City of Rolling Hills INCORPORATED JANUARY 24, 1957

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

AGENDA | **CITY COUNCIL** | **CITY OF ROLLING HILLS**
Regular City Council Meeting | **Monday, July 08, 2024** | **7:00 PM**

The meeting agenda is available on the City's website. The City Council meeting will be live-streamed on the City's website. Both the agenda and the live-streamed video can be found here: https://www.rolling-hills.org/government/agenda/index.php

Members of the public may submit written comments in real-time by emailing the City Clerk's office at cityclerk@cityofrh.net. Your comments will become part of the official meeting record. You must provide your full name, but please do not provide any other personal information that you do not want to be published.

Recordings to City Council meetings can be found here: https://www.rolling-hills.org/government/agenda/index.php

Next Resolution No. 1374 *Next Ordinance No. 385*

1. CALL TO ORDER

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE

4. PRESENTATIONS/PROCLAMATIONS/ANNOUNCEMENTS

4.A. LOS ANGELES COUNTY FIRE DEPARTMENT UPDATE REGARDING JUNE 2024 BRUSH CLEARANCE INSPECTIONS (VERBAL REPORT)
RECOMMENDATION: Receive and file.
CL_AGN_240708_CC_LACFD_BrushIsspection.pdf

5. APPROVE ORDER OF THE AGENDA
This is the appropriate time for the Mayor or Councilmembers to approve the agenda as is or reorder.

6. BLUE FOLDER ITEMS (SUPPLEMENTAL)
Blue folder (supplemental) items are additional back up materials to administrative reports, changes to the posted agenda packet, and/or public comments received after the printing and distribution of the agenda packet for receive and file.

6.A. FOR BLUE FOLDER DOCUMENTS APPROVED AT THE CITY COUNCIL MEETING
RECOMMENDATION: Approved
CL_AGN_240708_CC_Item4A.pdf

7. PUBLIC COMMENT ON NON-AGENDA ITEMS
*This is the appropriate time for members of the public to make comments regarding items**not** listed on this agenda. Pursuant to the Brown Act, no action will take place on any items not on the agenda.*

8. CONSENT CALENDAR

Business items, except those formally noticed for public hearing, or those pulled for discussion are assigned to the Consent Calendar. The Mayor or any Councilmember may request that any Consent Calendar item(s) be removed, discussed, and acted upon separately. Items removed from the Consent Calendar will be taken up under the "Excluded Consent Calendar" section below. Those items remaining on the Consent Calendar will be approved in one motion. The Mayor will call on anyone wishing to address the City Council on any Consent Calendar item on the agenda, which has not been pulled by Councilmembers for discussion.

8.A. APPROVE AFFIDAVIT OF POSTING FOR THE CITY COUNCIL REGULAR MEETING OF JULY 8, 2024
RECOMMENDATION: Approve.
CL_AGN_240708_CC_AffidavitofPosting.pdf

8.B. APPROVE MOTION TO READ BY TITLE ONLY AND WAIVE FURTHER READING OF ALL ORDINANCES AND RESOLUTIONS LISTED ON THE AGENDA
RECOMMENDATION: Approve.

8.C. APPROVE THE FOLLOWING CITY COUNCIL MINUTES: JUNE 24, 2024 REGULAR MEETING
RECOMMENDATION: Approve as presented.
CL_MIN_240624_CC_F.pdf

8.D. PAYMENT OF BILLS
RECOMMENDATION: Approve as presented.
CL_AGN_240708_CC_PaymentOfBills_E.pdf

8.E. ADOPT RESOLUTION NO. 1373 AUTHORIZING ADOPTION OF A GIFT POLICY FOR THE CITY OF ROLLING HILLS
RECOMMENDATION: Approve as presented.
ResolutionNo1373_ GiftPolicies_Adoption_F.pdf
CC_POL_240708_GiftPolicy_F.pdf

8.F. RECEIVE AND FILE A REPORT ON THE NEXT CITY SPONSORED COMMUNAL BINS EVENT FROM AUGUST 2, 2024 THROUGH AUGUST 9, 2024 TO ASSIST RESIDENTS WITH FIRE FUEL REDUCTION IN THE COMMUNITY
RECOMMENDATION: Receive and file.
PW_REF_240708_SW_CommunalBinLocations.pdf

9. EXCLUDED CONSENT CALENDAR ITEMS

10. COMMISSION ITEMS

11. PUBLIC HEARINGS

11.A. A PUBLIC HEARING TO CONSIDER AND ADOPT RESOLUTION NO. 1371 AUTHORIZING PLACEMENT OF SOLID WASTE SERVICE CHARGES OWED TO REPUBLIC SERVICES PURSUANT TO ITS SOLID WASTE FRANCHISE WITH THE CITY OF ROLLING HILLS ON THE FY 2024-2025 LOS ANGELES COUNTY AUDITOR-CONTROLLER'S OFFICE ANNUAL TAX ROLL
RECOMMENDATION: Staff recommends that the City Council hold a public

hearing and subsequently adopt Resolution No. 1371 placing the sanitation service charge on the annual County of Los Angeles Tax Roll.
CL_AGN_240708_CC_FY24-25_SanitationReport.pdf
CL_AGN_220711_CC_RH_ParcelMap_20200724_withRoads.pdf
CL_AGN_240708_CC_FY24-25_TaxRoll.pdf
ResolutionNo1371_FY 24-25_AnnualRefuseAssessment_F.pdf
CL_PBN_240708_PH_CC_FY24-25_RefuseDirAss_Billing_Affidavit.pdf

12. OLD BUSINESS

13. NEW BUSINESS

13.A. ACCEPT AND APPROVE THE CITY OF ROLLING HILLS AUDITED ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023
RECOMMENDATION: Approve as presented.
CL_AGN_240708_CC_Audit_CommunicationLetter.pdf
CL_AGN_240708_CC_AnnualFinancialReport.pdf
CL_AGN_240708_CC_InternalControlsReport.pdf
CL_AGN_240708_CC_FY22-23_AuditedFInancials_Presentation.pdf

13.B. ADOPT RESOLUTION NO. 1372 APPROVING THE UPDATED FISCAL YEAR 2024/25 PAY SCHEDULE TO COMPLY WITH CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) STATUTORY AND REGULATORY REQUIREMENTS FOR COMPENSATION EARNABLE AND PUBLICLY AVAILABLE PAY SCHEDULES
RECOMMENDATION: Approve as presented.
Attachment A - ResolutionNo1372_FY24-25_SalarySchedule_F.pdf
Attachment B - CL_AGN_240708_CC_CalPERS_PaySchedules.pdf

14. MATTERS FROM THE CITY COUNCIL

15. MATTERS FROM STAFF

16. RECESS TO CLOSED SESSION

16.A. CONFERENCE WITH LEGAL COUNSEL: THREATENED LITIGATION GOVERNMENT CODE SECTION 54956.9(D)(2) AND (E)(3)THE CITY COUNCIL FINDS, BASED ON ADVICE FROM LEGAL COUNSEL, THAT DISCUSSION IN OPEN SESSION WILL PREJUDICE THE POSITION OF THE CITY IN THE LITIGATION.NUMBER OF POTENTIAL CASES: (7)(GOVERNMENT CLAIMS ACT FORM SUBMITTED BY VARIOUS PROPERTY OWNERS IN RANCHO PALOS VERDES AGAINST THE CITY OF ROLLING HILLS ALLEGING DAMAGE TO PROPERTY)
RECOMMENDATION: None.

16.B. CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION A CLOSED SESSION WILL BE HELD, PURSUANT TO GOVERNMENT CODE SECTION 54956.9(C) AND (D)(4) REGARDING THE DECISION OF WHETHER TO INITIATE LITIGATION (1 CASE)
RECOMMENDATION: None.

17. RECONVENE TO OPEN SESSION

18. ADJOURNMENT

Next regular meeting: Monday, July 22, 2024 at 7:00 p.m. in the City Council Chamber, Rolling Hills City Hall, 2 Portuguese Bend Road, Rolling Hills, California, 90274.

Notice:

Public Comment is welcome on any item prior to City Council action on the item.

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

Agenda Item No.: 4.A
Mtg. Date: 07/08/2024

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

FROM: **CHRISTIAN HORVATH, CITY CLERK / EXECUTIVE ASSISTANT TO CITY MANAGER**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **LOS ANGELES COUNTY FIRE DEPARTMENT UPDATE REGARDING JUNE 2024 BRUSH CLEARANCE INSPECTIONS (VERBAL REPORT)**

DATE: **July 08, 2024**

BACKGROUND:
None.

DISCUSSION:
None.

FISCAL IMPACT:
None.

RECOMMENDATION:
Receive and file.

ATTACHMENTS:
CL_AGN_240708_CC_LACFD_BrushIsspection.pdf

DEFENSIBLE SPACE

Defensible Space Program

2024 Defensible Space Inspections Dashboard

Los Angeles County Fire, Operations

Filter by First Inspection Date
None

Filter by Division
None

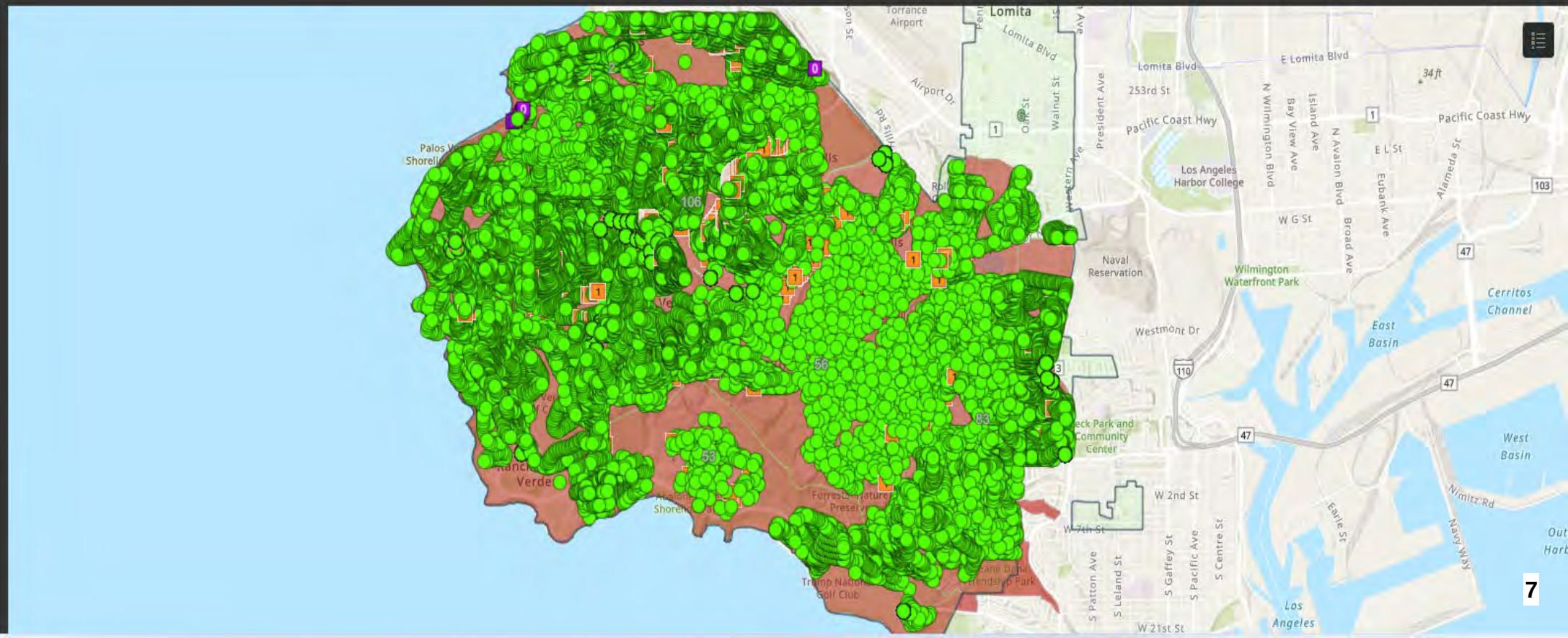
er by Battalion

None
1
2
3
4
5
6
7
8
9

Filter by Fire Station
None

Filter by Property Status
None

Total Number of Inspections	Total Number of Parcels Inspected	Percentage Inspected	Number of Parcels in Compliance	Percentage of Inspections in Compliance
129,730	121,428	94%	119,959	99%



Defensible Space Program

2024 Defensible Space Inspections Dashboard Los Angeles County Fire, Operations

Filter by First Inspection Date
None

Filter by Division
None

er by Battalion
ne

ter by Fire Station
56

56

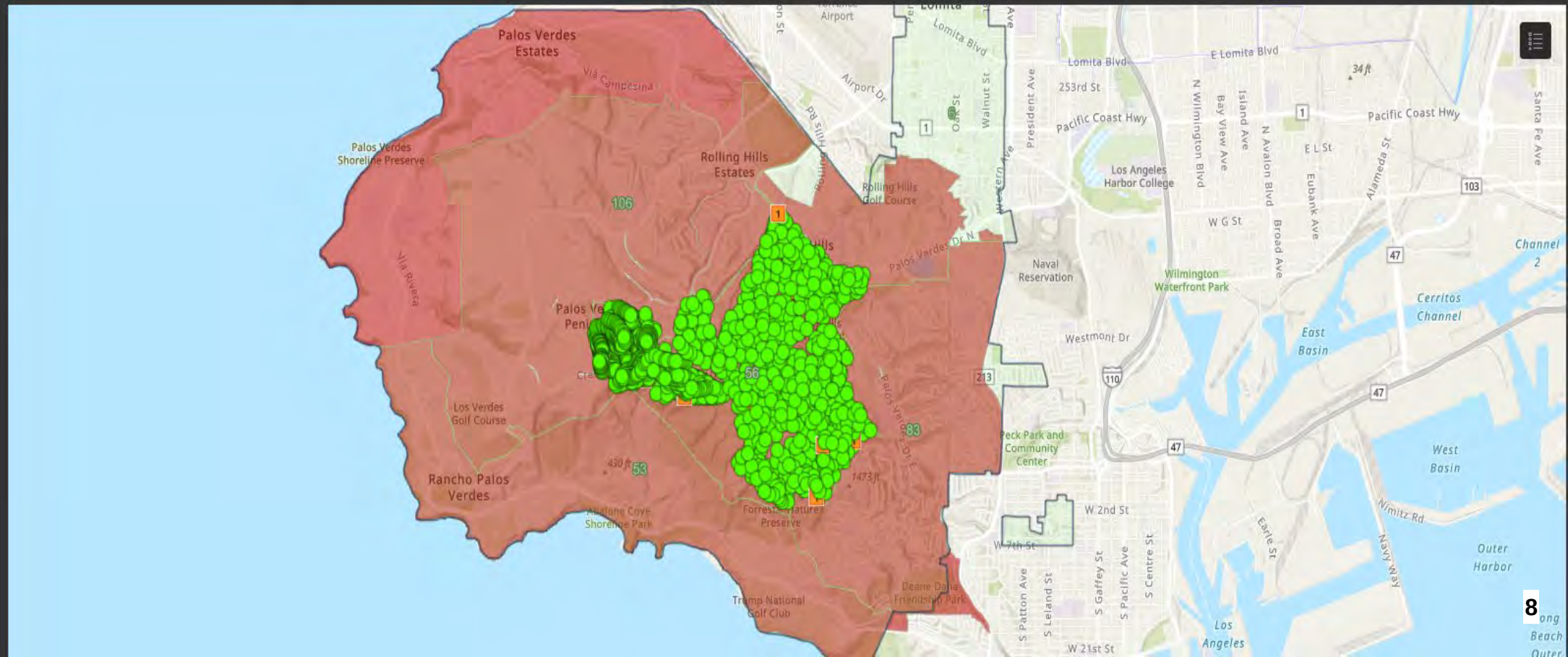
56

156

Reset

Filter by Property Status
None

Total Number of Inspections	Total Number of Parcels Inspected	Percentage Inspected	Number of Parcels in Compliance	Percentage of Inspections in Compliance
1,424	1,424	100%	1,413	99%



Defensible Space Program

2024 Defensible Space Inspections Dashboard Los Angeles County Fire, Operations

Filter by First Inspection Date
None

Filter by Division
None

er by Battalion
ne

Filter by Fire Station
56

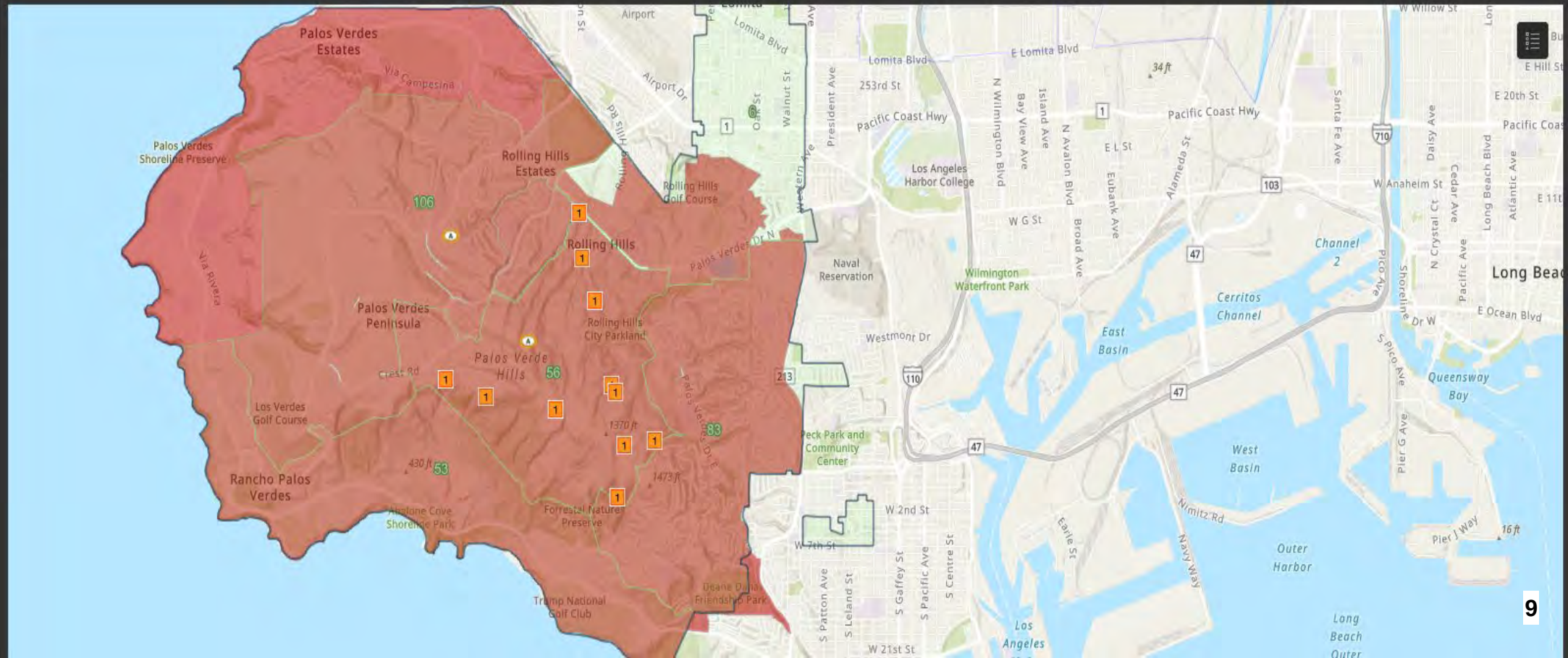
56

56

Reset

Filter by Property Status
1st Non Compliant

Total Number of Inspections	Total Number of Parcels Inspected	Percentage Inspected	Number of Parcels in Compliance	Percentage of Inspections in Compliance
11	11	100%	0	0%



2024 Defensible Space Inspections Dashboard

Los Angeles County Fire, Operations

Filter by First Inspection Date
None

Filter by Division
None

er by Battalion
ne

Filter by Fire Station
56

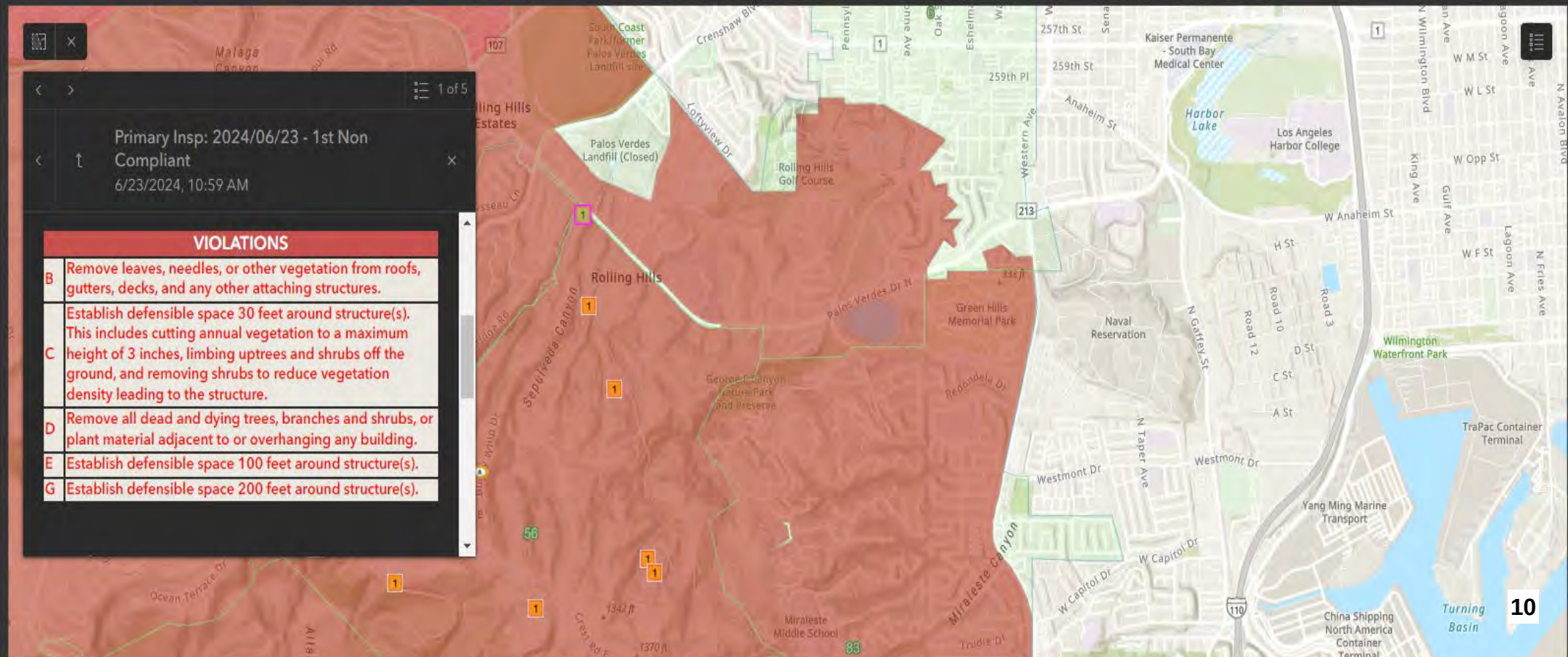
56

56

Reset

Filter by Property Status
1st Non Compliant

Total Number of Inspections	Total Number of Parcels Inspected	Percentage Inspected	Number of Parcels in Compliance	Percentage of Inspections in Compliance
11	11	100%	0	0%



