Source: City's Administrative Services Department

CITY OF ROLLING HILLS ESTATES

Operating Indicators by Function

Last Five Fiscal Years

	Fiscal Year				
	2021	2022	2023	2024	2025
Police:					
Arrests	87	87	101	70	39
Parking citations issued	14	54	31	69	17
Fire:					
Number of emergency calls	791	1,082	1,051	963	902
Inspections	1,391	1,941	2,617	*	505
Public works:					
Street resurfacing (miles)	3.5	1.0	5.6	5.6	0.03
Community services:					
Number of recreation classes	5	5	12	12	7
Number of facility rentals	6	6	14	14	7
Equestrian:					
Number of equestrian classes	15	15	18	18	18
Number of facility rentals	14	14	6	6	7
Tennis:					
Number of tennis classes	80	80	72	72	72

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

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

*Data not readily available

CITY OF ROLLING HILLS ESTATES

Capital Asset Statistics by Function Last Five Fiscal Years

	Fiscal Year				
	2021	2022	2023	2024	2025
Police:					
Stations	0	0	0	0	0
Fire:					
Fire stations	1 LA County's	1 LA County's	1 LA County's	1 LA County's	1 LA County's
Public works:					
Streets (miles)	28	28	28	28	28
Streetlights	0	0	0	0	0
Traffic signals	14 intersections	14 intersections	14 intersections	14 intersections	14 intersections
Community services:					
Parks	7	7	7	7	8
Nature center	1	1	1	1	1
Equestrian:					
Facilities	1	1	1	1	1
Tennis:					
Facilities	1	1	1	1	1

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

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

CITY OF ROLLING HILLS ESTATES

Miscellaneous Statistics

June 30, 2025

Date of incorporation	September 18, 1957
Population	8,545
Form of government	Council/Manager
Contract Services:	
Police protection	County Sheriff
Fire protection	County Fire Protection Dist.
Sewers	County Sanitation Dist. #5
Utilities:	
Water	California Water Company
Gas	Southern California Gas Co.
Electricity	Southern California Edison
Telephone	Verizon
City Facilities:	
Streets	28 miles
Bike paths	10 miles
Bridle trails	16 miles
Parks	8 with 52.867 acres
Stables	1
Employees:	
Full-time	19
Other	12
Business licenses issued	1,278
Number of Registered Voters	6,577

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