



# City of Rolling Hills

INCORPORATED JANUARY 24, 1957

2 PORTUGUESE BEND ROAD  
ROLLING HILLS, CA 90274  
(310) 377-1521

**AGENDA**  
Finance/Budget/Audit  
Committee Meeting

**FINANCE/BUDGET/AUDIT  
COMMITTEE**  
Monday, February 13, 2023

**CITY OF ROLLING HILLS**  
**6:00 PM**

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**1. PUBLIC COMMENT**

**2. ITEMS FOR DISCUSSION**

2.A. **DEVELOPMENT OF A BALANCING STRATEGY FOR FISCAL YEAR 2023/24**

**RECOMMENDATION: Receive a report from staff on the projected fiscal year 2023/24 budget, including preliminary revenue estimates, proposed budget adjustments, outstanding General Fund deficit; and develop a recommended plan for how to balance the General Fund budget.**

[CL\\_AGN\\_230213\\_FBA\\_Summary\\_FY23-24\\_ProposedBudgetAdjustments.pdf](#)

**3. ADJOURNMENT**

Next regular meeting: Monday, March 6, 2023 at 6:00 p.m. in the City Council Chamber, Rolling Hills City Hall, 2 Portuguese Bend Road, Rolling Hills, California, 90274.

**Notice:**

*Pursuant to the Brown Act, no action will take place on any items not on the agenda. This is the appropriate time for members of the public to make comments regarding items listed on this agenda.*

*Documents pertaining to an agenda item received after the posting of the agenda are available for review in the City Clerk's office or at the meeting at which the item will be considered.*

*In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to participate in this meeting due to your disability, please contact the City Clerk at (310) 377-1521 at least 48 hours prior to the meeting to enable the City to make reasonable arrangements to ensure accessibility and accommodation for your review of this agenda and attendance at this meeting.*



# *City of Rolling Hills*

INCORPORATED JANUARY 24, 1957

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**Agenda Item No.: 2.A**  
**Mtg. Date: 02/13/2023**

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: ROBERT SAMARIO, FINANCE DIRECTOR**

**THRU: ELAINE JENG P.E., CITY MANAGER**

**SUBJECT: DEVELOPMENT OF A BALANCING STRATEGY FOR FISCAL YEAR 2023/24**

**DATE: February 13, 2023**

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**BACKGROUND:**

The City of Rolling Hills's fiscal year (FY) 2022/23 General Fund budget is currently out of balance, meaning ongoing budgeted revenues are not sufficient to cover all ongoing expenditures. With the initial steps to develop the fiscal year FY 2023/2024 budget underway, on January 9, 2023 City Council directed staff to work with the Finance/Budget/Audit Committee to develop a list of recommended measures to eliminate the budget gap. Council also gave general direction to the Committee and staff to consider all expenditures in identifying areas to cut the budget.

**DISCUSSION:**

The current FY 2022/23 budget includes both ongoing and one-time revenues and expenditures. Ideally, ongoing revenues would be sufficient to cover both one-time and ongoing operating costs in order to minimize the use reserves. However, in evaluating whether a budget is balanced, ongoing revenues would be measured against only ongoing costs. As of December 31, 2022, ongoing revenues in fiscal year 2022/23 total \$2,507,702 while ongoing costs total \$2,913,773. Thus, the General Fund has a structural budget deficit of \$406,071.

Staff has reviewed General Fund revenues and developed very preliminary 2022/23 fiscal year-end projections. Staff used those projections to develop preliminary revenue projections for FY 2023/2024. Based on these very preliminary estimates, ongoing revenues total \$2,665,880, representing an increase of \$91,430 from the current fiscal year.

In addition to the revenue increases, staff developed a number of proposed cuts to expenditures totaling \$177,973. These cuts include reductions based on recent trends and more thorough understanding of the costs charged to each account. They also include real cuts to expenditures. These proposed adjustments are detailed in the Summary of FY 2023/24 Proposed Budget Adjustments attached to this agenda report.