Defensible Space Program

Filter by Division
None

Filter by Battalion
None

Filter by Fire Station

56

- 56

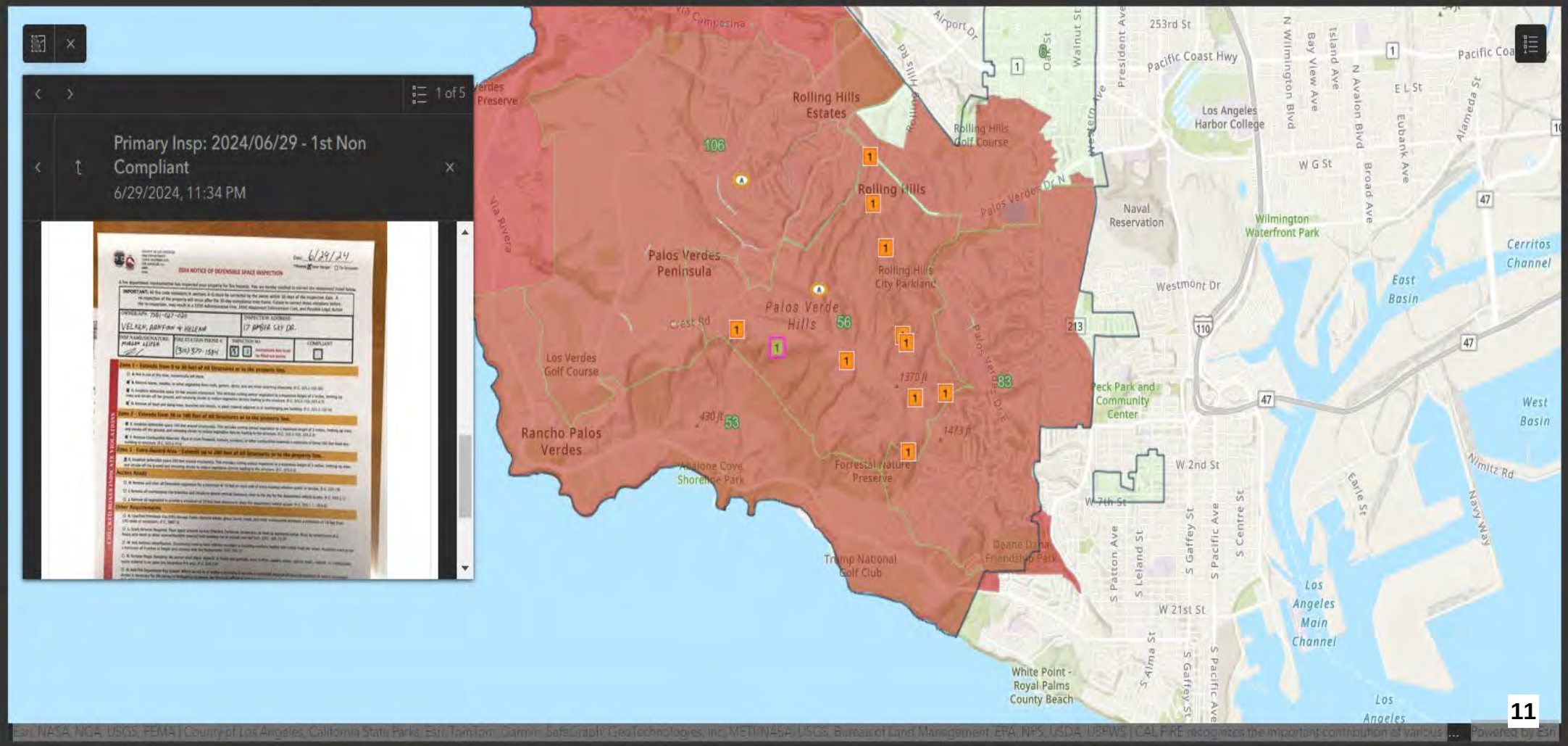
Reset

Filter by Property Status
1st Non Compliant

Total Number of Inspections	Total Number of Parcels Inspected	Percentage Inspected	Number of Parcels in Compliance	Percentage of Inspections in Compliance
11	11	100%	0	0%

1 of 5

Primary Insp: 2024/06/29 - 1st Non Compliant
6/29/2024, 11:34 PM



Defensible Space Program

Filter by Division
None

Filter by Battalion
None

Filter by Fire Station

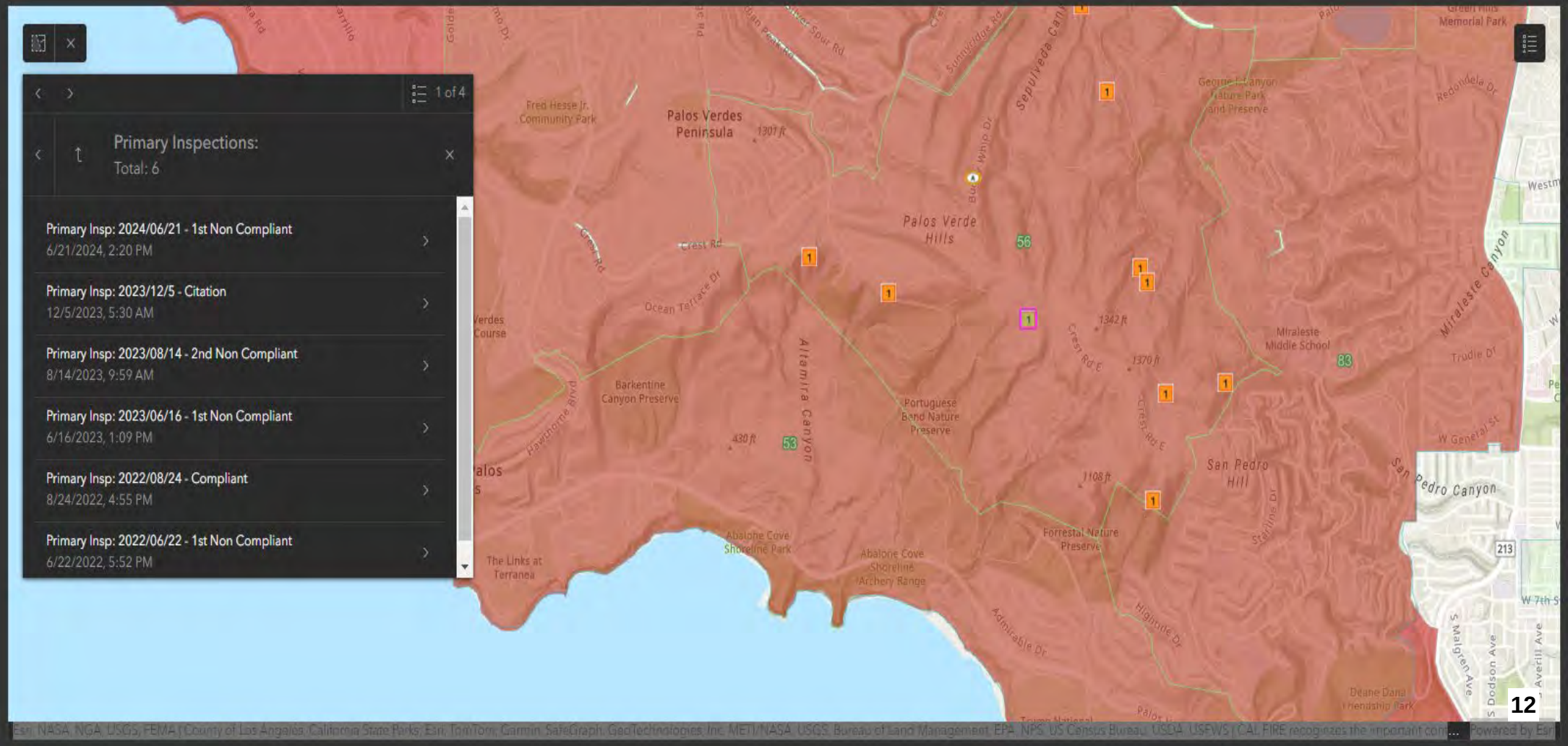
56

- 56

Reset

Filter by Property Status
1st Non Compliant

Total Number of Inspections	Total Number of Parcels Inspected	Percentage Inspected	Number of Parcels in Compliance	Percentage of Inspections in Compliance
11	11	100%	0	0%



COUNTY OF LOS ANGELES
FIRE DEPARTMENT
1320 N. EASTERN AVE
LOS ANGELES, CA
90063
410B

Date: 7/7/2024

**Posted ☐ Door Hanger ☐ To Occupant

2024 NOTICE OF DEFENSIBLE SPACE INSPECTION

A fire department representative has inspected your property for fire hazards. You are hereby notified to correct the violation(s) listed below.

IMPORTANT: All fire code violations in sections A-Q must be corrected by the owner within 30 days of the inspection date. A rei-nspection of the property will occur after the 30-day compliance time frame. Failure to correct these violations before the re-inspection, may result in a $500 Administrative Fine, $990 Abatement Enforcement Cost, and Possible Legal Action

OWNER/APN:	INSPECTION ADDRESS:
Rolling Hills H.O.A.	Eastfield Between Crest/Wide Loop

INSP. NAME/SIGNATURE:	FIRE STATION PHONE #:	INSPECTION NO:	COMPLIANT
Wood	310-377-1584	☒ 2 Instructions box must be filled out below.	☐

CHECKED BOXES INDICATE VIOLATIONS

Zone 1 – Extends from 0 to 30 feet of All Structures or to the property line.

- ☐ A. Not in use at this time, intentionally left blank.
- ☐ B. Remove leaves, needles, or other vegetation from roofs, gutters, decks, and any other attaching structures. (F.C. 325.2.1(2) (6))
- ☐ C. Establish defensible space 30 feet around structure(s). This includes cutting annual vegetation to a maximum height of 3 inches, limbing up trees and shrubs off the ground, and removing shrubs to reduce vegetation density leading to the structure. (F.C. 325.2.1(2), 325.2.2)
- ☐ D. Remove all dead and dying trees, branches and shrubs, or plant material adjacent to or overhanging any building. (F.C. 325.2.1(2) 5))

Zone 2 – Extends from 30 to 100 feet of All Structures or to the property line.

- ☐ E. Establish defensible space 100 feet around structure(s). This includes cutting annual vegetation to a maximum height of 3 inches, limbing up trees and shrubs off the ground, and removing shrubs to reduce vegetation density leading to the structure. (F.C. 325.2.1(2), 325.2.2)
- ☐ F. Remove Combustible Materials: Place or store firewood, manure, compost, or other combustible materials a minimum of thirty (30) feet from any building or structure. (F.C. 325.2.1(1))

Zone 3 - Extra Hazard Area – Extends up to 200 feet of All Structures or to the property line.

- ☐ G. Establish defensible space 200 feet around structure(s). This includes cutting annual vegetation to a maximum height of 3 inches, limbing up trees and shrubs off the ground and removing shrubs to reduce vegetation density leading to the structure. (F.C. 325.2.2)

Access Roads

- ☒ H. Remove and clear all flammable vegetation for a minimum of 10 feet on each side of every roadway whether public or private. (F.C. 325.10)
- ☐ I. Remove all overhanging tree branches and shrubs to ensure vertical clearance, clear to the sky for fire department vehicle access. (F.C. 503.2.1)
- ☐ J. Remove all vegetation to provide a minimum of 20 feet wide distance to allow fire department vehicle access. (F.C. 503.1.1 - 503.6)

Other Requirements

- ☐ K. Liquified Petroleum Gas (LPG) Storage Tanks: Remove weeds, grass, brush, trash, and other combustible materials a minimum of 10 feet from LPG tanks or containers. (F.C. 3807.3)
- ☐ L. Spark Arrestor Required: Place spark arrestor on any fireplace, barbecue, incinerator, or heating appliance outlet. Must be constructed of a heavy wire mesh or other noncombustible material with opening not to exceed one-half inch. (CFC. 326.12.2)*
- ☐ M. Add Address Identification: Structure(s) need to have address numbers or building numbers legible and visible from the street. Numbers need to be a minimum of 4 inches in height and contrast with the background. (CFC 505.1)*
- ☐ N. Remove Illegal Dumping: No person shall place, deposit, or dump any garbage, cans, bottles, papers, ashes, refuse, trash, rubbish, or combustible waste material in or upon any hazardous fire area. (F.C. 326.15)*
- ☐ O. Add Fire Department Key System: Where access to or within a structure or an area is restricted because of secured openings or where immediate access is necessary for life-saving or firefighting purposes, the fire code official is authorized to require a key box to be installed in an approved location. (F.C. 506.1)*
- ☐ P. Remove combustible vegetation that could create a fire hazard around tent(s) or membrane structures a minimum of 50 feet. (F.C. 3107.18)
- ☐ Q. Remove that portion of any tree which extends within 10 feet of the outlet of any chimney. (F.C. 325.2.1(2) (4))

*Indicates violations to be addressed through the jurisdictional fire station or Fire Prevention Division.

ADDITIONAL INSTRUCTIONS: Please Remove Vegetation From the West Side of Eastfield. between Crest Rd E./WideLoop

Form 410-B Rev. 01/31/24 . *ADDITIONAL INSTRUCTIONS BOX MUST BE FILLED OUT IF THE PROPERTY IS NON-COMPLIANT. **Method of Posting Portion is required to be filled out.

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 6.A
Mtg. Date: 07/08/2024

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

FROM: **CHRISTIAN HORVATH, CITY CLERK / EXECUTIVE ASSISTANT TO CITY MANAGER**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **FOR BLUE FOLDER DOCUMENTS APPROVED AT THE CITY COUNCIL MEETING**

DATE: **July 08, 2024**

BACKGROUND:
None.

DISCUSSION:
None.

FISCAL IMPACT:
None.

RECOMMENDATION:
Approved.

ATTACHMENTS:
CL_AGN_240708_CC_Item4A.pdf

BLUE FOLDER ITEM (SUPPLEMENTAL)

Blue folder (supplemental) items are additional back up materials to administrative reports, changes to the posted agenda packet, and/or public comments received after the printing and distribution of the agenda packet for receive and file.

CITY COUNCIL MEETING
July 8, 2024

4A. LOS ANGELES COUNTY FIRE DEPARTMENT UPDATE REGARDING JUNE 2024 BRUSH CLEARANCE INSPECTIONS (VERBAL REPORT)

FROM: CHRISTIAN HORVATH, CITY CLERK/EXECUTIVE ASSISTANT TO THE CITY MANAGER

CL_AGN_240708_CC_LACFD_BrushIsspection.pdf

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 8.A
Mtg. Date: 07/08/2024

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

FROM: **CHRISTIAN HORVATH, CITY CLERK / EXECUTIVE ASSISTANT TO CITY MANAGER**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **APPROVE AFFIDAVIT OF POSTING FOR THE CITY COUNCIL REGULAR MEETING OF JULY 8, 2024**

DATE: **July 08, 2024**

BACKGROUND:
None.

DISCUSSION:
None.

FISCAL IMPACT:
None.

RECOMMENDATION:
Approve.

ATTACHMENTS:
CL_AGN_240708_CC_AffidavitofPosting.pdf

Administrative Report

8.A., **File #** 2364 **Meeting Date**: 7/8/2024

To: MAYOR & CITY COUNCIL

From: Christian Horvath, City Clerk

TITLE

APPROVE AFFIDAVIT OF POSTING FOR THE CITY COUNCIL ADJOURNED REGULAR MEETING OF JULY 8, 2024

EXECUTIVE SUMMARY

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF ROLLING HILLS)

AFFIDAVIT OF POSTING

In compliance with the Brown Act, the following materials have been posted at the locations below.

Legislative Body	City Council
Posting Type	Adjourned Regular Meeting Agenda
Posting Location	2 Portuguese Bend Road, Rolling Hills, CA 90274 City Hall Window City Website: https://www.rolling-hills.org/government/agenda/index.php https://www.rolling-hills.org/government/city_council/city_council_archive_agendas/index.php
Meeting Date & Time	JULY 8, 2024 7:00pm Open Session

As City Clerk of the City of Rolling Hills, I declare under penalty of perjury, the document noted above was posted at the date displayed below.

Christian Horvath, City Clerk

Date: July 3, 2024

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 8.B
Mtg. Date: 07/08/2024

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

FROM: **CHRISTIAN HORVATH, CITY CLERK / EXECUTIVE ASSISTANT TO CITY MANAGER**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **APPROVE MOTION TO READ BY TITLE ONLY AND WAIVE FURTHER READING OF ALL ORDINANCES AND RESOLUTIONS LISTED ON THE AGENDA**

DATE: **July 08, 2024**

BACKGROUND:
None.

DISCUSSION:
None.

FISCAL IMPACT:
None.

RECOMMENDATION:
Approve.

ATTACHMENTS:

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 8.C
Mtg. Date: 07/08/2024

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

FROM: **CHRISTIAN HORVATH, CITY CLERK / EXECUTIVE ASSISTANT TO CITY MANAGER**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **APPROVE THE FOLLOWING CITY COUNCIL MINUTES: JUNE 24, 2024 REGULAR MEETING**

DATE: **July 08, 2024**

BACKGROUND:
None.

DISCUSSION:
None.

FISCAL IMPACT:
None.

RECOMMENDATION:
Approve as presented.

ATTACHMENTS:
CL_MIN_240624_CC_F.pdf

Minutes
Rolling Hills City Council
Monday, June 24, 2024
Regular Meeting 7:00 p.m.

1. CALL TO ORDER

The City Council of the City of Rolling Hills met in person on the above date at 7:03 p.m. Mayor Mirsch presiding.

2. ROLL CALL

Councilmembers Present:	Wilson, Black, Mayor Pro Tem Pieper, Mayor Mirsch
Councilmembers Absent:	Dieringer
Staff Present:	Karina Bañales, City Manager
	Christian Horvath, City Clerk / Executive Assistant to the City Manager
	John Signo, Planning & Community Services Director
	Samantha Crew, Management Analyst
	Pat Donegan, City Attorney

3. PLEDGE OF ALLEGIANCE – Councilmember Pieper

4. PRESENTATIONS / PROCLAMATIONS / ANNOUNCEMENTS – NONE

5. APPROVE ORDER OF THE AGENDA

Motion by Councilmember Wilson, seconded by Councilmember Black to approve order of agenda. Without objection, so moved.

6. BLUE FOLDER ITEMS (SUPPLEMENTAL)

Motion by Mayor Pro Tem Pieper, seconded by Councilmember Black to receive and file Blue Folder Items 7A and 8C. Without objection, so moved.

7. PUBLIC COMMENT ON NON-AGENDA ITEMS

Public Comment: Alfred Visco

Councilmember Dieringer arrived at 7:05 p.m.

8. CONSENT CALENDAR

8.A. APPROVE AFFIDAVIT OF POSTING FOR THE CITY COUNCIL REGULAR MEETING OF JUNE 24, 2024

8.B. APPROVE MOTION TO READ BY TITLE ONLY AND WAIVE FURTHER READING OF ALL ORDINANCES AND RESOLUTIONS LISTED ON THE AGENDA

8.C. APPROVE THE FOLLOWING CITY COUNCIL MINUTES: JUNE 10, 2024 REGULAR MEETING

8.D. PAYMENT OF BILLS

8.E. REPUBLIC SERVICES RECYCLING TONNAGE AND COMPLAINT REPORTS FOR MAY 2024

8.F. APPROVE SEVENTH AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH MCGOWAN CONSULTING LLC. FOR SERVICES RELATING TO STORMWATER MANDATE COMPLIANCE

Motion by Councilmember Black, seconded by Councilmember Wilson to approve Consent Calendar with amended minutes as presented. Motion carried unanimously with the following vote:

AYES: Wilson, Black, Dieringer, Pieper, Mayor Mirsch
NOES: None
ABSENT: None

9. EXCLUDED CONSENT CALENDAR ITEMS – NONE

10. COMMISSION ITEMS – NONE

11. PUBLIC HEARINGS – NONE

12. OLD BUSINESS

12.A. RECONSIDERATION OF PREVIOUSLY APPROVED ROLLING HILLS COMMUNITY ASSOCIATION LEAD RESPONSIBILITY FOR THE COMBINED TENNIS COURT ADA AND CABANA PROJECTS AND CITY LEAD FOR CONSTRUCTION OF THE SUBSEQUENT TENNIS COURT #1 EXPANSION PROJECT

Presentation by City Manager Karina Bañales

Motion by Councilmember Black, seconded by Councilmember Wilson to go back to the original plan and move the assigned funding back to the Tennis Courts ADA capital project account. Motion carried unanimously with the following vote:

AYES: Wilson, Black, Dieringer, Pieper, Mayor Mirsch
NOES: None
ABSENT: None

12.B. CONSIDERATION FOR POTENTIAL ADOPTION OF PROPOSED GIFT POLICY PRIOR TO ACCEPTANCE OF CHARITABLE CONTRIBUTIONS USED FOR PUBLIC PURPOSES IN ACCORDANCE WITH IRS CODE SECTION 170(C)(1)

Presentation by City Clerk / Executive Assistant to the City Manager Christian Horvath

Motion by Councilmember Black, seconded by Councilmember Wilson to approve as presented with the following direction: Under types of gifts, set acceptance of restricted gifts at $2000 and unrestricted gifts at $1000; Under Procedure, the City Council will consider accepting gifts exceeding $1000 at an agendized meeting, the City Manager can accept gifts under $1000 at their discretion, and in the event a monetary restricted gift is provided to the City and the purpose is unable to be accomplished within 5 years, that monetary gift shall convert to an unrestricted gift that can be used for general public purposes. Motion carried unanimously with the following vote:

AYES: Wilson, Black, Dieringer, Pieper, Mayor Mirsch
NOES: None
ABSENT: None

13. NEW BUSINESS

13.A. ADOPT RESOLUTION NO. 1370 APPROVING THE "DESIGNATION OF APPLICANT'S RESOLUTION FOR NON-STATE AGENCIES" (CALOES FORM-130) AND TO DESIGNATE AUTHORIZED SIGNATORIES AMONG CITY STAFF TO SIGN APPLICATIONS FOR FEDERAL FINANCIAL ASSISTANCE IN THE CASE OF EXISTING OR FUTURE GRANTS UNDER APPLICABLE STATE AND FEDERAL LAW

Presentation by Management Analyst Samantha Crew

Motion by Councilmember Black, seconded by Mayor Pro Tem Pieper to approve as presented. Motion carried unanimously with the following vote:

AYES: Wilson, Black, Dieringer, Pieper, Mayor Mirsch
NOES: None
ABSENT: None

14. MATTERS FROM THE CITY COUNCIL

Councilmember Black commented about the beautiful lawn area in between City Hall and the Community Association buildings.

15. MATTERS FROM STAFF – NONE

16. RECESS TO CLOSED SESSION – 7:39 P.M.

16.A. CONFERENCE WITH LEGAL COUNSEL: THREATENED LITIGATION GOVERNMENT CODE SECTION 54956.9(D)(2) AND (E)(3) THE CITY COUNCIL FINDS, BASED ON ADVICE FROM LEGAL COUNSEL, THAT DISCUSSION IN OPEN SESSION WILL PREJUDICE THE POSITION OF THE CITY IN THE LITIGATION. NUMBER OF POTENTIAL CASES: (7) (GOVERNMENT CLAIMS ACT FORM SUBMITTED BY VARIOUS PROPERTY OWNERS IN RANCHO PALOS VERDES AGAINST THE CITY OF ROLLING HILLS ALLEGING DAMAGE TO PROPERTY)

17. RECONVENE TO OPEN SESSION – 8:33 P.M.

18. ADJOURNMENT: 8:34 P.M.

The meeting was adjourned in memory of longtime resident Janice Adams and fallen Los Angeles County Firefighter Andrew Pontious at 8:34 p.m. on June 24, 2024. The next regular adjourned meeting of the City Council is scheduled to be held on Monday, July 8, 2024 beginning at 7:00 p.m. in the City Council Chamber at City Hall, 2 Portuguese Bend Road, Rolling Hills, California. It will also be available via City's website link at: https://www.rolling-hills.org/government/agenda/index.php

All written comments submitted are included in the record and available for public review on the City website.

Respectfully submitted,

_____
Christian Horvath, City Clerk

Approved,

_____

Leah Mirsch, Mayor

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 8.D
Mtg. Date: 07/08/2024

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

FROM: **CHRISTIAN HORVATH, CITY CLERK / EXECUTIVE ASSISTANT TO CITY MANAGER**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **PAYMENT OF BILLS**

DATE: **July 08, 2024**

BACKGROUND:
None.

DISCUSSION:
None.

FISCAL IMPACT:
None.

RECOMMENDATION:
Approve as presented.

ATTACHMENTS:
CL_AGN_240708_CC_PaymentOfBills_E.pdf

CITY OF ROLLING HILLS
AP24-021, ACH24-025
Check Run 07/02/2024

Check No.	Check Date	Payee	Description	Amount
028630	7/2/2024	4Leaf, Inc.	Code Enforcement Services for May 2024	5,130.00
028631	7/2/2024	Bennett Landscape	Landscape Maintenance Service for July 2024	1,139.67
028632	7/2/2024	Caballeros Del Rancho Palos Verdes	FY 23-24 Community Organization Funding	5,000.00
028633	7/2/2024	California JPIA	All Risk Property Insurance from 07-01-24 to 07-01-25	10,042.00
028633	7/2/2024	California JPIA	Annual Liability Contribution FY24-25	40,996.00
CHECK TOTAL			**$ 51,038.00**	
028634	7/2/2024	Cell Business Equipment	Sharp Toner Freight Charge	27.00
028634	7/2/2024	Cell Business Equipment	Yellow Toner Freight Charge	27.00
CHECK TOTAL			**$ 54.00**	
028635	7/2/2024	Southern California News Group	June 2024-Public Notice of Election	174.29
028635	7/2/2024	Southern California News Group	Public Notice - Refuse FY 24-25	481.28
CHECK TOTAL			**$ 655.57**	
028636	7/2/2024	Department of Resources Recycling	SB1383 Return of Unused Grant Funds FY21	17,761.96
028637	7/2/2024	Bea Dieringer	Reimbursements for FY23-24 Council Expenses	2,204.73
028638	7/2/2024	GPA CONSULTING	Project # 918 Vegetation Management - May 2024	2,100.00
028639	7/2/2024	Granicus	FY24-25 Contract Year 3 of 3	8,142.87
028640	7/2/2024	John L. Hunter & Assoc., Inc.	TMRP Services - November 2023	1,350.00
028641	7/2/2024	County of Los Angeles	May 2024 Animal Housing & Care Costs	149.55
028642	7/2/2024	County of LA Dept. of Auditor-	LAFCO Annual Fee FY24-25	98.31
028643	7/2/2024	County of Los Angeles	Building & Safety Services - April 2024	15,541.31
028644	7/2/2024	LA County Sheriff's Department	May 2024 Law Enforcement Services	33,732.05
028644	7/2/2024	LA County Sheriff's Department	May 2024 LMT Traffic Enf Special Events	2,992.37
CHECK TOTAL			**$ 36,724.42**	
028645	7/2/2024	League of California Cities	LA County Division Dues for 07-01-24 to 06-30-25	924.00
028646	7/2/2024	McGowan Consulting	Municipal Stormwater Consulting Services for May	2,778.30
028647	7/2/2024	Orkin	June 2024 Monthly Pest Control	172.99
028648	7/2/2024	South Bay Cities Council of Governments	SBCCOG Membership Dues - FY24-25	8,091.00

028649	7/2/2024	Southern Calif Assoc of Governments	Membership Dues Assessment FY24-25	319.00
028650	7/2/2024	Vital Records Control	Laserfiche Annual Fee - FY24-25	3,282.00
028651	7/2/2024	Willdan Inc.	Bldg Plan Check/Permit Dec-2023 Project	5,622.50
028651	7/2/2024	Willdan Inc.	Bldg Plan Check/Permit Jan-2024 Project	2,545.00
CHECK TOTAL			**$ 8,167.50**	
ACH-569	5/28/2024	CalPERS	CalPERS Retirement Payroll Ending 05-28-24	3,879.75
ACH-570	6/11/2024	CalPERS	CalPERS Retirement Payroll Ending 06-11-24	3,879.75
ACH-571	7/1/2024	Delta Dental	Dental Coverage for July 2024	1,084.38
ACH-572	7/1/2024	Forum Info-Tech. Inc./Levelcloud	July 2024 Monthly Cloud Service	4,768.71
ACH-573	7/1/2024	Nextiva	Business Phone Service for July 2024	289.72
ACH-574	6/25/2024	Pacific Premier Bank / FNBO	Pacific Premier Credit Card June 2024 Stmt Acct#0306	4.39
ACH-575	6/25/2024	Pacific Premier Bank / FNBO	Pacific Premier Credit Card June 2024 Stmt Acct#5550	2,945.17
ACH-576	6/1/2024	Standard Insurance Company	June 2024 Life Insurance Policy	221.69
ACH-577	7/1/2024	Standard Insurance Company	July 2024 Life Insurance Policy	247.69
ACH-578	5/28/2024	Vantagepoint Transfer Agents -	Deferred Comp Contributions PR Ending 05-28-24	57.01
ACH-579	6/11/2024	Vantagepoint Transfer Agents -	Deferred Comp Contributions PR Endng 06-11-23	1,883.58
ACH-580	7/1/2024	Vision Service Plan - (CA)	Vision Coverage for July 2024	164.32
PR LINK	6/28/2024	PR LINK - Payroll & PR Taxes PR#13	Payroll Processing Fee PR#13_06/12/24 - 06/25/24	77.71
PR LINK	6/28/2024	PR LINK - Payroll & PR Taxes PR#13	Pay Period PR#13_06/12/24 - 06/25/24	22,983.03
REPORT TOTAL				**168,939.67**

I, Karina Banales, City Manager of Rolling Hills, California certify that the above demands are accurate and there is available in the General Fund a balance of
$ 168,939.67 for the payment of above items.

Karina Banales, City Manager

Agenda Item No.: 8.E
Mtg. Date: 07/08/2024

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

FROM: **CHRISTIAN HORVATH, CITY CLERK / EXECUTIVE ASSISTANT TO CITY MANAGER**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **ADOPT RESOLUTION NO. 1373 AUTHORIZING ADOPTION OF A GIFT POLICY FOR THE CITY OF ROLLING HILLS**

DATE: **July 08, 2024**

BACKGROUND:
On June 26, 2023, the Charitable Foundation Ad Hoc Committee (Mayor Leah Mirsch and Councilmember Patrick Wilson) presented the City Council with a status update on exploring the establishment of a charitable 501 (c) foundation for the City of Rolling Hills (Attachment A). During the meeting, the committee presented findings on how other Peninsula Cities have successfully established similar 501(c) foundations, detailing their achievements and organizational structures. This information provided valuable insights into potential models and strategies that could be adapted to suit Rolling Hills' unique needs and objectives.

While the committee initially considered the possibility of establishing a 501(c) organization, it subsequently identified an additional mechanism, Section 170(c)(1) of the Internal Revenue Code (IRC), which specifies the types of organizations and donations that can be made by donors and qualify for a tax deduction. These organizations include religious organizations, educational institutions, hospitals, medical research organizations, and governmental units (if the contribution is made exclusively for public purposes). The City of Rolling Hills is a governmental unit and, thus, comes under the purview of IRC 170(c)(1). Similar to a 501(c)(3) entity, IRC 170(c)(1) entities are eligible to receive tax-deductible charitable contributions under this provision with the added benefit of not having to create a separate legal entity.

On February 12, 2024, the Ad Hoc Committee and staff presented a report that the 170(c)(1) was worth pursuing and directed staff to return with a more refined 170(C)(1) action plan.

On May 13, 2024, the City Council received a presentation on the use of IRC 170(c)(1) and directed staff to return with a formal policy for accepting gifts and donations for public purposes based on Council comments and direction.

On June 24, 2024, the City Council finalized the Gift Policy (Exhibit A to the Resolution) with

the following direction:

- Baseline amount for restricted gifts - set to $2000
- Ceiling amount for unrestricted gifts - set to $1000
- Baseline amount requiring City Council's formal acceptance of a proposed gift - set to $1000
- Ceiling amount for gifts that can be accepted at the City Manager's discretion - set to $1000
- Time period for restricted monetary gifts potentially converting to an unrestricted gift for general public purposes - set to $5 years

DISCUSSION:
Attached is the resolution for formal adoption of the Gift Policy as discussed at the June 24, 2024 City Council meeting.

FISCAL IMPACT:
None.

RECOMMENDATION:
Approve as presented.

ATTACHMENTS:
ResolutionNo1373_ GiftPolicies_Adoption_F.pdf
CC_POL_240708_GiftPolicy_F.pdf

RESOLUTION NO. 1373

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS, CALIFORNIA AUTHORIZING ADOPTION OF A GIFT POLICY FOR THE CITY OF ROLLING HILLS

THE CITY COUNCIL OF THE CITY OF ROLLING HILLS, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1. Recitals.

A. Over the last few months the City Council has discussed establishing policies and procedures for accepting charitable gifts given to the City.

B. The City Council desires to adopt a gift policy so that potential donors as well as City staff and the public are clear on the criteria and process for gifts to the City.

C. Further, adoption of a gift policy will aid in overall transparency and ethical local governance to ensure that gifts are properly vetted and handled and that there is no expectation or opportunity for special treatment or benefits due to a gift to the City.

D. The policies and procedures contemplated by this Resolution apply only to those gifts of money, personal property and/or services. Gifts of Real Property are not subject to this policy.

Section 2. The attached Policy For Gifts To The City Of Rolling Hills (attached hereto as Exhibit "A") is hereby adopted.

Section 3. This Resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book or original resolutions.

PASSED, APPROVED, AND ADOPTED this 8th day of July, 2024

_____
LEAH MIRSCH
MAYOR

ATTEST:

_____
CHRISTIAN HORVATH
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF ROLLING HILLS)

The foregoing Resolution No. 1373 entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS, CALIFORNIA AUTHORIZING ADOPTION OF A GIFT POLICY FOR THE CITY OF ROLLING HILLS

was approved and adopted at a regular meeting of the City Council on the 8th day of July, 2024, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
CHRISTIAN HORVATH
CITY CLERK

Exhibit “A”

POLICY FOR GIFTS TO THE CITY OF ROLLING HILLS

Purpose:

To provide guidelines for the City's acceptance of gifts in a responsible, ethical, transparent and accountable manner. This gift policy is prospective and does not apply retroactively to any gifts given to the City prior to the adoption of this policy. Further, this policy is subject to modification or termination by the City at any time.

Types of gifts:

Gifts may be offered only in the form of cash, services or personal property. Donations of real property are not subject to this policy. Any such proposed donation of real property will be evaluated individually.

A “restricted gift” is a gift designated by the donor for a particular City department, location or purpose. The City shall not consider the acceptance of any restricted gift with an estimated value under $2000.

An “unrestricted gift” is a gift without any limitations placed on its use by the City. For the purpose of this policy, the term "gift" includes, without limitation goods or services provided by a City contractor or vendor beyond that specified in its contract with the City. The City, except for good cause, shall not consider the acceptance of any non-restricted gift with an estimated value under $1000.

Procedure:

The City Manager shall perform an initial evaluation of a proposed gift. Factors to be considered include, but are not limited to, the following:

- Whether acceptance of the gift is in the City’s best interest and is consistent with applicable policies, ordinances, and resolutions;
- Whether the acceptance of the gift would give rise to an appearance of impropriety;
- In the case of a restricted gift, whether the gift obligates the City to make an immediate or initial City expenditure that has not been included in the approved City budget, and whether it may result in ongoing costs.
- The City shall consider whether to accept a proposed gift at a City Council meeting as an item on its agenda for gifts exceeding an estimated value of $1000 or more. The staff report for the agenda item should discuss the staff's initial evaluation of the proposed gift. There is no need for staff to provide a recommendation to the City Council for each donation.
- Gifts below an estimated value of $1000 may be accepted by the City Manager at the City Manger’s discretion and in accordance with this policy. The City Manager shall endeavor to notify the City Council either verbally at a City Council meeting or via written report of gifts received by the City.
- Gifts to the City in no way entitle a resident or other donor to any greater benefit or different treatment than already provided to any other resident or donor. To avoid the appearance of impropriety, among other things, the City shall not accept gifts from or on behalf of any individual or entity who is in the process of obtaining discretionary approval from the City, or

who applied for discretionary approval within 12 months prior to the proposed gift. In the event a donor seeks discretionary approval from the City within 12 months following City's acceptance of a gift, the City shall return the gift to the donor when possible.

- All gifts shall become City property.
- In the event a monetary restricted gift is provided to the City and the purpose is unable to be accomplished within 5 years, that monetary gift shall convert to an unrestricted gift that can be used for general public purposes.
- Upon acceptance by the City Council, a letter or email of the acknowledgement of the gift shall be sent to the donor, signed by the mayor.
- The City does not provide legal, accounting, tax or other such advice to donors. The City shall only provide to the donor a description of the gift, service or personal property given to the City. The donor shall be responsible for estimating any fair market value for services or personal property donated. The City makes no representation or warranty on the tax deductibility of any gift and directs any donor to consult their CPA, tax professional or other advisor on these matters.
- The City will not accept anonymous gifts. All records of donations shall be subject to disclosure under the Public Records Act.

Policy for Gifts to City Employees

Gifts to individual employees: Compensation for employees performing their public duty is limited to salaries, fringe benefits and any personal satisfaction that employees may derive from doing a good job. Therefore, individual employees shall not accept any personal gifts or tips from anyone other than the City for the performance of acts within the regular course of duties.

Gifts for the benefit of City employees: Edible gifts (e.g., gift baskets) or similar items are allowed but shall be made available to all employees. Alcohol is not allowed.

Policy Administrative History:

Adopted 7/8/2024

Agenda Item No.: 8.F
Mtg. Date: 07/08/2024

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

FROM: **CHRISTIAN HORVATH, CITY CLERK / EXECUTIVE ASSISTANT TO CITY MANAGER**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **RECEIVE AND FILE A REPORT ON THE NEXT CITY SPONSORED COMMUNAL BINS EVENT FROM AUGUST 2, 2024 THROUGH AUGUST 9, 2024 TO ASSIST RESIDENTS WITH FIRE FUEL REDUCTION IN THE COMMUNITY**

DATE: **July 08, 2024**

BACKGROUND:
The City's solid waste collection provider, Republic Services, has a franchise agreement with the City approved in April 2020 for a term of nine years. The annual service fee includes one 40 cubic yard bin for green waste disposal per property per year.

To date, the City has held six events rotating between three sections of the City and disposed of 72.98 tons of green waste as shown in Table 1. Republic Services estimates around 97% of the green waste is turned into compost.

Table 1 - Amount of Green Waste from Communal Bin Program

DATE	TONS
Aug. 2021	11.99
Jan. 2022	12.46
Aug. 2022	17.41
Jan. 2023	19.52
Aug. 2023	4.98
Jan. 2024	6.62
TOTAL	**72.98**

DISCUSSION:
The seventh communal bin event is from August 2-9, 2024. The designated locations will

rotate to the southern section of the City. Staff has reviewed the designated locations for accessibility, ease of use for residents in the community, size of the bins in relation to the street, and size of the truck carrying the bins with Republic Services and the RHCA.

The four approved locations are as follows:

1. Quail Ridge North just north of Crest Road West.
2. On the Corner of Crest Road West and Quail Ridge north adjacent to 1 Crest Road West.
3. On Spur Lane just West of Cinchring Road on Cal Water's Water Tank Property.
4. On Portuguese Bend Road across from 52 Portuguese Bend on the West side of the street. (2 bins)

Note: These locations have been used for previous communal bin events without issue or complaint.

Residents should follow these directions to participate in this free program:

- Place all green waste inside the bins.
- Do not leave any debris outside the bins.
- Piles need to be kept free of rocks and dirt.
- Do not dump non-green waste materials.
- Do not dump construction materials.

FISCAL IMPACT:
None.

RECOMMENDATION:
Receive and file.

ATTACHMENTS:
PW_REF_240708_SW_CommunalBinLocations.pdf

COMMUNAL BIN ROTATION

ROTATION 1 – Southwest Quadrant

Communal bins locations:

1. Quail Ridge North just north of Crest Road West
2. Corner of Crest Road West and Quail Ridge North adjacent to 1 Crest Road West
3. Spur Lane just west of Cinchring Road on Cal Water's water tank property
4. Portuguese Bend Road across from 52 Portuguese Bend on the west side of the street (2 bins)

Agenda Item No.: 11.A
Mtg. Date: 07/08/2024

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

FROM: **ROBERT SAMARIO, FINANCE DIRECTOR**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **A PUBLIC HEARING TO CONSIDER AND ADOPT RESOLUTION NO. 1371 AUTHORIZING PLACEMENT OF SOLID WASTE SERVICE CHARGES OWED TO REPUBLIC SERVICES PURSUANT TO ITS SOLID WASTE FRANCHISE WITH THE CITY OF ROLLING HILLS ON THE FY 2024-2025 LOS ANGELES COUNTY AUDITOR-CONTROLLER'S OFFICE ANNUAL TAX ROLL**

DATE: **July 08, 2024**

BACKGROUND:

Pursuant to the provisions of Chapter 8.08 of Title 8 of the City of Rolling Hills Municipal Code and Article 4 of Chapter 6 of Part 3 of Division 5 of the California Health and Safety Code, commencing with Section 5470, the City Council is authorized to levy the annual sanitation service charge and to have such charge collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from, the general taxes of the City.

DISCUSSION:

The following is a summary of the services and activities associated with the sanitation charge:

- To protect public health and safety, Contractor shall provide and maintain all labor, equipment, material, supplies, supervision and all other items necessary for the Collection of all Solid Waste, Recyclable Materials, Green Waste, Bulky Items, and Brush generated or accumulated within the City from Residential Premises and City Facilities. The services provided by the Contractor under this Agreement shall be performed in a thorough and professional manner so that all Customers are provided at all times with reliable, courteous and high-quality Solid Waste Management Services.
- Contractor shall collect all properly placed Solid Waste, Recyclable Materials and Organic Waste from the designated collection location of every residential premises in the City twice each week.
- Each year in spring, and again in the fall, Contractor shall collect an unlimited amount of Bulky Items, and Green Waste from the designated collection location.
- In addition to the semi-annual Bulky Item and Green Waste Collection events, Contractor

shall provide Customers with on-call Collection for Bulky Items upon request. Contractor shall collect one (1) Bulky Item per calendar year from each Residential Premises at no charge on an on-call basis.
- Contractor will provide additional services as outlined in the Amended and Restated Agreement for Residential Solid Waste Management Services.

For Fiscal Year 2024-25, the sanitation charge will be $1,432 per parcel. The sanitation charge is unchanged from Fiscal Year 2023-2024. The $1,432 per parcel was established based on the actual costs to provide refuse services. The enclosed Report contains detailed information about the annual charge and the charge to be applied to the parcels.

The City Council may order implementation of City sanitation service charge on the FY 2024-25 property tax rolls by adopting the enclosed Resolution with the attached Report. Council action on the staff recommendation is required in order to place the annual charge on the tax roll.

A notice of the July 8, 2024 public hearing was published in the Daily Breeze on June 24, 2024 (see attached Affidavit.)

FISCAL IMPACT:
The anticipated total revenue is approximately $1,003,909 which is included in the 2024-25 Budget.