The combination of increased revenues of \$91,430 and proposed expenditure cuts lowers the deficit to \$136,668. However, staff identified two expenditure accounts that need to be increased, which are labeled “Structural Fixes” in the attachment. The first item relates to building services provided by Los Angeles County Public Works Department and Wildan Group. Since building revenue estimates were increased based on prior year results and revenues through the first six months of this fiscal year, a commensurate increase in fees for these services paid to the County is necessary. Accordingly, staff added \$150,000 to the expenditure budget for these services. The second item relates to the General Fund transfer to the Refuse Fund to partially subsidize trash collection/disposal rates charges to City residents. Based on the actual revenue and expenditure results in the Refuse Fund, the General Fund needed to transfer \$249,229 in FY 2021/22 to keep the fund balanced. Interestingly, in FY 2020/21 the Refuse Fund received \$753,500 in fees from residents for waste management. However, these fees dropped by \$80,278 in FY 2021/22 to \$673,222. It is not clear why revenues from these fees fell. In addition, FY 2020/21 revenues incorrectly included \$30,700 in Construction & Demolition Fees and Deposits. In addition to incorrectly treating the refundable deposit portion (\$750) as revenues versus a liability, the fee portion is more appropriately recorded in the General Fund. As a result, staff added \$63,000 to the FY 2022/23 budgeted transfer from the General Fund to the Refuse Fund as a conservative adjustment to offset the impacts of these items to the Refuse Fund. Based on these two “structural fixes” totaling \$213,000, the final projected deficit is back up to \$349,668.

The Schedule of FY 2023/24 Proposed Budget Adjustments summarizes the major cost categories that make up the General Fund expenditure budget for the Finance/Budget/Audit Committee’s consideration in identifying other cuts totaling \$349,668 to balance the budget.

As a final note, the revenue estimates are very fluid and, thus, will likely change during the course of the next few months. As such, they are intended to provide an order of magnitude of the level of cuts that may be needed in the General Fund as we move through the budget process.

**FISCAL IMPACT:**

None.

**RECOMMENDATION:**

As presented.

**ATTACHMENTS:**

[CL\\_AGN\\_230213\\_FBA\\_Summary\\_FY23-24\\_ProposedBudgetAdjustments.pdf](#)

**CITY OF ROLLINGS HILLS**  
**Schedule of Proposed Budget Adjustments**  
**Fiscal Year 2023/24 Budget (Preliminary)**

	<b>FY 2023 Ongoing Budget</b>	<b>Proposed Cuts</b>	<b>Structural Fixes</b>	<b>Preliminary FY 2024 Budget</b>	
City Admin Operating Budget - Ongoing	\$ 252,540	\$ (12,627)	\$ -	\$ 239,913	5% Across the Board Reduction
Planning Operating Budget - Ongoing	62,300	(3,115)	-	59,185	5% Across the Board Reduction
Emergency Preparedness	221,700	(32,800)	-	188,900	Eliminiate Areas 1 and 2 Maintenance
Repair & Maintenance	35,000	(25,000)	-	10,000	Adjust to Recent Trends + Reduce Janitorial Services
Utilities	85,212	(25,212)	-	60,000	Adjust to Recent Trends
Property Development - Legal	80,000	(20,000)	-	60,000	Adjust to Recent Trends
IT Services	54,000	(2,500)	-	51,500	Clean up stale and unneeded accounts.
South Bay Comm Organizations	15,000	(5,000)	-	10,000	Adjust to Recent Trends
Community Recognition	20,000	(10,000)	-	10,000	Adjust to Recent Trends
Stormwater Management	97,142	(21,719)	-	75,423	Adjust to Expected Actual
Code Enforcement	87,880	(20,000)	-	67,880	Reduced contract + Traffic Eng
Sub-Totals - Proposed Reductions	<u>1,010,774</u>	<u>(177,973)</u>	<u>-</u>	<u>832,801</u>	
Public Safety	245,000	-	-	245,000	
Salaries & Benefits - City Admin	742,095	-	-	742,095	
Salaries & Benefits - Planning	351,747	-	-	351,747	
Contracted Building Services - LAC & Wildan	200,000	-	150,000	350,000	To align with Increased Revenues
Finance Contract	120,000	-	-	120,000	
Area Landscaping	12,500	-	-	12,500	
Refuse Subsidy	168,500	-	63,000	231,500	Adjust to Expected
Insurance	29,657	-	-	29,657	
Annual Audit	18,500	-	-	18,500	
Other	15,000	-	-	15,000	
Sub-Totals	<u>1,902,999</u>	<u>-</u>	<u>213,000</u>	<u>2,115,999</u>	
<b>EXPENDITURE TOTALS</b>	<b>2,913,773</b>	<b>(177,973)</b>	<b>213,000</b>	<b>2,948,800</b>	
<b>ONGOING REVENUES</b>	<b>2,507,702</b>	<b>91,430</b>	<b>-</b>	<b>2,599,132</b>	
<b>ONGOING DEFICIT</b>	<b>\$ (406,071)</b>	<b>\$ 269,403</b>	<b>\$ (213,000)</b>	<b>\$ (349,668)</b>	