RECOMMENDATION:
Staff recommends that the City Council open the public hearing and adopt Resolution No. 1371 placing the sanitation service charge on the annual County of Los Angeles Tax Roll.

ATTACHMENTS:
CL_AGN_240708_CC_FY24-25_SanitationReport.pdf
CL_AGN_220711_CC_RH_ParcelMap_20200724_withRoads.pdf
CL_AGN_240708_CC_FY24-25_TaxRoll.pdf
ResolutionNo1371_FY 24-25_AnnualRefuseAssessment_F.pdf
CL_PBN_240708_PH_CC_FY24-25_RefuseDirAss_Billing_Affidavit.pdf

ANNUAL SANITATION (GARBAGE AND REFUSE COLLECTION) REPORT

Sanitation Service

The City of Rolling Hills proposes to collect funds to cover the expenses for the sanitation services provided to each property owner within the City. The following is a summary of the services and activities associated with the charges:

- To protect public health and safety, Contactor shall provide and maintain all labor, equipment, material, supplies, supervision and all other items necessary for the Collection of all Solid Waste, Recyclable Materials, Green Waste, Bulky Items, and Brush generated or accumulated within the City from Residential Premises and City Facilities. The services provided by the Contractor under this Agreement shall be performed in a thorough and professional manner so that all Customers are provided at all times with reliable, courteous and high-quality Solid Waste Management Services.

- Contractor shall collect all properly placed Solid Waste, Recyclable Materials and Organic Waste from the designated collection location of every residential premises in the City twice each week.

- Each year on two consecutive Saturdays in April or May, and again on a Saturday in September or October, both as determined by the City, Contractor shall collect an unlimited amount of Bulky Items from the designated collection location.

- In addition to the semi-annual Bulky Item Collection events, Contractor shall provide Customers with on-call Collection for Bulky Items upon request. Contractor shall collect one (1) Bulky Item per calendar year from each Residential Premises at no charge on an on-call basis.

- Contractor will provide additional services as outlined in the Amended and Restated Agreement for Residential Solid Waste Management Services.

The frequency, extent, and/or level of the services identified herein may be modified based on available funding and priorities as determined by the City.

Sanitation Service Charge Calculation

For Fiscal Year 2015-2016, the sanitation charge in the amount of $1,100 per parcel was established. The sanitation charge remained unchanged through fiscal year 2023.

In Fiscal Year 2023-2024, the cost of providing sanitation services increased to $1,432.11 per parcel. The increase from the $1,100 per parcel over the last five fiscal years to $1,432.11 per parcel is based on the direct costs incurred by the City based on the amounts paid to Republic Services for refuse services, which include adjustments for the Consumer Price Index (CPI) and landfill costs. The Franchise Agreement requires that Republic Services annually provide evidence of the CPI adjustment to the City Manager for review and approval.

For fiscal year 2024-25, the annual sanitation charge will remain at $1,432.11 per parcel based on the direct cost of providing the service.

Proposition 218 Considerations:

Proposition 218, which the voters of the State of California passed on November 5, 1996, contains requirements for the imposition of a fee or charge for property related services. Requirements for fees and charges are contained in Section 6 of Article XIII D.

Paragraph (b) describes the requirements for new, existing, or increased fees and charges as follows:

(1) Revenues shall not exceed the funds required to provide the services.
(2) Revenues shall not be used for any other purpose.
(3) The amount of the fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
(4) No fee or charge may be imposed unless the service is actually used by or immediately available to the owner of the property in question.
(5) No fee or charge shall be imposed for general governmental services, i.e. police, ambulance, library, where the service is available to the public at large in substantially the same manner as it is to the property owners.

This report and recommended charges comply with all five of these requirements:

1. Revenues generated by this charge will not exceed funds required to provide sanitation services and shall not be used for any other purpose, besides what has been described herein.
2. The sanitation charge does not exceed the proportional cost of providing service to the parcels in the City and the charge is for actual use by or immediately available to the owner of the property in question.

Boundary Diagram

The enclosed diagram shows the exterior boundaries of the territory within the City of Rolling Hills subject to the annual sanitation charges, which has the same boundaries of the City of Rolling Hills itself. Parcel identification, the lines and dimensions of each lot, and parcel and subdivision of land within proposed sanitation services boundary described

herein are identified and correspond to the Los Angeles County Assessor's Parcel Maps for said parcels as they existed at the time this Report was prepared and shall include all subsequent subdivisions, lot-line adjustments, or parcel changes therein.

Reference is hereby made to the Los Angeles County Assessor's map for a detailed description of the lines and dimensions of each lot and parcel of land within the City of Rolling Hills subject to the proposed annual sanitation service charge to be levied on behalf of the City.

List of Assessor's Parcel Numbers to be levied with the proposed charge amounts:

Parcel Number	Land Use Description	Charge
See Attached	Residential	See Attached

City of Rolling Hills Parcel Map

Roads
Parcel Boundaries
City Boundaries

N

0 0.2 0.4 Miles

Map created by Christine Lam (CLam2@isd.lacounty.gov)
County of Los Angeles eGIS Group 7/24/2020

7567001004	1432.11	238.92
7567001006	1432.11	
7567001007	1432.11	
7567001008	1432.11	
7567001010	1432.11	
7567001011	1432.11	
7567001013	1432.11	
7567001014	1432.11	
7567001016	1432.11	
7567001017	1432.11	
7567001018	1432.11	
7567002004	1432.11	
7567002005	1432.11	
7567002006	1432.11	
7567002007	1432.11	
7567002008	1432.11	
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7567002025	1432.11	
7567002026	1432.11	
7567002027	1432.11	
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7567002029	1432.11	
7567002030	1432.11	
7567002031	1432.11	
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7567002035	1432.11	
7567002036	1432.11	
7567002037	1432.11	
7567003008	1432.11	
7567003009	1432.11	
7567003010	1432.11	
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RESOLUTION NO. 1371

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS CONFIRMING THE LEVYING OF AN ANNUAL SANITATION (GARBAGE AND REFUSE COLLECTION) SERVICE CHARGE FOR FISCAL YEAR 2024-25 PURSUANT TO CHAPTER 8.08 OF TITLE 8 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE

THE CITY COUNCIL OF THE CITY OF ROLLING HILLS, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Pursuant to the provisions of Chapter 8.08 of Title 8 of the City of Rolling Hills Municipal Code and Article 4 of Chapter 6 of Part 3 of Division 5 of the California Health and Safety Code, commencing with Section 5470, the City Council is authorized to levy the annual sanitation service charge (the "Charge") and to have such Charge collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from, the general taxes of the City.

SECTION 2. The City Manager prepared and filed a written report containing a description of each parcel of real property within the City to which the Charge is applicable (the “Identified Parcels”) and the amount of the Charge for each such Identified Parcel for fiscal year 2024-2025 in conformity with Section 8.08.230 of the City of Rolling Hills Municipal Code and approved such Report as filed.

SECTION 3. Following notice duly given in accordance with law, the City Council previously held a full and fair public hearing regarding the levy and collection of the proposed charge for fiscal year 2024-2025 at an earlier meeting. All interested persons were afforded the opportunity to hear and be heard. The City Council considered all oral statements and all written protests made or filed by any interested person. A majority protest did not exist against the annual levy of the sanitation service charge and all oral and written protests to the levy and collection of the proposed charge for fiscal year 2024-2025 were overruled by the City Council.

SECTION 4 Based upon its review of the Report, a copy of which has been presented to the City Council and which has been filed with the City Clerk, the City Council hereby finds and determines that (i) each parcel in the City benefits from receiving sanitation service (ii) the net amount to be assessed upon each parcel of real property for fiscal year 2024-2025 in accordance with the Report is apportioned by a formula and method that fairly distributes the net amount among all assessable parcels in proportion to the estimated benefits received by each parcel, and (iii) no charge is imposed on any parcel that exceeds the reasonable cost of the benefits conferred on that parcel.

SECTION 5. Parcels that are owned or used by any county, city, city and county, special district or any other local governmental entity, the State of California or the United States shall be charged unless the City demonstrates by clear and convincing evidence that such parcels receive no benefit from the proposed service.

SECTION 6. As set forth in the Report, the annual sanitation service charge is in compliance with the provisions of the City of Rolling Hills Municipal code and Article XIIID of the California Constitution and the City Council has complied with all laws pertaining to the levy of an annual charge pursuant to the City of Rolling Hills Municipal Code and Article XIIID of the California Constitution.

SECTION 7. The annual sanitation service charge is levied without regard to property valuation.

SECTION 8. The City Council hereby finds and determines that the cost of the service that is financed by the annual sanitation service charge for fiscal year 2024-2025 is approximately $1,003,909.11

SECTION 9. The City Council hereby determines and imposes the annual sanitation service charge for fiscal year 2024-2025, at the rates set forth in the Report of $1,432.11 per parcel, which is in compliance with the provisions of the City of Rolling Hills Municipal code and Article XIIID of the California Constitution.

SECTION 10. The adoption of this resolution constitutes the levy of an annual sanitation service charge against parcels of property in the City of Rolling Hills for the fiscal year commencing July 1, 2024 and ending June 30, 2025.

SECTION 11. The County Auditor of Los Angeles County shall enter on the County Assessment Roll opposite each parcel of land the amount of the annual sanitation service charge, and such charge, and each installment of the charge, shall be collected in the same manner, and shall be subject to the same penalties and priority of lien as, other charges and taxes fixed and collected by, or on behalf of the City. After collection by the County, the net amount of the charge, after deduction of any compensation due the County, shall be paid to the Finance Director.

SECTION 12. The Finance Director shall deposit all money representing charges collected by the County to the credit of the Rolling Hills Refuse Fund.

SECTION 13. The City Clerk is hereby authorized and directed to file the Boundary Diagram and the list of actual Parcel Charges (a listing of the Assessor's Parcel Numbers and the amount to be levied on each parcel) with the County Auditor, together with a certified copy of this Resolution upon its adoption, in addition to any additional information the County Auditor required to collect the charge with the County taxes.

SECTION 14. A certified copy of this resolution and a copy of the Report and the actual Parcel Charges (a listing of the Assessor's Parcel Numbers and the amount to be levied on each parcel) shall be filed in the office of the City Clerk and open to public inspection.

PASSED, APPROVED and ADOPTED this 8th day of July 2024.

_____
Leah Mirsch
Mayor

ATTEST:

_____
Christian Horvath
City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF ROLLING HILLS)

The foregoing Resolution No. 1371 entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS CONFIRMING THE LEVYING OF AN ANNUAL SANITATION (GARBAGE AND REFUSE COLLECTION) SERVICE CHARGE FOR FISCAL YEAR 2024-25 PURSUANT TO CHAPTER 8.08 OF TITLE 8 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE

was approved and adopted at a regular meeting of the City Council on the 8th day of July, 2024, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
CHRISTIAN HORVATH
CITY CLERK

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2615 Pacific Coast Highway #329
Torrance, California 90254
(310) 543-6635
pfernandez@scng.com

City of Rolling Hills
2 Portuguese Bend Road
Rolling Hills, California 90274

Account Number:	5007827
Ad Order Number:	0011675164
Customer's Reference/PO Number:	
Publication:	Daily Breeze
Publication Dates:	06/24/2024
Total Amount:	$481.28
Payment Amount:	$0.00
Amount Due:	$481.28
Notice ID:	USQuPZAypQvn6JFfF9MK
Invoice Text:	City of Rolling Hills NOTICE OF PUBLIC HEARING ON THE ANNUAL SANITATION (GARBAGE AND REFUSE COLLECTION) SERVICE CHARGE AND THE REPORT PREPARED IN CONNECTION WITH THE ANNUAL SANITATION (GARBAGE AND REFUSE COLLECTION) SERVICE CHARGE IN THE CITY OF ROLLING HILLS The City of Rolling Hills annually collects sanitation (garbage and refuse collection) service charges (“sanitation charges”) on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from, the general taxes of the City. NOTICE IS HEREBY GIVEN the City Council of the City of Rolling Hills has caused a written report to be prepared and filed with the City Clerk regarding the City's sanitation charges for fiscal year 2024-2025. Such report contains a description of each parcel of real property receiving sanitation services furnished by the City and the amount of the charge for each parcel for fiscal year 2024-2025 computed in conformity with Chapter 8.08 of Title 8 of the City’s Municipal Code. NOTICE IS HEREBY FURTHER GIVEN that on the 8th day of July, 2024 at 7:00 P.M. the City Council of the City of Rolling Hills will hold a public hearing on the above-described report and levy of the annual sanitation charges. The report is on file in the office of the City Clerk, 2 Portuguese Bend Road, California 90274, and available for public inspection. All City Councilmembers will participate in an in-person meeting and members of the community are welcome to attend the meeting at City Hall; however, a live audio of the City Council meeting will be available on the City’s website http://www.rolling-hills.org/. The meeting agenda will be on the City’s website https://www.rolling-

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City of Rolling Hills
2 Portuguese Bend Road
Rolling Hills, California 90274

PROOF OF PUBLICATION
(2015.5 C.C.P.)

STATE OF CALIFORNIA
County of Los Angeles

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not party to or interested in the above-entitled matter. I am the principal clerk of the printer of Daily Breeze, a newspaper of general circulation, printed and published in the City of Torrance*, County of Los Angeles, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of County of Los Angeles, State of California, under the date of June 15, 1945, Decree No. Pomo C-606. The notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

06/24/2024

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Torrance, California

On this 24th day of June, 2024.

Signature

*Daily Breeze circulation includes the following cities: Carson, Compton, Culver City, El Segundo, Gardena, Harbor City, Hawthorne, Hermosa Beach, Inglewood, Lawndale, Lomita, Los Angeles, Long Beach, Manhattan Beach, Palos Verdes Peninsula, Palos Verdes, Rancho Palos Verdes, Rancho Palos Verdes Estates, Redondo Beach, San Pedro, Santa Monica, Torrance and Wilmington

City of Rolling Hills
NOTICE OF PUBLIC HEARING ON THE ANNUAL SANITATION (GARBAGE AND REFUSE COLLECTION) SERVICE CHARGE AND THE REPORT PREPARED IN CONNECTION WITH THE ANNUAL SANITATION (GARBAGE AND REFUSE COLLECTION) SERVICE CHARGE IN THE CITY OF ROLLING HILLS

The City of Rolling Hills annually collects sanitation (garbage and refuse collection) service charges ("sanitation charges") on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from, the general taxes of the City.

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At the public hearing, the City Council will hear and consider all objections or protests to the report and levy of the annual sanitation charges. In addition, property owners may mail or deliver a written protest against the proposed annual charge to the City Clerk at Rolling Hills City Hall, 2 Portuguese Bend Road, California 90274. Only one protest per parcel will be counted. Written protests must be received by the City Clerk by the end of the public hearing to be counted.

BY ORDER OF the City of Rolling Hills,
City Clerk
Daily Breeze
Published: 6/24/24

Agenda Item No.: 13.A
Mtg. Date: 07/08/2024

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

FROM: **ROBERT SAMARIO, FINANCE DIRECTOR**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **ACCEPT AND APPROVE THE CITY OF ROLLING HILLS AUDITED ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

DATE: **July 08, 2024**

BACKGROUND:
Each year, the City prepares a financial report covering all funds and operations. The financial report provides the City Council and public a measure of the financial condition of the City and the results of operations for the fiscal year. The financial statements are audited each year by an independent CPA firm to ensure that the financial statements are fairly presented.

The accompanying financial statements are referred to as the "Annual Comprehensive Financial Report" (ACFR). As the name implies, the ACFR provides a "comprehensive" presentation of the City's finances. The ACFR is prepared in accordance with standards promulgated by the Governmental Accounting Standards Board (GASB) and have been audited by an independent certified public accounting firm. Based on their audit, the firm expresses an opinion as to whether the financial statements are free of any material misstatement and can, thus, be relied upon by the readers of the financial statement.

DISCUSSION:
The attached financial statements for the fiscal year ended June 30, 2023, are not only required to be prepared each year, but they provide important information regarding the financial health of the City, and whether the financial health improved or deteriorated during the fiscal year.

The City's financial operations are organized into various funds. By far, the largest and most important fund is the General Fund, which accounts for a variety of unrestricted revenues, primarily taxes, that pay for core local governmental services, such as law enforcement, planning, building safety, emergency preparedness, and administration. Since the revenues are unrestricted, the City has considerable discretion on how these funds are spent.

The other funds largely account for revenues that are restricted to specified purposes, typically

the enabling legislation that imposed the taxes. These funds include Proposition A, Proposition C, Measure R and Measure M. All of these revenues are derived from special sales tax measure approved by Los Angeles County voters over the last few decades and are restricted to transit and transportation purposes.

The City also uses a separate fund to account of solid waste services provided under contract by a private waste hauling company. These services are paid for by City residents through their property taxes billed by Los Angeles County on behalf of the City. This operation is reported as an Enterprise Fund in the annual financial statements, which means the charges for the services must be determined based on the full cost to provide the services.

A summary of the City's financial position and results of operations is provided below.

CITY-WIDE ANALYSIS

The City-wide statements present all City operations in two categories. The governmental activities category includes all City funds except for the Refuse Collection Fund. In addition, this category almost entirely is made up of the General Fund, which is where most City services, along with tax revenues that primarily pay for those services, are reported.

The net position of the City's governmental activities increased by $302,996, excluding transfers of $214,759. Including transfers the net position increased by $88,237.

The business-type activities include refuse collection operations. Refuse collection services are considered a utility and, as such, are typically fully funded from direct charges to customers utilizing these services. For this reason, they tend to operate much like the private sector and thus are classified as a "business-type activity." Refuse charges are added to the tax roll each year and are billed by the County of Los Angeles in conjunction with the billing for property taxes. For fiscal year 2022-23, the direct charges totaled $744,696. In addition, the General Fund transferred $214,759 to partly subsidize rates charged to customers and keep the annual charge fixed at $1,100. Note that for fiscal year 2023-24, the rates were increased to fully recover the costs of operations, eliminating the General Fund subsidy going forward.

GENERAL FUND

By far the largest of the governmental funds is the General Fund, in which where most of the City's operations are accounted for. The General Fund's financial position decreased by $645,906, which includes capital transfers of $760,528. Excluding capital transfers, the General Fund realized an operating surplus of $344,675. Capital transfers are an intentional use of General Fund reserves to fund capital improvement projects.

Property Tax revenues is the largest General Fund revenue at $1,378,564, making up 48% of total General Fund revenues of $2,781,180. Property Tax revenues increased from the prior year total of $1,323,001 by 55,563 (4.2%), which is a moderate growth for a revenue that historically grows by 3-6% per year. This growth is reflective of the strong real estate market over the last few years driven by low interest rates, strong demand, and a high volume of sales activity.

In March of 2021, the President signed the American Rescue Plan Act (ARPA), providing $1.9 trillion in federal relief to mitigate the impacts of the COVID-19 pandemic. Of that amount, approximately $64 billion was provided to provide direct and flexible financial resources for every city and town nationwide. The City received a total of $441,364 in two installments of $220,682 each, the first in June 2021 and the second a year later in June of 2022. The second installment was used in fiscal year 2022/23 to cover a portion of law enforcement services. As such, these revenues will not be available in subsequent years.

The City issues permits for building and construction projects undertaken by City residents. These revenues are highly tied to the economy and housing market. As real estate prices increase, there tends to be an increase in residential building activity. However, starting in 2021, as a result of COVID, building activity, and the associated revenues declined. Several years ago, revenues from building and related permits were almost $800,000. In fiscal year 2020/21, they dropped precipitously to $183,378. With the end of the pandemic, building activity picked up and revenues jumped to $518,309 last fiscal year and to $578,496 in the current fiscal year. Due to the recent rise in interest rates and other factors, building revenues have not performed as well during the first six months of fiscal year 2023-24.

The City receives an allocation from the State of California called the Motor Vehicle License Fee (MVLF). The MVLF is a tax imposed in lieu of a local personal property tax on automobiles. The MVLF is imposed at a rate of 2% on a vehicle's market value, adjusted by a depreciation schedule specified in state law. Pursuant to the State Constitution, VLF revenue is allocated to local governments. Approximately 75% of MVLF is split between cities and counties. The remaining 25% of local government VLF funds are restricted to funding various health, mental health, and social services programs shifted to the counties as part of the 1991 realignment. In fiscal year 2022/23, the City’s allocation totaled $263,988. This revenue is largely affected by the number in, and dollar increase of, car sales. With the recent rise in interest rates, car sales, as with real estate, will likely decrease to some degree.

UTILITY FUND

The Underground Utility Fund on the City’s governmental funds balance sheet is a major fund. The Capital Projects – Utility Fund provides funds for consultant and construction services for underground utilities projects and other infrastructure improvements. The Capital Projects – Utility Fund has a total fund balance of $665,574.

RESULTS OF AUDIT

The City's financial records and annual financial report is subject to an audit by an independent CPA firm. At the conclusion of the audit, the auditors issue an opinion letter which indicates whether or not the financial statements are free of material misstatement and

whether they can be relied upon. Based on their audit, the City received an "unmodified" opinion, which means the financial statements can indeed be relied upon. This opinion letter is included within the financial statements.

The auditors also provide City Council with two other letters separate from the opinion letter and that are not included within the financial report document. The first is a report on internal controls. Although the auditors do not express an opinion on internal controls, they do a fair amount of testing in this area to determine if the City's internal control procedures can be relied upon for purposes on conducting their audit. For example, if internal controls were weak, the auditors would have to perform more substantive test work to reach a comfort level sufficient to issue an unmodified opinion. As a result of the auditor's testing and evaluation of internal controls, the first letter indicates that there were no material weaknesses noted. The second letter contains certain areas the auditors are required to communicate to an audit committee or City Council about. Based on their audit, there were no items that required special communication other than the normal information required under government auditing standards. Both letters are attached.

FISCAL IMPACT:
None.

RECOMMENDATION:
Approve as presented.

ATTACHMENTS:
CL_AGN_240708_CC_Audit_CommunicationLetter.pdf
CL_AGN_240708_CC_AnnualFinancialReport.pdf
CL_AGN_240708_CC_InternalControlsReport.pdf
CL_AGN_240708_CC_FY22-23_AuditedFInancials_Presentation.pdf

June 24, 2024

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Hills, California (the "City") for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 15, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2023. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

> Management's estimates of the net pension liability and net other postemployment benefits liability are based on actuarial valuation estimates. We evaluated the methods, assumptions, and data used to develop the actuarial valuation estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We are pleased to report that no such misstatements were identified during the course of our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 24, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedules for the General Fund and the major special revenue funds, and the required pension and other postemployment benefits schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Future GASB Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal Year 2023-2024

GASB Statement No. 99, *Omnibus 2022.*

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

Fiscal Year 2024-2025

GASB Statement No. 101, *Compensated Absences.*

Future Projects

Comprehensive Project, *Financial Reporting Model.*

Comprehensive Project, *Revenue and Expense Recognition.*

Major Project, *Going Concern Uncertainties and Severe Financial Stress.*

Major Project, *Infrastructure Assets.*

Practice Issue, *Classification of Nonfinancial Assets.*

Practice Issue, *Risks and Uncertainties Disclosures.*

Pre-Agenda Research Activities, *Subsequent Events.*

Restriction on Use

This information is intended solely for the information and use of City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Soll & Lunghard, LLP

Brea, California

CITY OF ROLLING HILLS, CALIFORNIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FINANCIAL STATEMENTS

Focused on YOU

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CITY OF ROLLING HILLS, CALIFORNIA

Financial Statements

For the Fiscal Year Ended June 30, 2023

PREPARED BY:

THE CITY OF ROLLING HILLS, CALIFORNIA

FINANCIAL SERVICES DEPARTMENT

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CITY OF ROLLING HILLS, CALIFORNIA

Financial Statements

For the Fiscal Year Ended June 30, 2023

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CITY OF ROLLING HILLS, CALIFORNIA

Financial Statements

For the Fiscal Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Hills, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules (supplementary information) 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.

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

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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024, 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 City's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
June 24, 2024

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Management Discussion and Analysis

The following narrative provides an overview and analysis of the financial activities of the City of Rolling Hills for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $7,328,105 (net position). Of this amount, $3,374,868 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $5,912,635. Of this amount $1,285,998 is unassigned and available for spending at the City's discretion. An additional $2,648,498 is assigned for emergencies and other contingencies pursuant to City policy.

- General Fund revenues exceeded budget by $142,796 before interfund transfers, and expenditures were $885,525 below budget. After operating transfers and a restatement of the beginning fund balance, the General Fund's fund balance decreased by $645,906.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are considered regardless of when cash is received or paid.

The statement of net position presents information on all of the City's assets, deferred inflows/outflows of resources and liabilities, with the difference between the two 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 government'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 regardless of the timing of related cash flows. Thus, some of the revenues and expenses reported in this statement will have no effect on cash until some future fiscal period.

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

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

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

The government-wide financial statements can be found on pages 15 to 17 of this report.

Fund Financial Statements

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

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

In addition to the major funds reported separately on the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance, the City also maintains 7 special revenue funds and one capital project fund. Data from these funds are combined into a single, aggregated presentation referred to as other governmental funds.

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

The City adopts an annual appropriated budget for all of its governmental and proprietary funds. A budget comparison statement has been provided for the General Fund to demonstrate compliance with this budget. This comparison can be found on page 54 of this report.

The basic governmental fund financial statements can be found on pages 18 to 24 of this report.

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

The basic proprietary fund financial statements can be found on pages 25 to 27 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 to 51 of this report.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 62 to 67 of this report.

Governmental-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position for fiscal years 2021/22 and 2022/23 are shown in Table 1 below. As of June 30, 2023, total assets and deferred outflows exceeded total liabilities and deferred inflows by $7,328,105. This is a slight increase from prior year. Overall, the City's financial position has been very stable over the last few years.

Table 1
City of Rolling Hills
Net Position

	Government Activities		Business Activities		Total Primary Government	
	2023	2022 Restated	2023	2022	2023	2022
Assets:						
Current and other assets	$7,415,842	$ 7,867,825	$496,140	$ 9,069	$ 7,911,982	$ 7,876,894
Capital assets	1,448,092	741,184	-	-	1,448,092	741,184
Total Assets	8,863,934	8,609,009	496,140	9,069	9,360,074	8,618,078
Deferred outflows of resources:						
Pension/OPEB related items	662,387	344,619	-	-	662,387	344,619
Liabilities:						
Current and other liabilities	1,738,064	787,124	472,085	-	2,210,149	787,124
Total Liabilities	1,738,064	787,124	472,085	-	2,210,149	787,124
Deferred inflows of resources:						
Lease related items	384,989	452,504	-	-	384,989	452,504
Pension/OPEB related items	75,163	474,132	-	-	75,163	474,132
	460,152	926,636	-	-	460,152	926,636
Net position:						
Invested in capital assets	1,448,092	741,184			1,448,092	741,184
Restricted	2,505,145	2,226,109			2,505,145	2,226,109
Unrestricted	3,374,868	4,272,575	24,055	9,069	3,398,923	4,281,644
Total Net Position	$7,328,105	$ 7,239,868	$ 24,055	$ 9,069	$ 7,352,160	$ 7,248,937

Of the total net position shown in the bottom section of Table 1, $1,448,092 (19.8%) reflects its investment in capital assets. An additional $2,505,145 (34.2%) of the net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of $3,374,868 (46.0%) is unrestricted and may be used to meet the government's ongoing obligations. Of this amount, approximately $2.8 million has been designated by City Council for emergencies, such natural disasters, economic downturns such as the Great Recession in 2008, and other unexpected events that may call upon City financial resources.

Changes in Net Position

A summary of the changes to the net position is provided in Table 2 below.

Table 2
City of Rolling Hills
Changes in Net Position

	Government Activities		Business Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for Services	$ 715,829	$ 549,661	$ 744,696	$ 784,200	$ 1,460,525	$ 1,333,861
Operating Grants and contributions	636,687	639,864	-	-	636,687	639,864
Capital Contributions and grants	42,938	87,749			42,938	87,749
General revenues:						
Property taxes	1,378,565	1,323,001	-	-	1,378,565	1,323,001
Franchise taxes	14,846	15,106	-	-	14,846	15,106
Other taxes	78,287	104,578	-	-	78,287	104,578
Motor vehicle in-lieu - unrestricted	263,988	247,231	-	-	263,988	247,231
Use of money and property	148,992	(76,181)	195	-	149,187	(76,181)
Other	89,437	44,850	-	3,917	89,437	48,767
Total Revenues	3,369,569	2,935,859	744,891	788,117	4,114,460	3,723,976
Expenses:						
General government	1,557,286	1,468,917	-	-	1,557,286	1,468,917
Public safety	416,983	497,831	-	-	416,983	497,831
Planning and development	652,808	796,712	-	-	652,808	796,712
Public works	439,496	189,272	-	-	439,496	189,272
Refuse collection	-	-	944,664	886,143	944,664	886,143
Total Expenses	3,066,573	2,952,732	944,664	886,143	4,011,237	3,838,875
Excess (Deficiency) Before Transfers	302,996	(16,873)	(199,773)	(98,026)	103,223	(114,899)
Transfers	(214,759)	(225,229)	214,759	44,706	-	(180,523)
Increase (Decrease) in Net Position	88,237	(242,102)	14,986	(53,320)	103,223	(295,422)
Net Position - Beginning -Restated	7,239,868	7,481,970	9,069	107,366	7,248,937	7,589,336
Net Position - Ending	$ 7,328,105	$ 7,239,868	$ 24,055	$ 54,046	$ 7,352,160	$ 7,293,914

Governmental Activities. As previously noted, the governmental activities category includes all City funds except for the Refuse Collection Fund. In addition, this category almost entirely is made up of the General Fund, which is where most city services, along with tax revenues that primarily pay for those services, are reported.

As shown in Table 2 above, the net position of the City's governmental activities, which includes all funds except the Refuse Fund, increased by $88,237. Excluding transfers of $214,729, which consists of a transfer to the Refuse Fund, the increase was $302,996. Given the expectations going into the year, as further described later, these are very good results.

Business-Type Activities. The program for the business-type activities includes refuse collection operations. Refuse collection services are considered a utility and, as such, are typically fully funded from direct charges to customers utilizing these services. For this reason, they tend to operate much like the private sector and thus are classified as a "business-type activity." In the case of the City's refuse operation, refuse rates have been partially subsidized by unrestricted General Fund revenues since 2016 in order to keep rates flat at $1,100 per year per parcel in spite of increases each year to the contracted services provided by a private hauling company. In fiscal year 2023, the General Fund transferred $238,729 to the Refuse Collection Fund. This was partially offset by a transfer from the Refuse Collection Fund of $24,000 back to the General Fund to cover administrative overhead costs. This explains the net transfer in of $214,729 shown in Table 2 above.

The net result of operations was a increase in net position of $14,986, increasing the net position to $24,055.

Financial Analysis of the Government's Funds

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

Governmental Funds

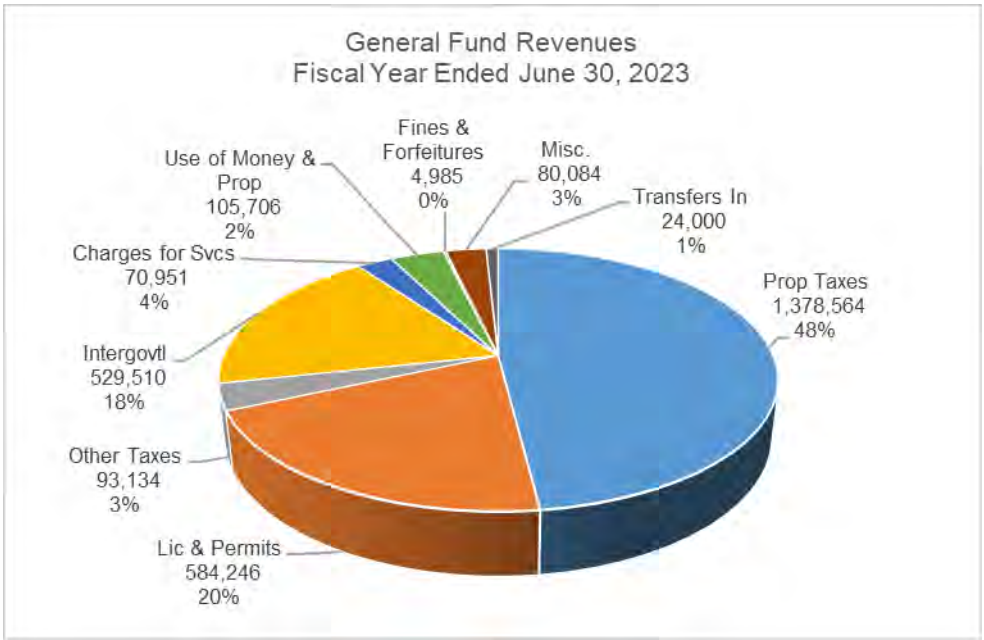
The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net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

As of the end of fiscal year 2022/23, the City's governmental funds in total reported combined ending fund balances of $5,912,635, which indicates a strong financial position, largely due to the General Fund. This is a decrease of $695,673 from last fiscal year. The decrease is largely attributable to the City's investment in capital improvements. These costs are reflected both in the General Fund as Transfers Out to the Capital Improvement Fund of $760,528 and to the CalOES Capital Grants Fund of $15,294. These transfers cover the capital outlay costs incurred in these two funds, in addition to grants funds received in the CalOES Capital Grants Fund. This use of General Fund reserves (fund balance) is both appropriate and needed and, as such, represents a planned drawdown of reserves.

By far the largest of the governmental funds is the General Fund, in which where most of the City's operations are accounted for. The General Fund's financial position decreased by $645,906 for a net position at June 30, 2023 of $4,633,046 for the reason explained in the preceding paragraph. Excluding transfers, the General Fund realized an operating surplus of $344,675.

General Fund Revenue Highlights

The breakdown of General Fund revenues is shown in the pie chart below.



As shown in the chart above, Property Tax revenues is the largest revenue at $1,378,564, making up 48% of total General Fund revenues of $2,781,180 . Property Tax revenues increased from the prior year total of $1,323,001 by 55,563 (4.2%), which is a moderate growth for a revenue that historically grows by 3-6% per year. This growth is reflective of the strong real estate market over the last few years driven by low interest rates, strong demand, and a high volume of sales activity.

In March of 2021, the President signed the American Rescue Plan Act (ARPA), providing $1.9 trillion in federal relief to mitigate the impacts of the COVID-19 pandemic. Of that amount, approximately $64 billion was provided to provide direct and flexible financial resources for every city and town nationwide. The City received a total of $441,364 in two installments of $220,682 each, the first in June 2021 and the second a year later in June of 2022. The second installment was used in fiscal year 2022/23 to cover a portion of law enforcement services. As such, these revenues will not be available in subsequent years.

The City issues permits for building and construction projects undertaken by City residents. These revenues are highly tied to the economy and housing market. As real estate prices increase, there tends to be an increase in residential building activity. However, starting in 2021, as a result of COVID, building activity, and the associated revenues declined. Several years ago, revenues from building and related permits were almost $800,000. In fiscal year 2020/21, they dropped precipitously to $183,378. With the end of the pandemic, building activity picked up and revenues jumped to $518,309 last fiscal year and to $578,496 in the current fiscal year. Due to the recent rise in interest rates and other factors, building revenues have not performed as well during the first six months of fiscal year 2023/24.

The City receives an allocation from the State of California called the Motor Vehicle License Fee (MVLF). The MVLF is a tax imposed in lieu of a local personal property tax on automobiles. The MVLF is imposed at a rate of 2% on a vehicle's market value, adjusted by a depreciation schedule specified in state law.

Pursuant to the State Constitution, VLF revenue is allocated to local governments. Approximately 75% of MVLF is split between cities and counties. The remaining 25% of local government VLF funds are restricted to funding various health, mental health, and social services programs shifted to the counties as part of the 1991 realignment. In fiscal year 2022/23, the City's allocation totaled $263,988. This revenue is largely affected by the number in, and dollar increase of, car sales. With the recent rise in interest rates, car sales, as with real estate, will likely decrease to some degree.

The Underground Utility Fund on the City's governmental funds balance sheet is a major fund. The Capital Projects – Utility Fund provides funds for consultant and construction services for underground utilities projects and other infrastructure improvements. The Capital Projects – Utility Fund has a total fund balance of $665,574.

Proprietary Funds

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

Ending unrestricted net position for the Refuse Collection - Enterprise Fund is $24,055. The total change in net position for the Refuse Collection - Enterprise Fund was a net position increase of $14,986.

Ending unrestricted net position for the Municipal Self Insurance Fund - Internal Service Fund was unchanged at $268,115.

General Fund Budgetary Highlights

The fiscal year 2022/23 adopted budget totaled $3.4 million as shown in the Table 3 below. The amended budget, which reflects budget amendments, mostly to capital transfers, totaled $4.4 million.

Table 3

General Fund Expenditures - Budget Vs Actual

Fiscal Year Ended June 30, 2023

	Adopted Budget	Amended Budget	Actuals	Variance
City Administration	$ 1,101,635	$ 1,101,635	$ 978,595	$ 123,040
Finance	140,500	140,500	190,344	(49,844)
Planning	924,069	948,539	667,166	281,373
Public Safety	245,000	245,000	237,665	7,335
City Properties	199,000	290,438	284,793	5,645
Non-Departmental	252,857	286,357	143,942	142,415
Transers Out	564,500	1,390,142	1,014,581	375,561
Totals	**$ 3,427,561**	**$ 4,402,611**	**$ 3,517,086**	**$ 885,525**

In contrast, expenditures totaled $3.5 million, resulting in savings of $885,524. With the exception of the Finance Department, all departments are well under budget. The largest savings is in Transfers Out. The budget reflects the total expected amount of capital improvement costs that will be funded by the General Fund. However, because the work generally takes more than one year to complete, the transfers are typically under spent, and the unspent budget dollars will be carried forward into next fiscal year. The other department with a large savings is the Planning Department at $281,373. This total is made up of a number of accounts in which expenditures were below expectations. In many cases, the nature of the planning services ebb and flow from year to year and it is challenging to anticipate the level of expenditures, and thus the budget dollars needed, each year.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to $1,448,092. This investment includes land for the City Hall campus, tennis courts, Poppy Trail land, Hesse's Gap, Hix Ring and Storm Hill Park. Additional information on the City of Rolling Hills capital assets can be found in Note 5 on page 40 of this report.

Long-Term Debt

The City has no bonded indebtedness. At the end of the current fiscal year, the City's compensated absences increased from $59,449 to $64,353.

Other Post-Employment Health Care Benefits

The City offers its retired employees medical benefits through CalPERS, which provides medical insurance benefits to eligible retirees. Through CalPERS, the City pre-funds these benefits while the employees are actively working. Pursuant to GASB Statement 78, adopted during fiscal year 2017-18, the City is required to recognize a liability for any unfunded accrued liabilities as determined by an actuary. As of June 30, 2023, the City's total accrued liability was $564,108. However, this liability was offset by the prefunded investments held by CalPERS on the City's behalf which totaled $658,510. As a result, the City's net position was a net surplus/asset of $94,402, which is included on the Statement of Net Position. See Note 10 on pages 48 to 50.

Pension Plan Obligations

The City provides a defined benefit pension plan to its employees which is administered by CalPERS. Details of this pension plan can be found in Note 9 found on page 43 to 47. Pursuant to GASB Statement 68, the City reports any unfunded accrued liabilities in its financial statements. As of June 30, 2023, the net pension liability was $918,010. However, the City has a established a Pension Stabilization Trust Fund to supplement the funding of its pension obligations. The balance in the trust as of June 30, 2023, was $444,568. As such, the plan is approximately 85% funded.

Economic Factors and Next Year's Budgets

The City almost exclusively provides services to the residents of the Rolling Hills Community Association. In addition, it has not retail or commercial businesses within its City limits. As such, the City only typically receives less than $25,000 annually from sales taxes, which are derived entirely from online sales transactions; and its regular and ongoing operations are primarily funded from property taxes assessed on residential properties. Since assessed values grow at 2% or less per state law and are only re-assessed to market value when properties are sold, growth in property taxes tends to range between 3-6% in normal conditions. In fiscal year 2022/23, property taxes grew 4.2%.

One of the key services provided to the community are related to residential building activity, which generate revenues from building and construction-related permits and fees. These revenues make up approximately 20% of total revenues. Unlike property taxes, building revenues are tied to economic conditions and can be significantly impacted by major economic downturns or other event, such as the recent increase in interest rates. In fact, we have seen a reduction in large building projects in fiscal year 2023/24, which may have been affected by higher borrowing costs.

The City also receives funding from the state for vehicle licensing fees of approximately $263,000 and $93,000 in other taxes.

The City Council adopted the Fiscal Year 2023/24 budget in June 2023, and the following factors were considered in preparing the budget:

- Property taxes are expected to grow by 5%.
- ARPA grant revenues are no longer available.
- A continued favorable trend in building activity and a commensurate increase in building related revenues is assumed. However, the recent increase in interest rates have resulted in some waning of revenues.
- Much needed capital improvements are included in the budget, which are being funded from reserves.
- At June 30, 2023. the General Fund's reserves totaled $4,633,046. This represents 170% of the fiscal year 2023/24 General Fund expenditure budget of $2,725,424. Of the $4,633,046, $2,871,180 is set aside as a contingency reserve. The balance is earmarked for capital improvements.

Contacting the City's Financial Department

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

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CITY OF ROLLING HILLS, CALIFORNIA
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	$ 5,996,745	$ 480,865	$ 6,477,610
Receivables:			
Accounts	34	15,275	15,309
Taxes	80,218	-	80,218
Accrued interest	26,895	-	26,895
Due from other governments	392,991	-	392,991
Lease receivable	379,989	-	379,989
Restricted assets:			
Restricted cash and investments	444,568	-	444,568
Capital assets not being depreciated	1,077,049	-	1,077,049
Capital assets, net of depreciation	371,043	-	371,043
Net other post-employment benefits asset	94,402	-	94,402
Total Assets	**8,863,934**	**496,140**	**9,360,074**
Deferred Outflows of Resources:			
Pension deferrals	448,170	-	448,170
Other post-employment benefit deferrals	214,217	-	214,217
Total Deferred Outflows of Resources	**662,387**	**-**	**662,387**
Liabilities:			
Accounts payable	317,543	472,085	789,628
Accrued liabilities	21,572	-	21,572
Unavailable revenue	222,601	-	222,601
Deposits payable	193,585	-	193,585
Due to other governments	400	-	400
Compensated absences, due within one year	30,000	-	30,000
Noncurrent liabilities:			
Compensated absences	34,353	-	34,353
Net pension liability	918,010	-	918,010
Total Liabilities	**1,738,064**	**472,085**	**2,210,149**
Deferred Inflows of Resources:			
Deferred inflows lease related	384,989	-	384,989
Pension deferrals	58,666	-	58,666
Other post-employment benefit deferrals	16,497	-	16,497
Total Deferred Inflows of Resources	**460,152**	**-**	**460,152**
Net Position:			
Investment in capital assets	1,448,092	-	1,448,092
Restricted:			
Community development projects	5,000	-	5,000
Public safety	54,679	-	54,679
Public works	557,192	-	557,192
Capital projects	1,339,822	-	1,339,822
Quimby Act	9,482	-	9,482
Pension stabilization trust	444,568	-	444,568
Unrestricted	3,469,270	24,055	3,493,325
Total Net Position	**$ 7,328,105**	**$ 24,055**	**$ 7,352,160**

The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants
Governmental Activities:				
General government	$ 1,557,286	$ 9,706	$ 43,800	$ -
Public safety	416,983	4,985	387,093	42,938
Planning and development	652,808	710,491	-	-
Public works	497,896	-	264,194	-
Total Governmental Activities	3,124,973	725,182	695,087	42,938
Business-Type Activities:				
Refuse collection	944,664	744,696	-	-
Total Business-Type Activities	944,664	744,696	-	-
Total	**$ 4,069,637**	**$ 1,469,878**	**$ 695,087**	**$ 42,938**

General Revenues:	
Taxes:	
Property taxes	
Sales taxes	
Franchise taxes	
Other taxes	
Motor vehicle in lieu - unrestricted	
Use of money and property	
Other	
Transfers	
Total General Revenues and Transfers	
Change in Net Position	
Net Position at the Beginning of the Year, as Restated	
Net Position, End of the Year	

The notes to financial statements are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (1,503,780)	$ -	$ (1,503,780)
18,033	-	18,033
57,683	-	57,683
(233,702)	-	(233,702)
(1,661,766)	-	(1,661,766)
-	(199,968)	(199,968)
-	(199,968)	(199,968)
(1,661,766)	**(199,968)**	**(1,861,734)**
1,378,565	-	1,378,565
20,556	-	20,556
14,846	-	14,846
57,731	-	57,731
263,988	-	263,988
148,992	195	149,187
80,084	-	80,084
(214,759)	214,759	-
1,750,003	**214,954**	**1,964,957**
88,237	14,986	103,223
7,239,868	9,069	7,248,937
$ 7,328,105	**$ 24,055**	**$ 7,352,160**

The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2023

	General	Special Revenue Fund: CAL/OES	Capital Projects Funds: Underground Utility Fund	Capital Projects Funds: Capital Projects Fund
Assets:				
Cash and investments	$ 4,031,948	$ -	$ 665,574	$ 378,304
Receivables:				
Accounts	34	-	-	-
Taxes	80,218	-	-	-
Accrued interest	26,895	-	-	-
Due from other governments	91,343	231,648	-	-
Due from other funds	308,824	-	-	-
Lease receivable	379,989	-	-	-
Restricted assets:				
Restricted cash and investments	444,568	-	-	-
Total Assets	**$ 5,363,819**	**$ 231,648**	**$ 665,574**	**$ 378,304**
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit):				
Liabilities:				
Accounts payable	$ 130,627	$ 14,205	$ -	$ 141,660
Accrued liabilities	21,572	-	-	-
Deposits payable	193,585	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	236,235	-	-
Total Liabilities	345,784	250,440	-	141,660
Deferred Inflows of Resources:				
Unavailable revenues	-	222,601	-	-
Lease related	384,989	-	-	-
Total Deferred Inflows of Resources	**384,989**	**222,601**	**-**	**-**
Fund Balances (Deficit):				
Restricted:				
Public safety - police	-	-	-	-
Grants - public works	-	-	-	-
Capital projects	-	-	665,574	236,644
Quimby Act	-	-	-	-
Pension stabilization trust	444,568	-	-	-
Assigned to:				
Contingencies	2,648,498	-	-	-
Unassigned (Deficit)	1,539,980	(241,393)	-	-
Total Fund Balances (Deficit)	4,633,046	(241,393)	665,574	236,644
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	**$ 5,363,819**	**$ 231,648**	**$ 665,574**	**$ 378,304**

The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2023

	Nonmajor Governmental Funds	Total Governmental Funds
Assets:		
Cash and investments	$ 652,804	$ 5,728,630
Receivables:		
Accounts	-	34
Taxes	-	80,218
Accrued interest	-	26,895
Due from other governments	70,000	392,991
Due from other funds	-	308,824
Lease receivable	-	379,989
Restricted assets:		
Restricted cash and investments	-	444,568
Total Assets	**$ 722,804**	**$ 7,362,149**
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit):		
Liabilities:		
Accounts payable	$ 31,051	$ 317,543
Accrued liabilities	-	21,572
Deposits payable	-	193,585
Due to other governments	400	400
Due to other funds	72,589	308,824
Total Liabilities	104,040	841,924
Deferred Inflows of Resources:		
Unavailable revenues	-	222,601
Lease related	-	384,989
Total Deferred Inflows of Resources	**-**	**607,590**
Fund Balances (Deficit):		
Restricted:		
Public safety - police	34,355	34,355
Grants - public works	587,516	587,516
Capital projects	-	902,218
Quimby Act	9,482	9,482
Pension stabilization trust	-	444,568
Assigned to:		
Contingencies	-	2,648,498
Unassigned (Deficit)	(12,589)	1,285,998
Total Fund Balances (Deficit)	618,764	5,912,635
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	**$ 722,804**	**$ 7,362,149**

The notes to financial statements are an integral part of this statement.

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CITY OF ROLLING HILLS, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2023

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

Total fund balances - governmental funds		$ 5,912,635
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,448,092
Compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.		(64,353)
Governmental funds report all pension contributions as expenditures; however, in the statement of activities, the excess/deficiency of the total pension liability over/under the plan fiduciary net position is reported as a net pension liability/asset.		(918,010)
Pension-related deferred outflows of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Contributions made after the actuarial measurement date	$ 119,805	
Changes in assumptions	94,069	
Difference between expected and actual experiences	18,435	
Net difference between projected and actual earnings on plan investments	168,155	
Adjustments due to differences in proportions	47,706	448,170
Pension-related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Net difference between projected and actual earnings on plan investments	(12,347)	
Difference in proportionate share	(46,319)	(58,666)
Governmental funds report all other post-employment benefits contributions as expenditures; however, in the statement of net position, the excess of the plan fiduciary net position over the total other post-employment benefits liability is reported as a net other post-employment benefits asset.		94,402
Other post-employment benefits-related deferred outflows of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Contributions made after the actuarial measurement date	42,708	
Differences between expected and actual experience	36,480	
Assumption changes	72,283	
Differences between projected and actual return on assets	62,746	214,217
Other post-employment benefits-related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Differences between expected and actual experience		(16,497)
Internal service funds are used by management to charge the costs of certain activities, such as equipment and technology replacement, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		268,115
Net Position of Governmental Activities		**$ 7,328,105**

The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA
Statement of Revenues,
Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

		Special Revenue Fund	Capital Projects Funds	
	General	CAL/OES	Underground Utility Fund	Capital Projects Fund
Revenues:				
Taxes	$ 1,471,698	$ -	$ -	$ -
Licenses and permits	584,246	-	-	-
Intergovernmental	529,510	42,938	-	-
Charges for services	70,951	-	-	-
Use of money and property	105,706	-	14,692	8,350
Fines and forfeitures	4,985	-	-	-
Miscellaneous	80,084	-	-	-
Total Revenues	**2,847,180**	**42,938**	**14,692**	**8,350**
Expenditures:				
Current:				
General government	1,586,501	-	-	-
Public safety	237,665	13,945	-	-
Planning and development	667,166	-	-	-
Public works	-	-	13,645	-
Capital outlay	11,173	257,978	-	816,473
Total Expenditures	**2,502,505**	**271,923**	**13,645**	**816,473**
Excess (Deficiency) of Revenues Over (Under) Expenditures	344,675	(228,985)	1,047	(808,123)
Other Financing Sources (Uses):				
Transfers in	24,000	15,294	-	760,528
Transfers out	(1,014,581)	-	-	-
Total Other Financing Sources (Uses)	**(990,581)**	**15,294**	**-**	**760,528**
Net Change in Fund Balance	(645,906)	(213,691)	1,047	(47,595)
Fund Balances (Deficit), Beginning of the Year, as Restated	5,278,952	(27,702)	664,527	284,239
Fund Balances (Deficit), End of the Year	**$ 4,633,046**	**$ (241,393)**	**$ 665,574**	**$ 236,644**

The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA
Statement of Revenues,
Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	$ -	$ 1,471,698
Licenses and permits	-	584,246
Intergovernmental	494,565	1,067,013
Charges for services	-	70,951
Use of money and property	14,326	143,074
Fines and forfeitures	-	4,985
Miscellaneous	-	80,084
Total Revenues	**508,891**	**3,422,051**
Expenditures:		
Current:		
General government	-	1,586,501
Public safety	165,373	416,983
Planning and development	13,919	681,085
Public works	114,127	127,772
Capital outlay	5,000	1,090,624
Total Expenditures	**298,419**	**3,902,965**
Excess (Deficiency) of Revenues Over (Under) Expenditures	210,472	(480,914)
Other Financing Sources (Uses):		
Transfers in	-	799,822
Transfers out	-	(1,014,581)
Total Other Financing Sources (Uses)	**-**	**(214,759)**
Net Change in Fund Balance	210,472	(695,673)
Fund Balances (Deficit), Beginning of the Year, as Restated	408,292	6,608,308
Fund Balances (Deficit), End of the Year	**$ 618,764**	**$ 5,912,635**

The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA
Reconciliation of the Statement of Revenues, Expenditures,
And Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year End June 30, 2023

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

Net change in fund balances - total governmental funds		$ (695,673)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays was less than depreciation expense in the current period.		
Capital outlay	$ 720,500	
Depreciation	(13,592)	706,908
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.		(4,904)
Pension obligation 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.		63,426
Other post-employment benefits obligation 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.		12,562
Internal service funds are used by management to charge the costs of certain activities, such as equipment and technology replacement, to individual funds. The net revenues of the internal service funds are reported with governmental activities.		5,918
Change in Net Position of Governmental Activities		**$ 88,237**

The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Fund	Governmental Activities- Internal Service Fund
	Refuse Collection Fund	
Assets:		
Cash and investments	$ 480,865	$ 268,115
Accounts receivable	15,275	-
Total Assets	**496,140**	**268,115**
Liabilities:		
Current:		
Operating Income (Loss) Before Transfers	472,085	-
Accrued liabilities	-	-
Accrued interest	-	-
Total Liabilities	**472,085**	**-**
Net Position:		
Unrestricted	24,055	268,115
Total Net Position	**$ 24,055**	**$ 268,115**

The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA
Statement of Revenues, Expenses
And Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund	Governmental Activities-
	Refuse Collection Fund	Internal Service Fund
Operating Revenues:		
Sales and service charges	$ 744,696	$ -
Total Operating Revenues	**744,696**	**-**
Operating Expenses:		
Administration and general	492	-
Refuse collection	944,172	-
Total Operating Expenses	**944,664**	**-**
Operating Income (Loss)	(199,968)	-
Nonoperating Revenues (Expenses):		
Interest revenue	195	5,918
Total Nonoperating Revenues (Expenses)	**195**	**5,918**
Operating Income (Loss) Before Transfers	(199,773)	5,918
Transfers in	238,759	-
Transfers out	(24,000)	-
Change in Net Position	14,986	5,918
Net Position:		
Net Position, Beginning of the Year	9,069	262,197
Net Position, End of the Year	**$ 24,055**	**$ 268,115**

The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund	Governmental Activities-
	Refuse Collection Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers and users	$ 753,764	$ -
Net Cash Provided by Operating Activities	**281,185**	**-**
Cash Flows from Non-Capital Financing Activities:		
Cash transfers out	(24,000)	-
Cash transfers in	238,759	-
Repayment made to other funds	(15,274)	-
Net Cash Provided by Non-Capital Financing Activities	**199,485**	**-**
Cash Flows from Investing Activities:		
Interest received	195	5,918
Net Cash Provided by Investing Activities	**195**	**5,918**
Net Increase in Cash and Cash Equivalents	480,865	5,918
Cash and Cash Equivalents, July 1	-	262,197
Cash and Cash Equivalents, June 30	**$ 480,865**	**$ 268,115**
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	$ (199,968)	$ -
Ac Operating Income (Loss) Before Transfers to net cash provided by operating activities:		
Depreciation	-	-
Decrease in accounts receivable	9,068	-
Increase in accounts payable	472,085	-
Total adjustments	481,153	-
Net Cash Provided by Operating Activities	**$ 281,185**	**$ -**

The notes to financial statements are an integral part of this statement.

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I. SIGNIFICANT ACCOUNTING POLICIES

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Entity

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

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's proprietary funds function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The City reports the following major governmental funds:

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

The Cal/OES special revenue fund is used to track funding for the California Governor's Office of Emergency Services grant activity and operations.

The Capital Projects Fund is used to facilitate the expenditures necessary to fund and account for various capital projects and capital asset acquisitions throughout the City's general operations.

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

The City reports the following major proprietary fund:

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

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the City reports the following fund types:

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

Cash and Investments

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

Investments for the City are reported at fair value. The City's policy is generally to hold investments until maturity.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". All trade and property tax receivables are shown net of allowance for uncollectibles.

Prepaid Costs

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Such assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at acquisition value at the date of acquisition.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

Compensated Absences

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has two items that qualify for reporting in this category. They are deferred outflows relating to the net pension obligation and deferred outflows related to other post-employment benefits reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, the net difference between projected and actual earnings on plan investments, changes in actuarial assumptions, differences between expected and actual experiences, and adjustments due to differences in proportions. The amounts for contributions made after the measurement period will be recognized in the subsequent fiscal year; the net difference between projected and actual earnings on plan investments will be amortized over five years; and all remaining deferrals will be amortized over the remaining expected average remaining service life.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position or governmental fund balance sheet 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 government has three items that qualify for reporting in this category. The government may report one item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category, accordingly, unavailable revenue, is reported only in the governmental funds balance sheet and is related to grant revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items that qualifies for reporting in this category are deferred inflows relating to the net pension obligation and other post-employment benefits reported in the government-wide statement of net position. These inflows are the result changes in actuarial assumptions, differences between expected and actual experiences, adjustments to proportions, and differences in the proportionate share of contributions. These amounts are deferred and amortized over the remaining service life. Lastly, leases related items for the amount of the lease receivable plus any lease payments related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term.

Fund Equity

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

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

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

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through resolution. The City has no committed fund balance as of June 30, 2023.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The assigned balance is set aside with the intent to be used for a specific purpose by the City Council through resolution.

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

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

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City established certain a minimum fund balance policy as follows:

The General Fund, Community Facilities Fund, and Underground Utility Fund shall maintain unrestricted fund balance (amount remaining after non-spendable and restricted fund balance) equivalent to a minimum of 100% of originally adopted annual expenditures (excluding one-time expenditures greater than $25,000) before transfers plus any City Council approved committed or assigned fund balance.

Fund Equity Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted 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 government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Property Tax

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

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

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. 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. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD): June 30, 2021

Measurement Date (MD): June 30, 2022

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

Other Post-Employment Benefits Plan

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by the California Public Employees' Retirement System (CalPERS), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Valuation Date (VD): June 30, 2021

Measurement Date (MD): June 30, 2022

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

NOTE 2: CASH AND INVESTMENTS

As of June 30, 2023, cash and investments were reported in the accompanying financial statements as follows:

Cash and Investments:		
Governmental activities	$	5,996,745
Business-type activities		480,865
Total cash and investments		6,477,610
Governmental activities		444,568
Total restricted cash and investments		444,568
Total	$	6,922,178

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

Cash on hand	$	1,500
Demand deposits		131,137
Restricted investments (Section 115 Trust)		444,568
Investments		6,344,973
Total Cash and Investments	$	6,922,178

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

A. Deposits

As of June 30, 2023, the carrying amount of the City's deposits was $131,137 and the bank balance was $198,489. The $67,352 difference represents outstanding checks and deposits in transit.

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

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

B. Investments

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

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

C. Investments Authorized by Debt Agreements

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

D. Investments in State Investment Pool

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

E. Pension Rate Stabilization Program Section 115 Trust

In July 2018, the City Council authorized participation in the PARS Pension Rate Stabilization Program Section 115 Trust in order to mitigate rising pension costs through CalPERS. The initial funding amount was $185,000. The program has been established as a multiple employer trust so that public agencies regardless of size can join the program and receive the necessary economies of scale to keep administrative feels low and avoid any setup costs. The trust permits the City, under Federal and State law, to invest in a more diversified array of investments to maximize investment returns long term. The balance of the Trust at June 30, 2023 is $444,568 and is reported as restricted cash and investments.

F. Credit Risk

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

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of June 30, 2023, all securities were investment grade and were legal under State and City law. Investments in U.S. government securities are not considered to have a credit risk and, therefore, their credit quality is not disclosed As of June 30, 2023, the City's investments in external investment pools and money market mutual funds are unrated.

G. Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

As of June 30, 2023, $327,280 of the City's deposits or investments were exposed to custodial credit risk, although deposits are classified as local agency collateralized deposit account.

H. Concentration of Credit Risk

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. As of June 30, 2023, in accordance with GASB Statement No. 40, if the City has invested more than 5% of its total investments in any one issuer then it is exposed to credit risk. The Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this.

As of June 30, 2023, none of the City's deposits or investment were exposed to concentration of credit risk.

I. Interest Rate Risk

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

As of June 30, 2023, the City had the following investments and original maturities:

	Investment Maturities (in Years)			
	1 year or less	1 - 3 years	3 - 5 years	Fair Value
Investments:				
Local Agency Investment Fund	$ 1,599,640	$ -	$ -	$ 1,599,640
Money Market Saving Accounts	873,820	-	-	873,820
Certificates of Deposits	590,196	1,636,874	1,148,528	3,375,598
U.S. Treasury Securities	495,915	-	-	495,915
Restricted investments:				
Money Market Funds	444,568	-	-	444,568
	$ 4,004,139	$ 1,636,874	$ 1,148,528	$ 6,789,541

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

J. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At June 30, 2023, all of the City's investments are valued using Level 1 inputs, with the exception of the Local Agency Investment Fund and money market funds, which are considered to be uncategorized.

NOTE 3: RECEIVABLES

Receivables at June 30, 2023, for the City's individual major funds, and non-major and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are detailed below. All receivables are expected to be collected within one year, except for delinquent property taxes.

Accounts Receivable	General Fund	Refuse Collection Fund	Total
Property, sales, and franchise taxes	$ 80,252	$ -	$ 80,252
Taxes assessed for rubbish collection	-	15,275	15,275
Total Receivables	$ 80,252	$ 15,275	$ 95,527

NOTE 4: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Transfers

Individual fund operating transfers for the fiscal year ended June 30, 2023, are as follows:

	Transfers Out		
Funds	General Fund	Refuse Collection Fund	Total
Transfers In:			
General Fund	$ -	$ 24,000	$ 24,000
Refuse collection fund	238,759	-	238,759
Cal/OES	15,294	-	15,294
Non-Major Funds	760,528	-	760,528
Total	$ 1,014,581	$ 24,000	$ 1,038,581

Of the $1,014,581 transferred out of the General Fund, $760,528 was transferred to the non-major Capital Improvement Fund for capital projects, $15,294 to the Cal/OES fund and $238,759 was transferred to the Refuse Collection Fund to support operating costs and to cover traffic safety efforts. The Refuse Collection Fund transferred out $24,000 to the General Fund to cover administrative expenditures in the current fiscal year.

NOTE 4: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

B. Due To/From Other Funds

Receivable Fund	Payable Fund	Totals
General Fund	Cal/OES Fund	$236,235
General Fund	Non-Major Governmental Funds	72,589
		$308,824

The amounts loaned from the General Fund to the Cal/OES Fund, non-major governmental funds and Refuse Collection fund were to eliminate negative cash balances as of June 30, 2023.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 564,040	$ -	$ -	$ 564,040
Construction-in-progress	155,859	357,150	-	513,009
Total capital assets, not being depreciated	719,899	357,150	-	1,077,049
Capital assets, being depreciated				
Land Improvements	176,139	-	-	176,139
Machinery, equipment, and vehicles	11,987	-	-	11,987
Storm Drain	-	363,350	-	363,350
Fixtures	26,591	-	-	26,591
Total capital assets, being depreciated	214,717	363,350	-	578,067
Less accumulated depreciation				
Land Improvements	176,139	-	-	176,139
Machinery, equipment, and vehicles	8,390	2,111	-	10,501
Storm Drain	-	9,084	-	9,084
Fixtures	8,903	2,397	-	11,300
Total accumulated depreciation	193,432	13,592	-	207,024
Total capital assets, being depreciated, net	21,285	376,942	-	371,043
Total governmental activities capital assets	$ 741,184	$ 734,092	$ -	$ 1,448,092

During the fiscal year ended June 30, 2023, depreciation expense was $13,592 and allocated to general government functional expense.

NOTE 6: LEASES

A. Leases Receivable and Deferred Inflows of Resources

The City entered into a 72 month-lease as Lessor for the use of a building at No. 1 Portugueses Bend Road and other near related common areas. An initial lease receivable was recorded in the amount of $497,765. As of June 30, 2023, the value of the lease receivable is $379,989. The lessee is required to make annual fixed payments of $5,749 until increased to $6,998 starting July 2023. The value of the deferred inflow of resources as of June 30, 2023 was $384,989, and the City recognized lease revenue of $52,904 during the fiscal year.

The principal and interest payments that are expected to maturity are as follows:

	Governmental Activities		
June 30	Principal	Interest	Total Payments
2024	$ 70,051	$ 13,925	$ 83,976
2025	72,905	11,071	83,976
2026	75,876	8,100	83,976
2027	78,967	5,009	83,976
2028	82,190	1,792	83,982
Totals	$ 379,989	$ 39,897	$ 419,886

NOTE 7: COMPENSATED ABSENCES

The following is a summary of changes in compensated absences of the City for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Compensated Absences	$ 59,449	$ 35,089	$ 30,185	$ 64,353	$ 30,000

Liabilities for compensated absences are typically liquidated by the General Fund.

NOTE 8: LIABILITY, INSURED PROGRAMS AND WORKERS' COMPENSATION PROTECTION

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

The City is a member of the California Joint Powers Insurance Authority (the 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.

NOTE 8: LIABILITY, INSURED PROGRAMS AND WORKERS' COMPENSATION PROTECTION (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.

For 2022-23 the Authority's pooled retention is $1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to $1 million. Coverage from $1 million to $5 million is purchased through reinsurance policies, and Employer's Liability losses from $5 million to $10 million are pooled among members.

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. Coverage is on a claims-made basis. There is a $250,000 deductible. The Authority has an aggregate limit of $20 million.

NOTE 8: LIABILITY, INSURED PROGRAMS AND WORKERS' COMPENSATION PROTECTION (CONTINUED)

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. City property currently has all-risk property insurance protection in the amount of $1,633,455. There is a $10,000 deductible per occurrence except for non-emergency vehicle insurance which has a $2,500 deductible.

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.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2022-23.

NOTE 9: PENSION PLAN OBLIGATIONS

A. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. The City has a Miscellaneous cost-sharing plan including the Classic Tier and PEPRA Tier.

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 10 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.

NOTE 9: PENSION PLAN OBLIGATIONS (CONTINUED)

Below is a summary of the plans' provisions and benefits in effect at June 30, 2023, for which the City has contracted:

Major Benefit Options	Miscellaneous	Misc. PEPRA
Hire date	Prior to January 1, 2013	January 1, 2013 and thereafter
Benefit Provision		
Benefit formula	2% @60	2% @62
Social Security	Yes	No
Full/Modified	Modified	Modified
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	Minumum 50 yrs	
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employer contribution rates	26.740%	8.670%
Required employee contribution rates	6.920%	7.250%

New entrants are not allowed in the Miscellaneous Classic Tier.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be 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 the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the contributions recognized as a reduction to the net pension liability for all Plans was $105,332.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, the City reported net pension liability for its proportionate shares of the net pension liability of the Plan was $918,010.

NOTE 9: PENSION PLAN OBLIGATIONS (CONTINUED)

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022, was as follows:

Proportion - June 30, 2021	0.00723%
Proportion - June 30, 2022	0.00795%
Change	0.0007%

For the year ended June 30, 2023, the City recognized pension income of $63,426. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 119,805	$ -
Changes of assumptions	94,069	-
Differences between expected and actual experience	18,435	-
Net difference between projected and actual earnings on pension plan investments	168,155	(12,347)
Adjustment due to differences in proportions	47,706	-
Difference in proportionate share of contributions	-	(46,319)
Total	$ 448,170	$ (58,666)

The $119,805 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 69,637
2025	61,413
2026	35,799
2027	102,850
Total	$ 269,699

NOTE 9: PENSION PLAN OBLIGATIONS (CONTINUED)

Actuarial Assumptions

For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021, total pension liability. The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and services
Mortality rate table	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	The lesser of contract COLA or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability 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.

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.

NOTE 9: PENSION PLAN OBLIGATIONS (CONTINUED)

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:

Asset Class	Assumed Asset Allocation	Real Return [1, 2]
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 2021-22 Asset Liability Management study

Sensitivity 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, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.90 percent) or 1% point higher (7.90 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rte (6.90%)	Discount Rate +1% (7.90%)
Proportionate share of net pension liability	$ 1,418,308	$ 918,010	$ 506,390

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

C. Pension Rate Stabilization Program Section 115 Trust

The City holds investments in a Section 115 Trust for pension stabilization. The current market value of the trust is $444,568. This trust fund is not included in the calculation of the net pension liability, as the assets are not in the custody of the plan administrator, CalPERS. Refer to Note 2 for additional information.

NOTE 10: OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS

A. Plan Description

The City provides retiree medical benefits through an agent multiple-employer defined benefit healthcare plan, administered by the California Public Employees' Retirement System (CalPERS) which provides medical insurance benefits to eligible retirees. A separate financial report is not available for the plan. Employees are eligible for retiree health benefits if they retire from the City on or after age 60 with at least 5 years of service with the City and are eligible for a PERS pension.

B. Employees Covered

Membership of the plan consisted of 6 eligible active employees and 6 enrolled eligible retirees at June 30, 2023. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

C. Contributions

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The actual contribution is based on projected pay-as-you-go financing requirements. For the measurement dated ended June 30, 2022, the City's contributions were $42,708 in total payments, which were recognized as a reduction to the OPEB liability.

D. Net OPEB Asset

The City's net OPEB asset was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2022 to determine the June 30, 2022 total OPEB liability, based on the following actuarial methods and assumptions:

Inflation:	2.50% per year
Investment Return / Discount Rate:	6.25% per year
Healthcare Trend:	4.00% per year
Payroll Increase:	2.75% per year

2017 CalPERS Mortality for Active Miscellaneous Employees

Retirement Rates: 2017 CalPERS 2.0% @ 62 Rates for Miscellaneous Employees (adjusted to reflect a minimum retirement age of 52 for those hired after 2012)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Assumed Gross Return
All Equities	40.00%	7.545%
All Fixed Income	43.00%	4.250%
Real Estate Investment Trusts	8.00%	7.250%
All Commodities	4.00%	7.545%
Treasury Inflation Protected Securities (TIPS)	5.00%	3.000%
Total	100.00%	

NOTE 10: OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

F. Changes in the OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2022	$ 544,859	$ 753,149	$ (208,290)
Changes recognized for the measurement period:			
Service cost	28,818	-	28,818
Interest on total OPEB liability	33,605	(94,448)	128,053
Differences between expected and actual experience	(466)	-	(466)
Contributions-employer	-	42,708	(42,708)
Benefit payments, including refunds of employee contributions	(42,708)	(42,708)	-
Administrative expense	-	(191)	191
Net changes during 2022-23	19,249	(94,639)	113,888
Balance at June 30, 2023	$ 564,108	$ 658,510	$ (94,402)

G. Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	Discount Rate 1 Percent (5.25%)	Current Discount Rate (6.25%)	Discount Rate +1 Percent (7.25%)
Plan's net OPEB (asset)	$ (42,489)	$ (94,402)	$ (138,309)

NOTE 10: OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

H. Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB asset of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	1% Decrease	Current Heathcare Cost Trend Rate	1% Increase
Plan's net OPEB (asset)	$ (149,444)	$ (94,402)	$ (28,505)

I. OPEB Plan Fiduciary Net Position

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from CalPERS' website at www.calpers.ca.gov.

J. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of $197,630. As of fiscal year ended June 30, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 42,708	$ -
Changes of assumptions	72,283	-
Differences between expected and actual experience	36,480	(16,497)
Net difference between projected and actual earnings on OPEB plan investments	62,746	-
Total	$ 214,217	$ (16,497)

The $42,708 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability/(asset) during the fiscal year ending June 30, 2024. All other deferred items will be amortized and recognized in pension expense as follows:

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 23,330
2025	23,939
2026	22,581
2027	40,126
2028	13,159
Thereafter	31,877
Total	$ 155,012

NOTE 11: DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Pursuant to the IRC 457 subsection (g); all amounts of compensation deferred under the deferred compensation plan, all property, or rights are solely the property and rights of the employee and beneficiaries of the plan. Deferred compensation funds are not subject to the claims of the City's general creditors; consequently, the assets and related liabilities of the plan are not included within the City's financial statements. The ending investment balance of the plan as of June 30, 2023, was $238,709.

NOTE 12: COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Grants

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

NOTE 13: RESTATEMENTS

Grant expenditures totaling $14,050 were incorrectly charged to the LEAP Grant Fund in fiscal year 2022. Upon further consideration, these costs should have been charged to the General Fund and the fund balance as of June 30, 2022 has been restated by ($14,050) and $14,050 in the General Fund and LEAP Grant Fund, respectively.

During fiscal year 2019, the City purchased Rule 20A Credits from the City of Palos Verdes Estates, valued at $1,125,491, which was approved by Southern California Edison Company. Based on negotiated prices, the cost to the City was $675,295 and was recorded as a deposit asset. Upon further analysis by the City regarding the accounting of this payment, it was determined that the $675,295 should have been recorded as a current expenditure within the Underground Utility Fund. The fund balance as of June 30, 2022 of the Underground Utility Fund has since been restated by $675,295.

NOTE 14: SUBSEQUENT EVENTS

The City evaluated subsequent events for recognition and disclosure through June 24, 2024, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023, that required recognition or disclosure in these financial statements.

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STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. General Budget Policies

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

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

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

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

The Community Facilities, Transportation Development Act, TDA Article 3, SB 12383 Grant, and LEAP Grant special revenue funds did not adopt a budget for the fiscal year ended June 30, 2023.

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the finance department (the legal level of budgetary control) of the general government function of the General Fund by $49,848. In addition, expenditures exceeded appropriations in the capital outlay function of the General Fund by $11,173. Total expenditures did not exceed appropriations in the General Fund.

Additionally, expenditures exceeded appropriations in the public safety function of the Cal/OES and COPS Fund by $13,945 and $373, respectively. Total expenditures did not exceed appropriations in the Cal/OES and COPS Fund.

B. Deficit Fund Equity

At June 30, 2023, The City reported deficit fund equities in the following funds:

Fund Name	Fund Type	Deficit	Cause
Transportation Development Act	Nonmajor Special Revenue Fund	$ (5,000)	(a)
LEAP Grant Fund	Nonmajor Special Revenue Fund	(7,589)	(a)

(a) Deficit due to timing differences between grant receipts and disbursements, and is expected to be eliminated through future grant revenues.

CITY OF ROLLING HILLS, CALIFORNIA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1, as restated	$ 5,278,952	$ 5,278,952	$ 5,278,952	$ -
Resources (Inflows):				
Taxes	1,581,213	1,581,213	1,471,698	(109,515)
Licenses and permits	475,000	475,000	584,246	109,246
Intergovernmental	473,682	473,682	529,510	55,828
Charges for services	35,250	35,250	70,951	35,701
Use of money and property	129,239	129,239	105,706	(23,533)
Fines and forfeitures	5,000	5,000	4,985	(15)
Miscellaneous	5,000	5,000	80,084	75,084
Transfers in	24,000	24,000	24,000	-
Amounts Available for Appropriations	**8,007,336**	**8,007,336**	**8,150,132**	**142,796**
Charges to Appropriations (Outflows):				
General government	1,694,704	1,818,930	1,586,501	232,429
Public safety	245,000	245,000	237,665	7,335
Planning and Development	924,069	948,539	667,166	281,373
Capital outlay	-	-	11,173	(11,173)
Transfers out	564,500	1,390,142	1,014,581	375,561
Total Charges to Appropriations	**3,428,273**	**4,402,611**	**3,517,086**	**885,525**
Budgetary Fund Balance, June 30	**$ 4,579,063**	**$ 3,604,725**	**$ 4,633,046**	**$ 1,028,321**

CITY OF ROLLING HILLS, CALIFORNIA
Budgetary Comparison Schedule
CAL/OES
For the Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ (27,702)	$ (27,702)	$ (27,702)	$ -
Resources (Inflows):				
Intergovernmental	-	3,292,638	42,938	(3,249,700)
Transfers in	-	54,797	15,294	(39,503)
Amounts Available for Appropriation	**(27,702)**	**3,319,733**	**30,530**	**(3,289,203)**
Charges to Appropriation (Outflow):				
Public safety	-	-	13,945	(13,945)
Capital outlay	-	4,360,219	257,978	4,102,241
Total Charges to Appropriations	**-**	**4,360,219**	**271,923**	**4,088,296**
Budgetary Fund Balance, June 30	**$ (27,702)**	**$ (1,040,486)**	**$ (241,393)**	**$ 799,093**

CITY OF ROLLING HILLS, CALIFORNIA
Cost-Sharing Multiple Employer Miscellaneous Plan
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, for the Last Ten Fiscal Years (1)

	2023	2022	2021	2020	2019
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Proportion of the Net Pension Liability	0.00795%	0.00723%	0.00699%	0.00672%	0.00679%
Proportionate Share of the Net Pension Liability	$ 918,010	$ 391,149	$ 759,963	$ 688,971	$ 622,418
Covered Payroll	$ 432,749	$ 470,458	$ 522,620	$ 458,829	$ 408,643
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	212.13%	83.14%	145.41%	150.16%	152.31%
Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.68%	88.29%	75.10%	75.30%	75.30%

Notes to Schedule of Proportionate Share of the Net Pension Liability:

Changes of 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, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

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

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014-15 was the first year of implementation, therefore only nine years are shown.

2018	2017	2016	2015
6/30/2017	6/30/2016	6/30/2015	6/30/2014
0.00633%	0.00611%	0.00539%	0.00678%
$ 627,859	$ 528,827	$ 369,954	$ 421,924
$ 492,817	$ 465,123	$ 453,661	$ 410,896
127.40%	113.70%	81.55%	102.68%
73.30%	74.10%	78.30%	81.00%

CITY OF ROLLING HILLS, CALIFORNIA
Cost-Sharing Multiple Employer Miscellaneous Plan
Schedule of Plan Contributions
As of June 30, for the Last Ten Fiscal Years (1)

	2023	2022	2021	2020	2019
Actuarially Determined Contribution	$ 119,805	$ 105,332	$ 92,977	$ 84,285	$ 68,379
Contribution in Relation to the Actuarially Determined Contribution	0.01%	(105,332)	(92,977)	(84,285)	(68,379)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 596,903	$ 432,749	$ 470,458	$ 522,620	$ 458,829
Contributions as a Percentage of Covered Payroll	0.00%	24.34%	19.76%	16.13%	14.90%

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022-23 were derived from the June 30, 2021 funding valuation report.

Actuarial Cost Method:	Entry Age Normal
Amortization Method/Period:	For details, see June 30, 2021 Funding Valuation Report.
Asset Valuation Method:	Market Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
Inflation:	2.30%
Salary Increases:	Varies by Entry Age and Service
Retirement Age:	The probabilities of Retirement are based on the 2021 CalPERS Experience Study for the period of 2001 to 2019.
Mortality:	The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only nine years are shown.

2018	2017	2016	2015
$ 54,671	$ 53,328	$ 45,578	$ 34,611
(54,671)	(53,328)	(45,578)	(34,611)
$ -	$ -	$ -	$ -
$ 408,643	$ 492,817	$ 465,123	$ 453,661
13.38%	10.82%	9.80%	7.63%

CITY OF ROLLING HILLS, CALIFORNIA
Schedule of Changes in the Net OPEB Asset and Related Ratios
As of June 30, for the Last Ten Fiscal Years (1)

	2023	2022	2021	2020	2019	2018
Measurement Date	6/30/2022	6/30/2022	6/30/2021	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:						
Service cost	$ 28,818	$ 15,651	$ 15,232	$ 19,302	$ 18,785	$ 18,282
Interest on the total OPEB liability	33,605	26,260	25,506	24,323	22,828	20,310
Benefit payments	(42,708)	(33,632)	(18,424)	(18,424)	(18,424)	(17,715)
Expected Minus Actual Benefit Payments	(466)	-	(10,483)	(879)	-	-
Experience (Gains)/Losses	-	46,340	-	(22,094)	-	-
Changes in assumptions	-	79,174	-	22,803	-	-
Net change in total OPEB liability	19,249	133,793	11,831	25,031	23,189	20,877
Total OPEB liability - beginning	544,859	411,066	399,235	374,204	351,015	330,138
Total OPEB liability - ending (a)	**564,108**	**544,859**	**411,066**	**399,235**	**374,204**	**351,015**
Plan Fiduciary Net Position:						
Contribution - employer	-	-	18,424	18,424	18,424	17,715
Net investment income	47,066	129,273	40,568	37,919	35,713	37,288
Benefit payments	-	(33,632)	(18,424)	(18,424)	(18,424)	(17,715)
Administrative expense	(191)	(239)	(308)	(125)	(1,017)	(449)
Investment Gains/Losses	(141,514)	-	(6,790)	3,053	(1,742)	-
Other	-	-	-	-	542	-
Net change in plan fiduciary net position	(94,639)	95,402	33,470	40,847	33,496	36,839
Plan fiduciary net position - beginning	753,149	657,747	624,277	583,430	549,934	513,095
Plan fiduciary net position - ending (b)	**658,510**	**753,149**	**657,747**	**624,277**	**583,430**	**549,934**
Net OPEB Liability/(Asset) - ending (a) - (b)	**$ (94,402)**	**$ (208,290)**	**$ (246,681)**	**$ (225,042)**	**$ (209,226)**	**$ (198,919)**
Plan fiduciary net position as a percentage of the total OPEB liability	116.73%	138.23%	160.01%	156.37%	155.91%	156.67%
Covered-employee payroll	$ 432,749	$ 470,458	$ 522,620	$ 458,829	$ 408,643	$ 492,817
Net OPEB asset as a percentage of covered-employee payroll	21.81%	44.27%	47.20%	49.05%	51.20%	40.36%

Notes to Schedule of Changes in Net OPEB Asset and Related Ratios:

Changes in assumptions: Expected rate of return was changed from 6.50% to 6.25%.

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF ROLLING HILLS, CALIFORNIA
Schedule of Plan Contributions
As of June 30, for the Last Ten Fiscal Years (1)

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	$ 42,708	$ 33,632	$ 18,424	$ 18,424	$ 18,424	$ 17,422
Contribution in Relation to the Actuarially Determined Contributions	(42,708)	(33,632)	(18,424)	(18,424)	(18,424)	(17,422)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 596,903	$ 432,749	$ 470,458	$ 522,620	$ 458,829	$ 408,643
Contributions as a percentage of covered-employee payroll	7.15%	7.77%	3.92%	3.53%	4.02%	4.26%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market value
Inflation	2.75%
Payroll Growth	2.75%
Investment Rate of Return	6.25% per annum
Healthcare cost-trend rates	4.00%
Retirement Age	2017 CalPERS 2.0%@62 Rates for Miscellaneous Employees
Mortality	2017 CalPERS Mortality for Active Miscellaneous Employees

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF ROLLING HILLS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Community Facilities Fund	Transit Fund	Measure R	COPS
Assets:				
Cash and investments	$ 9,482	$ 140,174	$ 171,244	$ 30,772
Due from other governments	-	-	-	-
Total Assets	**$ 9,482**	**$ 140,174**	**$ 171,244**	**$ 30,772**
Liabilities and Fund Balances (Deficit):				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 9,328
Unearned revenues	-	-	-	-
Due to other governments	-	400	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	400	-	9,328
Fund Balances (Deficit):				
Restricted:				
Public safety -police	-	-	-	21,444
Grants - public works	-	139,774	171,244	-
Quimby Act	9,482	-	-	-
Unassigned (Deficit)	-	-	-	-
Total Fund Balances (Deficit)	9,482	139,774	171,244	21,444
Total Liabilities and Fund Balances (Deficit)	**$ 9,482**	**$ 140,174**	**$ 171,244**	**$ 30,772**

CITY OF ROLLING HILLS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	CLEEP	Transportation Development Act	Measure M Local Return	LA County Measure W
Assets:				
Cash and investments	$ 12,911	$ -	$ 175,905	$ 91,533
Due from other governments	-	-	-	-
Total Assets	**$ 12,911**	**$ -**	**$ 175,905**	**$ 91,533**
Liabilities and Fund Balances (Deficit):				
Liabilities:				
Accounts payable	$ -	$ 5,000	$ -	$ 16,723
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	5,000	-	16,723
Fund Balances (Deficit):				
Restricted:				
Public safety -police	12,911	-	-	-
Grants - public works	-	-	175,905	74,810
Quimby Act	-	-	-	-
Unassigned (Deficit)	-	(5,000)	-	-
Total Fund Balances (Deficit)	12,911	(5,000)	175,905	74,810
Total Liabilities and Fund Balances (Deficit)	**$ 12,911**	**$ -**	**$ 175,905**	**$ 91,533**

CITY OF ROLLING HILLS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	TDA Article 3	SB 1383 Grant	LEAP Grant Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and investments	$ -	$ 20,783	$ -	$ 652,804
Due from other governments	5,000	-	65,000	70,000
Total Assets	**$ 5,000**	**$ 20,783**	**$ 65,000**	**$ 722,804**
Liabilities and Fund Balances (Deficit):				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 31,051
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	400
Due to other funds	-	-	72,589	72,589
Total Liabilities	-	-	72,589	104,040
Fund Balances (Deficit):				
Restricted:				
Public safety -police	-	-	-	34,355
Grants - public works	5,000	20,783	-	587,516
Quimby Act	-	-	-	9,482
Unassigned (Deficit)	-	-	(7,589)	(12,589)
Total Fund Balances (Deficit)	5,000	20,783	(7,589)	618,764
Total Liabilities and Fund Balances (Deficit)	**$ 5,000**	**$ 20,783**	**$ 65,000**	**$ 722,804**

CITY OF ROLLING HILLS, CALIFORNIA
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Community Facilities Fund	Transit Fund	Measure R	COPS
Revenues:				
Intergovernmental	$ -	$ 89,730	$ 30,500	$ 165,371
Use of money and property	209	3,094	3,780	676
Total Revenues	**209**	**92,824**	**34,280**	**166,047**
Expenditures:				
Current:				
Public safety	-	-	-	165,373
Planning and development	-	-	-	-
Public works	-	58,400	-	-
Capital outlay	-	-	-	-
Total Expenditures	**-**	**58,400**	**-**	**165,373**
Net Change in Fund Balances	209	34,424	34,280	674
Fund Balances (Deficit), Beginning of the Year, as Restated	9,273	105,350	136,964	20,770
Fund Balances (Deficit), End of the Year	**$ 9,482**	**$ 139,774**	**$ 171,244**	**$ 21,444**

CITY OF ROLLING HILLS, CALIFORNIA
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	CLEEP	Transportation Development Act	Measure M Local Return	LA County Measure W
Revenues:				
Intergovernmental	$ -	$ -	$ 34,507	$ 104,457
Use of money and property	284	-	3,883	1,941
Total Revenues	**284**	**-**	**38,390**	**106,398**
Expenditures:				
Current:				
Public safety	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	55,727
Capital outlay	-	5,000	-	-
Total Expenditures	**-**	**5,000**	**-**	**55,727**
Net Change in Fund Balances	284	(5,000)	38,390	50,671
Fund Balances (Deficit), Beginning of the Year, as Restated	12,627	-	137,515	24,139
Fund Balances (Deficit), End of the Year	**$ 12,911**	**$ (5,000)**	**$ 175,905**	**$ 74,810**

CITY OF ROLLING HILLS, CALIFORNIA
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	TDA Article 3	SB 1383 Grant	LEAP Grant Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	$ 5,000	$ -	$ 65,000	$ 494,565
Use of money and property	-	459	-	14,326
Total Revenues	**5,000**	**459**	**65,000**	**508,891**
Expenditures:				
Current:				
Public safety	-	-	-	165,373
Planning and development	-	-	13,919	13,919
Public works	-	-	-	114,127
Capital outlay	-	-	-	5,000
Total Expenditures	**-**	**-**	**13,919**	**298,419**
Net Change in Fund Balances	5,000	459	51,081	210,472
Fund Balances (Deficit), Beginning of the Year, as Restated	-	20,324	(58,670)	408,292
Fund Balances (Deficit), End of the Year	**$ 5,000**	**$ 20,783**	**$ (7,589)**	**$ 618,764**

CITY OF ROLLING HILLS, CALIFORNIA
Budgetary Comparison Schedule
Transit Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 105,350	$ 105,350	$ 105,350	$ -
Resources (Inflows):				
Intergovernmental	82,000	82,000	89,730	7,730
Use of money and property	400	400	3,094	2,694
Amounts Available for Appropriations	**187,750**	**187,750**	**198,174**	**10,424**
Charges to Appropriation (Outflow):				
Public works	58,400	58,400	58,400	-
Total Charges to Appropriations	**58,400**	**58,400**	**58,400**	**-**
Budgetary Fund Balance, June 30	**$ 129,350**	**$ 129,350**	**$ 139,774**	**$ 10,424**

CITY OF ROLLING HILLS, CALIFORNIA
Budgetary Comparison Schedule
Measure R Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	$ 136,964	$ 136,964	$ 136,964	$ -
Resources (Inflows):				
Intergovernmental	28,000	28,000	30,500	2,500
Use of money and property	200	200	3,780	3,580
Amounts Available for Appropriations	**165,164**	**165,164**	**171,244**	**6,080**
Budgetary Fund Balance, June 30	**$ 165,164**	**$ 165,164**	**$ 171,244**	**$ 6,080**

CITY OF ROLLING HILLS, CALIFORNIA
Budgetary Comparison Schedule
COPS Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	$ 20,770	$ 20,770	$ 20,770	$ -
Resources (Inflows):				
Intergovernmental	165,000	165,000	165,371	371
Use of money and property	-	-	676	676
Amounts Available for Appropriations	**185,770**	**185,770**	**186,817**	**1,047**
Charges to Appropriations (Outflows):				
Public safety	165,000	165,000	165,373	(373)
Transfers out	-	-	-	-
Total Charges to Appropriations	**165,000**	**165,000**	**165,373**	**(373)**
Budgetary Fund Balance, June 30	**$ 20,770**	**$ 20,770**	**$ 21,444**	**$ 674**

CITY OF ROLLING HILLS, CALIFORNIA
Budgetary Comparison Schedule
CLEEP Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	$ 12,627	$ 12,627	$ 12,627	$ -
Resources (Inflows):				
Use of money and property	25	25	284	259
Amounts Available for Appropriations	**12,652**	**12,652**	**12,911**	**259**
Charges to Appropriations (Outflows):				
Public safety	1,200	1,200	-	1,200
Total Charges to Appropriations	**1,200**	**1,200**	**-**	**1,200**
Budgetary Fund Balance, June 30	**$ 11,452**	**$ 11,452**	**$ 12,911**	**$ 1,459**

CITY OF ROLLING HILLS, CALIFORNIA
Budgetary Comparison Schedule
Measure M Local Return Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	$ 137,515	$ 137,515	$ 137,515	$ -
Resources (Inflows):				
Intergovernmental	31,000	31,000	34,507	3,507
Use of money and property	200	200	3,883	3,683
Amounts Available for Appropriations	**168,715**	**168,715**	**175,905**	**7,190**
Budgetary Fund Balance, June 30	**$ 168,715**	**$ 168,715**	**$ 175,905**	**$ 7,190**

CITY OF ROLLING HILLS, CALIFORNIA
Budgetary Comparison Schedule
LA County Measure W Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	$ 24,139	$ 24,139	$ 24,139	$ -
Resources (Inflows):				
Intergovernmental	105,000	105,000	104,457	(543)
Use of money and property	-	-	1,941	1,941
Amounts Available for Appropriations	**129,139**	**129,139**	**130,537**	**1,398**
Charges to Appropriations (Outflows):				
Public works	80,000	80,000	55,727	24,273
Total Charges to Appropriations	**80,000**	**80,000**	**55,727**	**24,273**
Budgetary Fund Balance, June 30	**$ 49,139**	**$ 49,139**	**$ 74,810**	**$ 25,671**

CITY OF ROLLING HILLS, CALIFORNIA
Budgetary Comparison Schedule
Underground Utility Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1, as Restated	$ 664,527	$ 664,527	$ 664,527	$ -
Resources (Inflows):				
Use of money and property	-	-	14,692	14,692
Amounts Available for Appropriations	**664,527**	**664,527**	**679,219**	**14,692**
Charges to Appropriations (Outflows):				
Public works	-	13,645	13,645	-
Total Charges to Appropriations	**-**	**13,645**	**13,645**	**-**
Budgetary Fund Balance, June 30	**$ 664,527**	**$ 650,882**	**$ 665,574**	**$ 14,692**

CITY OF ROLLING HILLS, CALIFORNIA
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 284,239	$ 284,239	$ 284,239	$ -
Resources (Inflows):				
Use of money and property	-	-	8,350	8,350
Transfers in	396,000	1,166,845	760,528	(406,317)
Amounts Available for Appropriations	**680,239**	**1,451,084**	**1,053,117**	**(397,967)**
Charges to Appropriations (Outflows):				
Capital outlay	396,000	1,166,845	816,473	350,372
Total Charges to Appropriations	**396,000**	**1,166,845**	**816,473**	**350,372**
Budgetary Fund Balance, June 30	**$ 284,239**	**$ 284,239**	**$ 236,644**	**$ (47,595)**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Hills, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lunghard, LLP

Brea, California
June 24, 2024

CITY OF ROLLING HILLS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023

Purpose of Agenda Item

- To hear a report on the City's audited Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023
- Receive and file

Background

- Why are audited financial statements prepared?
  - Required by State Controller and possibly by City's Muni Code
- How do they differ from other financial reports prepared by staff during the year and at year end?
  - Interim reports focus on a comparison of revenues and expenditures to budget
  - ACFR focuses on the financial condition (health) of the entity and whether the financial condition improved or deteriorated during the fiscal year

Key Contents of ACFR

- Management's Discussion & Analysis (MD&A)
- Entity-wide financial statements
- Fund financial statements (major funds)
- Footnotes
- Individual fund financial statements

FINANCIAL HIGHLIGHTS
ENTITY-WIDE

	Govt'l Activities	Business Activities	Total
Assets			
Current and Other Assets	$ 8,543,120	$ 9,069	$8,552,189
Capital Assets	741,184	-	741,184
Deferred Outflows	344,619	-	344,619
Total Assets	9,628,923	9,069	9,637,992
Liabilities			
Current and Other Liabilities	344,619	-	344,619
Deferred Outflows	787,124	-	787,124
Total Liabilities	1,131,743	-	1,131,743
Net Position			
Invested in Capital Assets	741,184	-	741,184
Restricted	2,226,109	-	2,226,109
Unrestricted	4,947,870	9,069	4,956,939
Total Net Position	**$ 7,915,163**	**$ 9,069**	**$7,924,232**

ENTITY-WIDE

FINANCIAL CONDITION

	Govt'l Activities	Business Activities	Total
Revenues			
Taxes	$1,471,698	$ -	$ 1,471,698
Operating Grants	636,687	-	636,687
Charges for Services	715,829	744,696	1,460,525
Other	545,355	195	545,550
Total Revenues	3,369,569	744,891	4,114,460
Expenses			
Greneral Government	1,557,286	-	1,557,286
Public Safety	416,983	-	416,983
Planning & Development	652,808	-	652,808
Public Works	439,496	-	439,496
Refuse Collection	-	944,664	944,664
Total Expenses	3,066,573	944,664	4,011,237
Excess (Deficiency)	302,996	(199,773)	103,223
Transfers	(214,759)	214,759	-
Increase (Decrease) in Net Position	88,237	14,986	103,223
Net Position - Beginning (Restated)	7,239,868	9,069	7,248,937
Net Position - Ending	$7,328,105	$ 24,055	$ 7,352,160

ENTITY-WIDE

RESULTS OF OPERATIONS

GENERAL FUND HIGHLIGHTS

GENERAL FUND

REVENUES

	Adopted Budget	Actual Revenues	Variance
Property Taxes	$1,425,207	$ 1,378,564	$ (46,642)
Sales Taxes	19,300	20,555	1,255
Property Transfer Tax	122,706	57,185	(65,521)
Other Taxes	-	546	546
Motor Vehicle In Lieu	252,000	263,988	11,988
Construction & Demo Permits	-	5,750	5,750
Building & Other Permits	475,000	578,496	103,496
Variance, Planning & Zoning	20,000	61,244	41,244
Animal Control Fees	250	353	103
Franchise Fees	14,000	14,847	847
Fines & Traffic Violations	4,500	4,422	(78)
Fines & Forfeitures	-	563	563
Cost Reimbursements	15,000	9,353	(5,647)
RHCA Lease Revenue	69,000	63,404	(5,596)
Prop A Exchange	-	43,800	43,800
Interest on Investments	40,000	17,054	(22,946)
PARS Earnings	20,239	25,244	5,005
Public Safety Aug Fund	1,000	1,040	40
Burglar Alarm Response	500	-	(500)
Miscellaneous Revenue	5,000	82,904	77,904
Transfers In - ARPA	220,682	220,682	-
Transfers In - Refuse	24,000	24,000	-
TOTALS	$2,728,383	$ 2,873,993	$ 145,610

GENERAL FUND EXPENDITURES

	Adopted Budget	Amended Budget	Actuals	Variance
City Administration	$ 1,101,635	$ 1,101,635	$ 978,595	$ 123,040
Finance	140,500	140,500	190,344	(49,844)
Planning	924,069	948,539	667,166	281,373
Public Safety	245,000	245,000	237,665	7,335
City Properties	199,000	290,438	284,793	5,645
Non-Departmental	252,857	286,357	143,943	142,414
Transers Out	564,500	1,390,142	1,014,581	375,561
Totals	**$ 3,427,561**	**$ 4,402,611**	**$ 3,517,087**	**$ 885,524**

General Fund Summary

	Amended Budget	Actuals	Variance
Operating Revenues	$ 2,728,383	$ 2,871,181	$ 142,798
Operating Expenditures	(3,012,469)	(2,502,506)	509,963
Operating Surplus (Deficit)	(284,086)	368,675	652,761
Capital Transfers	(1,390,142)	(1,014,581)	375,561
Net Increase (Decrease)	$ (1,674,228)	$ (645,906)	$ 1,028,322

AUDIT RESULTS

AUDIT RESULTS

- Unmodified (“Clean”) opinion
- No material weaknesses or significant deficiencies in the system of internal controls

QUESTIONS/DISCUSSION

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 13.B
Mtg. Date: 07/08/2024

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

FROM: **KARINA BAÑALES, CITY MANAGER**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **ADOPT RESOLUTION NO. 1372 APPROVING THE UPDATED FISCAL YEAR 2024/25 PAY SCHEDULE TO COMPLY WITH CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) STATUTORY AND REGULATORY REQUIREMENTS FOR COMPENSATION EARNABLE AND PUBLICLY AVAILABLE PAY SCHEDULES**

DATE: **July 08, 2024**

BACKGROUND:
The California Public Employees' Retirement System (CalPERS) requires that the City Council regularly adopt a master salary schedule listing pay rates/ranges for all city-established positions, including the City Manager position. CalPERS Circular Letter 200-00320 (Attachment B) mandates that public agencies maintain and publish comprehensive salary schedules for all positions. This requirement is essential for maintaining the integrity of the pension system, ensuring fair and equitable compensation, and fostering public trust in the management of public funds.

This evening, staff recommends that the City Council adopt the attached resolution (Attachment A), which establishes the City's Fiscal Year 2024-2025 (FY24-25) Salary and Hourly Compensation Schedule for the city's classifications.

DISCUSSION:
The City of Rolling Hills has not adopted a master salary schedule by Resolution to reflect the current pay ranges. Accordingly, the attached resolution will establish the City's Salary and Hourly Compensation Schedule for Employees in City Service.

Exhibit A of Resolution No. 1372 is a Salary Schedule table describing full-time and part-time classifications, authorized positions, and the minimum and monthly salary range.

The Salary Schedule includes a Cost-of-Living Adjustment (COLA) that took effect on July 1, 2024, and was accounted for in the FY24-25 budget. Additionally, adjustments to employee salaries have been factored in. For reference, staff have included language from Section 1 of

the Rolling Hills Employee Handbook: Cost of Living Adjustment.

“annually, employees will receive a COLA in their salary or hourly rate based on the month of March, Los Angeles/Orange County/Riverside Consumer Price Index (CPI) for all items. The COLA will be applied to employee salaries or hourly rates automatically, not to exceed 3.5% on July 1 of every year based on the March CPI. On July 1 of every year, position salary ranges will also adjust automatically. The salary range will adjust based on the month of March, Los Angeles/Orange County/Riverside CPI for all items not to exceed 3.5%.”

Conclusion:
It is recommended that the City Council adopt the attached resolution to formalize the employee salary schedule and ensure compliance with CalPERS Circular Letter 200-00320. This resolution will mandate the salary schedule's regular updating and public availability.

FISCAL IMPACT:
The fiscal impact was included in the FY24-25 Adopted Budget.

RECOMMENDATION:
Approve as presented.

ATTACHMENTS:
Attachment A - ResolutionNo1372_FY24-25_SalarySchedule_F.pdf
Attachment B - CL_AGN_240708_CC_CalPERS_PaySchedules.pdf

RESOLUTION NO. 1372

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS, CALIFORNIA APPROVING THE UPDATED FISCAL YEAR 2024/25 PAY SCHEDULE TO COMPLY WITH CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) STATUTORY AND REGULATORY REQUIREMENTS FOR COMPENSATION EARNABLE AND PUBLICLY AVAILABLE PAY SCHEDULES

THE CITY COUNCIL OF THE CITY OF ROLLING HILLS, CALIFORNIA DOES HEREBY RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

WHEREAS, all employers must comply with the compensation earnable and publicly available pay schedules provisions contained within California Government Code (GC) section 20636(d) and California Code of Regulations (CCR), Title 2, Section 570.5; and

WHEREAS, it is necessary for the City Council to review and duly approve and adopt in accordance with requirements of applicable public meetings laws a publicly available pay schedule; and

WHEREAS, attached to this resolution and incorporated by reference is the City's comprehensive pay schedule which will be made publicly available on the City's external website and provided upon request; and

WHEREAS, the City reviews and may revise employee compensation and salary schedule ranges; and

WHEREAS, the City benefits from a highly qualified, municipal workforce; and

WHEREAS, to assist in retaining such a workforce, it is critical that the City's compensation levels are competitive in the marketplace; and

WHEREAS, the City should adjust salaries to reflect changes in the region's cost of living; and

WHEREAS, represented classifications are covered by current contracts which specify the amount of the salary adjustments in the new fiscal year; and

WHEREAS, the salaries are scheduled to take effect the beginning of the pay period that includes July 1, 2024

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Rolling Hills hereby:

1. Adopts the fiscal year 2024/25 pay schedule in Exhibit A, reflecting these pay adjustments effective the first pay period following the adoption of this resolution

PASSED, APPROVED and ADOPTED this 8th day of July 2024.

_____
Leah Mirsch
Mayor

ATTEST:

_____
Christian Horvath
City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF ROLLING HILLS)

The foregoing Resolution No. 1372 entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS, CALIFORNIA APPROVING THE UPDATED FISCAL YEAR 2024/25 PAY SCHEDULE TO COMPLY WITH CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) STATUTORY AND REGULATORY REQUIREMENTS FOR COMPENSATION EARNABLE AND PUBLICLY AVAILABLE PAY SCHEDULES

was approved and adopted at a regular meeting of the City Council on the 8th day of July, 2024, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
CHRISTIAN HORVATH
CITY CLERK

Exhibit “A”

City of Rolling Hills

Salary Schedule Effective 7/1/2024 through 6/30/ 2025

Adopted by ResolutionNo. 1372

Full-Time Classification	Authorized Positions	Monthly Minimum	Monthly Maximum
City Manager	1	$16,172	
Planning & Community Services Director	1	$ 12,351	$ 12,785
Management Analyst	1	$ 6,449	$ 8,341
City Clerk/Executive Assistant	1	$ 6,488	$ 8,519
Senior Planner	0	$ 6,442	$ 8,333
Assistant Planner	1	$ 4,551	$ 6,085
Code Enforcement Officer	0	$ 4,551	$ 6,085
Administrative Assistant	1	$ 4,373	$ 5,795

Part-Time Classification	Authorized Positions	Hourly Minimum	Hourly Maximum
Bookkeeper/Administrative Clerk	1	$ 25.63	$ 32.70

California Public Employees' Retirement System
P.O. Box 942715 | Sacramento, CA 94229-2715
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442
www.calpers.ca.gov

Payroll

Circular Letter

January 8, 2020
Circular Letter: 200-003-20
Distribution: IV, VI, X, XII, XVI

To: **All CalPERS Contracted Agencies (Public Agency, Schools, and State)**
Subject: **Statutory and Regulatory Requirements for Publicly Available Pay Schedules**

Purpose

The purpose of this Circular Letter is to inform all CalPERS Contracted Agencies of the requirements for providing CalPERS with a Publicly Available Pay Schedule in compliance with the Public Employees' Retirement Law (PERL), Public Employees' Pension Reform Act of 2013 (PEPRA), and Title 2 of the California Code of Regulations (CCR).

Purpose of Publicly Available Pay Schedules

Under the PERL and PEPRA, compensation earnable and pensionable compensation are determined in accordance with amounts identified on publicly available pay schedules.

Compensation Earnable

Under Government (Gov.) Code sections 20636 and 20636.1, compensation earnable means the pay rate and special compensation of the member, as further defined by those statutes.

Pay rate for contracting agency and school members is deemed the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules. Pay rate for contracting agency and school members who are not in a group or class is deemed the monthly rate of pay or base pay of the member, paid in cash and pursuant to publicly available pay schedules, for services rendered on a full-time basis during normal working hours, subject to specified limitations.

Pay rate for state members is deemed the average monthly remuneration paid in cash out of funds paid by the employer to similarly situated members of the same group or class of employment, in payment for the member's services or for time during which the member is excused from work, as further specified by subdivision (g) of Gov. Code 20636, pursuant to publicly available pay schedules.

Pensionable Compensation

Pursuant to Gov. Code section 7522.34, pensionable compensation of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules, subject to specified limitations.

Requirements of Publicly Available Pay Schedules

Subdivision (a) of CCR section 570.5 defines the requirements for a publicly available pay schedule used to determine pay rates.

Pay rates shall be limited to the amount listed on a pay schedule that must meet all the following eight (8) requirements:

1. Be duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws
2. Identify the position title for every employee position
3. Show the pay rate as a single amount or multiple amounts within a range for each identified position
4. Indicate the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually
5. Be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's website
6. Indicate an effective date and date of any revisions
7. Is retained by the employer and available for public inspection for not less than five years
8. Does not reference another document in lieu of disclosing the pay rate

Here is an example of a compliant pay schedule, to the extent it has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meeting laws, it is posted on the employer's website, and it is retained by the employer and available for public inspection for not less than five years:

City of CalPERS Salary Schedule for Fiscal Year 17-18 Effective as of 07/01/2017						
Classification	**Rate Type**	**Step 1**	**Step 2**	**Step 3**	**Step 4**	**Step 5**
City Manager	Monthly	$10,500	$11,000	$11,500	$12,000	$12,500
City Counsel	Monthly	$10,000	$10,500	$11,000	$11,500	$12,000
City Clerk	Monthly	$5,500	$6,000	$6,500	$7,000	$7,500
Call Center Representative	Monthly	$5,000	$5,500	$6,000	$6,500	$7,000
Analyst	Monthly	$5,000	$5,500	$6,000	$6,500	$7,000
Assistant	Monthly	$4,500	$5,000	$5,500	$6,000	$6,500
Revised as of 09/01/2017 and adopted by the Board as of 09/15/2017						

Special Compensation

Pursuant to CCR section 571 for classic members, and CCR section 571.1 for new members under PEPRA, special compensation items are defined under an exclusive list. Each special compensation item shall be reported separately from pay rate, in accordance with the criteria described in those regulations. Therefore, a publicly available pay schedule in which the special compensation items are reflected in the pay rates does not comply with CCR section 570.5.

Absence of Publicly Available Pay Schedule

If an employer fails to meet the requirements of subdivision (a) of CCR section 570.5, under subdivision (b), the board may determine in its sole discretion an amount that will be considered as pay rate, taking into consideration all information it deems relevant including, but not limited to, the following:

- Documents approved by the employer's governing body in accordance with requirements of public meeting laws and maintained by the employer
- Last pay rate listed on a pay schedule that conforms to the requirements of subdivision (a) with the same employer for the position at issue
- Last pay rate for the member that is listed on a pay schedule that conforms with the requirements of subdivision (a) with the same employer for a different position
- Last pay rate for the member in a position that was held by the member and that is listed on a pay schedule that conforms to the requirements of subdivision (a) of a former CalPERS employer.

Importance of Publicly Available Pay Schedule

Publicly available pay schedules are required by CalPERS and are a critical component to verify all members' pay rates when calculating members' retirement benefits. Maintaining a compliant publicly available pay schedule will support transparency and expedite CalPERS' review process.

Failure to provide CalPERS with a compliant publicly available pay schedule may result in a retirement benefit being delayed.

Questions

It is the employer's responsibility to comply with all terms and conditions set forth in the employer's contract with CalPERS and to ensure all reportable information is compliant with the PERL, PEPRA, and the CCR.

If you have any questions or concerns, contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888**-225-7377), or email MOU_Review@calpers.ca.gov.

Renee Ostrander, Chief
Employer Account Management Division

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 16.A
Mtg. Date: 07/08/2024

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

FROM: **CHRISTIAN HORVATH, CITY CLERK / EXECUTIVE ASSISTANT TO CITY MANAGER**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **CONFERENCE WITH LEGAL COUNSEL: THREATENED LITIGATION GOVERNMENT CODE SECTION 54956.9(D)(2) AND (E)(3)**
THE CITY COUNCIL FINDS, BASED ON ADVICE FROM LEGAL COUNSEL, THAT DISCUSSION IN OPEN SESSION WILL PREJUDICE THE POSITION OF THE CITY IN THE LITIGATION.
NUMBER OF POTENTIAL CASES: (7)
(GOVERNMENT CLAIMS ACT FORM SUBMITTED BY VARIOUS PROPERTY OWNERS IN RANCHO PALOS VERDES AGAINST THE CITY OF ROLLING HILLS ALLEGING DAMAGE TO PROPERTY)

DATE: **July 08, 2024**

BACKGROUND:
None.

DISCUSSION:
None.

FISCAL IMPACT:
None.

RECOMMENDATION:
None.

ATTACHMENTS:

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 16.B
Mtg. Date: 07/08/2024

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

FROM: **CHRISTIAN HORVATH, CITY CLERK / EXECUTIVE ASSISTANT TO CITY MANAGER**

THRU: **KARINA BAÑALES, CITY MANAGER**

SUBJECT: **CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION A CLOSED SESSION WILL BE HELD, PURSUANT TO GOVERNMENT CODE SECTION 54956.9(C) AND (D)(4) REGARDING THE DECISION OF WHETHER TO INITIATE LITIGATION (1 CASE)**

DATE: **July 08, 2024**

BACKGROUND:
None.

DISCUSSION:
None.

FISCAL IMPACT:
None.

RECOMMENDATION:
None.

ATTACHMENTS: