



City of Hidden Hills

6165 Spring Valley Rd.
Hidden Hills, CA 91302
www.hiddenhillscity.org



ANNUAL BUDGET

FISCAL YEAR 2019-20

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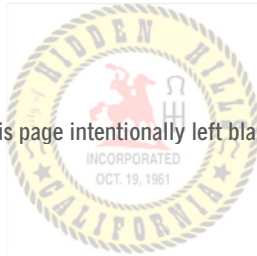
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RESOLUTION NO. 941

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIDDEN HILLS ADOPTING
A GENERAL FUND RESERVE POLICY FOR THE FISCAL YEAR COMMENCING ON
JULY 1, 2019

The City Council of the City of Hidden Hills hereby finds, resolves, and determines as follows:

Section 1. The City Council hereby approves and adopts the General Fund Reserve Policy attached hereto in Exhibit A effective July 1, 2019.

PASSED, APPROVED AND ADOPTED this 24th day of January, 2019.

ATTEST:


Deana L. Graybill, CMC, City Clerk


Larry G. Weber, Mayor

EXHIBIT A

GENERAL FUND RESERVE POLICY

City of Hidden Hills
General Fund Reserve Policy

1. INTRODUCTION

In an effort to ensure fiscal stability, sound fiscal management of public finances, and fiscal responsibility and accountability in the receipt and expenditure of City funds, it is appropriate for the City Council to adopt this Fiscal Reserve Policy. Through the adoption of this Policy, five distinct reserve categories are hereby established: (1) the Contingency Reserve; (2) Capital Improvement Projects Reserve; (3) Building Replacement/Upgrade Reserve; (4) Utility Undergrounding Reserve; and (5) Unrestricted Reserve.

2. PURPOSE

The purpose of the City of Hidden Hills Fiscal Reserve Policy is to document the City's approach to establishing and maintaining categories among its General Fund reserves. In addition, it is anticipated that by establishing these spending priorities, residents shall be given a clear picture of the City's priorities while providing a road map for future City Council's to consider when evaluating future expenditures.

3. ESTABLISHMENT OF RESERVE CATEGORIES

(A) Contingency Reserve

- (i) Description: This represents an annual uncommitted, unencumbered contingency reserve of the General Fund to protect the City's essential service programs and funding requirements.
- (ii) Process for establishing annual reserve: Each fiscal year during the budget planning process, the Contingency Reserve shall be evaluated by the City Council's Budget Ad-hoc Committee and staff to determine appropriate reserve resources needed based on the current fiscal and economic conditions of the City. At the time of the adoption of the City's fiscal year budget, the Budget Ad-hoc Committee and staff shall recommend to the City Council, for adoption, a level of reserve sufficient to ensure the City maintains funding at a level equal to its operating expenditures.
- (iii) Basis for funding reserve: For purposes of this Policy, the annual Contingency Reserve level shall be evaluated and established based on an analysis of the annual fiscal resources necessary to meet essential service and funding

requirements during periods of economic downturn, natural disasters, reduction in revenue through actions by the State and/or Federal governments, other unexpected circumstances such as litigation arising from lawsuits, cash flow constraints, and working capital needs. There is no established or best practice for an appropriate level of contingency reserve as each municipality must balance their needs, resources, and economic conditions. A contingency reserve of 50% or higher can be considered a “fiscally strong city.”

- (iv) Establishment of Fiscal Year 2019/20 Contingency Reserve level: With the adoption of this policy the Fiscal Year 2019/20 General Fund Reserve level shall total \$2,691,960. This represents 80% of the anticipated expenditures for FY 2019/20.
- (v) One-time uses of the Contingency Reserve: Notwithstanding the annually adopted reserve level, the City Council has the discretion to appropriate portions of the Contingency Reserve for one-time or extraordinary purposes which may result in the reserve falling below the target level in any given year. Should this occur, the City Manager shall be instructed to prepare a plan for consideration by the City Council to implement actions within a twelve-month period or longer, as determined by the City Council to rebuild the fund balance.

(B) CAPITAL IMPROVEMENT PROGRAM RESERVE

- (i) Description: This represents a reserve dedicated to expenditures associated with the City’s ongoing, multi-year Capital Improvements such as the Long Valley Improvement Project, Round Meadow Project, or road repairs.
- (ii) Process for establishing annual reserve: After assessing the capital improvement priorities and attendant costs during the annual budget review process and taking into account potential upfront costs, the annual reserve level shall be evaluated and established by the City Council as part of the adoption of the City’s budget.
- (iii) Basis for funding this reserve: City Capital Improvement projects are typically funded by revenues from two sources: the General Fund and various Restricted Funds. With regard to the former, in the event the General Fund Reserve in any given fiscal year exceeds the amount established in (2) (A) (iv) above, the excess revenue may be transferred to the Capital Improvement Program Reserve by action of the City Council.
- (iv) Carry-over of Reserve: Any unspent Capital Improvement Program Reserve funds existing at the end of the fiscal year shall remain in this reserve and be carried-over to subsequent fiscal year for appropriation as deemed by the City Council.

- (v) Establishment of Fiscal Year 2019/20 Capital Improvement Reserve: With the adoption of this policy the FY 2019/20 Capital Improvement Program Fund Reserve shall total \$2,250,000.

(C) BUILDING MAINTENANCE AND REPLACEMENT/UPGRADE

- (i) Description: This represents a reserve dedicated to expenditures associated with major maintenance of City Hall as well as upgrades and replacement to extend its useful life and use.
- (ii) Process for establishing annual reserve: For purposes of this Policy, the annual Building Maintenance and Replacement Reserve shall be evaluated each fiscal year by the City Council's Budget Ad-hoc Committee and staff to determine appropriate reserve resources necessary of the on-going maintenance and replacement/upgrade costs for City Hall. At the time of the adoption of the City's fiscal year budget, the Budget Ad-hoc Committee and staff shall recommend to the City Council, for adoption, a level of reserve sufficient to ensure that the required maintenance and replacement/upgrade needs of City Hall are properly budgeted from the perspective of both the ensuing year and on a long-term basis.
- (iii) Basis for funding this reserve: The Building Maintenance and Replacement/Upgrade Reserve shall be funded each fiscal year through the General Fund. Such funding shall be reflected as a transfer from the General Fund to this reserve.
- (iv) Carry-over reserve: Any unspent Building Maintenance and Replacement/Upgrade Reserve funds existing at the end of any fiscal year shall remain in this reserve and be carried-over to the subsequent year for appropriation as deemed appropriate by the City Council.
- (v) Establishment of the Fiscal Year 2019/20 Building Maintenance and Replacement/Upgrade Reserve: With adoption of this policy the FY 2019/20 the Building Maintenance and Replacement/Upgrade Reserve shall total \$500,000.

(D) UNDERGROUND UTILITY RESERVE

- (i) Description: This represents a reserve dedicated to expenditures associated with the long-established City Council goal to provide funding and facilitate the undergrounding of overhead utility lines throughout the City.

- (ii) Process for establishing annual reserve: For purposes of this Policy, the annual Underground Utility Reserve shall be made up of any unreserved or uncategorized funds based on sections A, B, and C above.
- (iii) Carry-over reserve: Any unspent Underground Utility reserve funds existing at the end of any fiscal year shall remain in this reserve and be carried-over to the subsequent year for appropriation as deemed appropriate by the City Council.
- (iv) Establishment of the Fiscal Year 2019/20 Underground Utility Reserve: With adoption of this policy the FY 2019/20 the Underground Utility Reserve shall total \$2,788,972. This number is subject to change depending on the actual Fiscal Year 2018/19 audit.

(E) UNRESTRICTED RESERVE

- (i) Description: This represents a reserve dedicated to ease potential cash flow expenses that may occur throughout the year. In addition, the reserve may be used for minor unanticipated expenses that could occur throughout the fiscal year.
- (ii) Process for establishing annual reserve: For purposes of this Policy, the annual Unrestricted Reserve will be reviewed each year as part of the budget adoption process by analyzing previous trends and uses.
- (iii) Carry-over reserve: Any unspent Unrestricted Reserve may be carried over to the next fiscal year if needed. Unrestricted Reserve may also be re-categorized if appropriate.
- (iv) Establishment of the Fiscal Year 2019/20 Unrestricted Reserve: With the adoption of this policy the FY 2019/20 the Unrestricted Reserve shall total \$672,990.

4. ADJUSTMENTS TO FISCAL RESERVE POLICY

The creation and subsequent adoption of this Fiscal Reserve Policy is intended to serve as a guidepost for not only the current fiscal year but for future fiscal years. Each year, as part of the budget planning process, City Council or staff may make recommendations for changes in the policy. It should also be noted that while it may not be ideal to make changes in the policy and subsequent reserve levels mid-year, the City Council does retain the right to make changes based on emergencies, unforeseen circumstances, and/or changes in spending priorities.

RESOLUTION NO. 942

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIDDEN HILLS TRANSFERRING FUNDS UNAPPROPRIATED AS OF JUNE 30, 2019 TO THE RESERVE CATEGORIES SET FORTH IN THE GENERAL FUND RESERVE POLICY, APPROVING AN INVESTMENT POLICY FOR FISCAL YEAR 2019-20, ADOPTING THE CITY'S BUDGET AND ESTABLISHING THE APPROPRIATIONS LIMIT FOR THE FISCAL YEAR COMMENCING JULY 1, 2019

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIDDEN HILLS as follows:

Section 1. General Fund Reserve Categories

The City has adopted a General Fund Reserve Policy which establishes discrete reserve categories.

All monies previously appropriated to any fund of the City which are not expended as of June 30, 2019 shall be appropriated to the respective reserve categories set forth in the General Fund Reserve Policy.

Section 2. Investment Policy

The investment policy for Fiscal Year 2019-20 attached hereto and hereby incorporated by this reference as Exhibit A, is hereby approved for the fiscal year commencing July 1, 2019.

Section 3. Budget

The budget attached hereto and hereby incorporated by this reference as Exhibit B, is hereby adopted for the fiscal year commencing July 1, 2019.

Section 4. Appropriations Limit

The appropriations limit of the City under California Constitution Article XIII B for the fiscal year commencing July 1, 2019, determined by using a population factor of 0.999 and an inflation factor of 1.0385, is \$1,906,429.

PASSED, APPROVED AND ADOPTED this 24th day of June, 2019.



Larry G. Weber, Mayor

ATTEST:



Deana L. Graybill, CMC, City Clerk

(SEAL)

RESOLUTION NO. 943

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIDDEN HILLS
APPROVING THE CITY'S PAY/SALARY SCHEDULE

The City Council of the City of Hidden Hills hereby finds, resolves, and determines as follows:

Section 1. The City Council hereby approves and adopts the City of Hidden Hills Pay/Salary Schedule attached hereto in Exhibit A effective July 1, 2019.

PASSED, APPROVED AND ADOPTED this 24th day of June, 2019.

ATTEST:


Deana Graybill, CMC, City Clerk


Larry G. Weber, Mayor

EXHIBIT A

**City of Hidden Hills
Pay/Salary Schedule**

(attached)

Exhibit A

**CITY OF HIDDEN HILLS
PAY/SALARY SCHEDULE
(Effective July 1, 2019)**

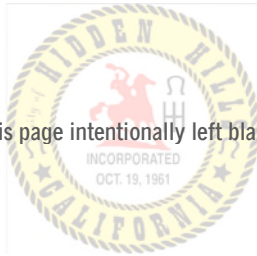
The following annual salary ranges for the City's full-time exempt positions are hereby approved and shall remain in effect until modified by the City Council.

<u>Position (Job Title)</u>	<u>Range</u>
City Manager	187,000
City Clerk	\$70,000 - \$90,000

The following hourly salary ranges for the City's non-exempt positions are hereby approved and shall remain in effect until modified by the City Council.

<u>Position (Job Title)</u>	<u>Range</u>
Accounting Specialist	\$25.19 - \$37.70

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City Council

Fiscal Year 2019-20



Larry G. Weber
Mayor



Bret Katz
Mayor Pro Tem



Steve Freedland
Council Member



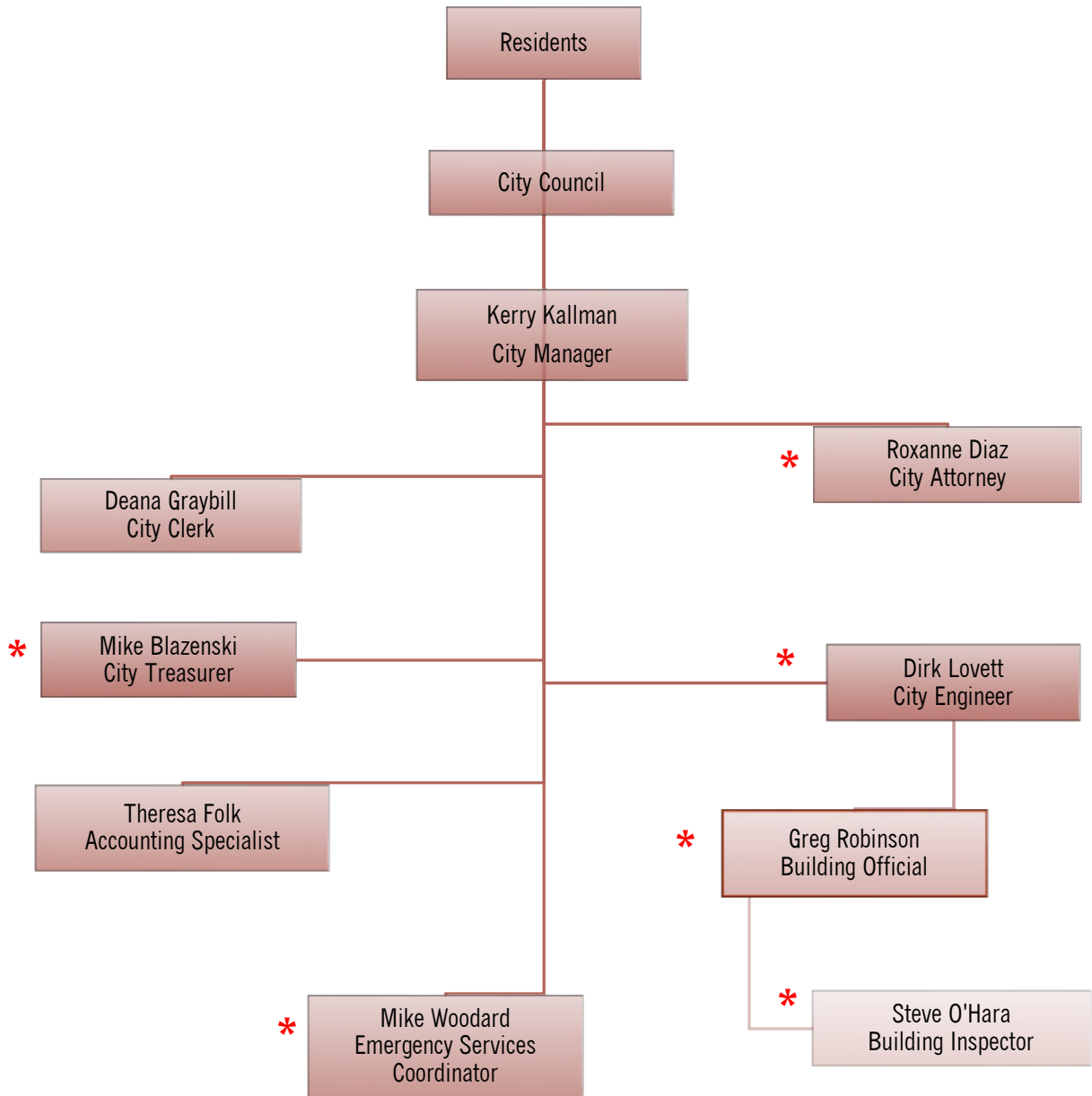
Laura McCorkindale
Council Member



Stuart Siegel
Council Member

Organizational Chart

Fiscal Year 2019-20



City Manager's Budget Message

To: Honorable Mayor, City Council and Hidden Hills Residents
From: Kerry Kallman, City Manager
Subject: 2019/20 Fiscal Year Budget
Date: June 10, 2019

INTRODUCTION

Attached for the City Council's review and consideration is the proposed City budget for Fiscal Year 2019/20. The budget development process began in February with the Mid-year budget review. The Mid-year budget took a detailed look at all City revenues and expenditures at the half-way point of the current fiscal year. Additionally, the Mid-year budget attempts to forecast the final revenue and expenditure amounts expected at the close of the fiscal year on June 30. Following the Mid-year budget, staff began preparations on the upcoming fiscal year budget. The City Council's Goals Setting Session was held on April 8. This special meeting provides guidance to staff on the City Council's priorities for the upcoming fiscal year. Next, the City Council's Budget Ad-hoc Committee met on May 15 to review the draft budget prior to consideration by the full City Council tonight.

The budget document is broken up into several sections. These include Revenue, Expenditures, Summary of Restricted Funds, Gann Appropriations limit, City Investment Policy, Current Staffing Levels, and a Fiscal Health Report.

In addition to the proposed FY 2019/20 budget, staff is recommending for consideration the adoption of a new General Fund Reserve Policy. The creation of the policy was a City Council goal from 2018. The policy, if adopted will help to establish budget and expenditure policies in a clear and concise manner. In addition, it is anticipated that by establishing these spending priorities, residents shall be given a clear picture of the City's priorities while providing a road map for the future City Council's to consider when evaluating expenditures.

The City's budget should be seen as a "spending" plan and a "living" document for the upcoming fiscal year. Although not ideal, nor planned, deviations from this plan can and will arise during the upcoming fiscal year. These changes, if any, will require the approval of a "budget adjustment" by the City Council and will be requested if needed.

BUDGET HIGHLIGHTS

Staff continued to adhere to the City's long-standing tradition of taking a conservative approach to both revenue and expenditure predictions. This approach has been beneficial to ensure the continued strength of the City's finance. Consequently, the City of Hidden Hills continues to remain fiscally sound due to the prudent and conservative planning of the City Council. The FY 2019/20 includes General Fund revenues of \$3,111,604 with corresponding General Fund expenditures of \$3,299,950. The reader may see this and note that expenditures are higher than revenue by approximately \$188,346. However closer examination will reveal that strategic use of restricted funds for City expenditures result in a projected surplus of nearly \$15,000. Property Tax revenue continues to be the City's largest single source of revenue representing 50% of all City revenue. Conversely, Public Safety and Building and Safety expenditures combined make up nearly half of the City's expenditures at \$1,634,998.

REVENUE

Total General Fund revenue for FY 2019/20 is \$3,111,604. While this is significantly higher than FY 2018/19's budgeted revenue of \$2,658,500 several factors discussed in detail below led to this higher projected revenue. Revenue is collected in the following eight categories:

Property Tax Revenue

As stated previously, property tax continues to be the City's largest single revenue source. The FY 2019/20 City budget contains property tax revenue of \$411,000 associated with library services. Property tax revenue continues to grow within the City and staff sees no indications in a change in this trend.

Other Local Taxes

Other local revenue includes Real Property Transfer taxes and a small amount of sales tax collected.

Interest Income

Revenue generated from the City's investment in the Local Agency Investment Fund and with Charles Schwab.

Other Taxing Entities

Other Taxing Entities is expected to be slightly higher this year based on the FY 2018/19 projection. Revenue is generated from the State's Motor Vehicle in Lieu Tax swap which sees motor vehicle license fees used to backfill property taxes in local jurisdictions.

Building and Safety

FY 2018/19 revenue in the Building and Safety Department is projected to be \$1,084,000 which is significantly higher than anticipated. As predicting Building and Safety Revenue is difficult, staff has traditionally taken a conservative approach to that revenue number. However, for FY 2019/20 staff is planning for a third year of higher revenues in this department. Revenue for this department is received for building plan check review and building permits for new single family homes, remodels, and additions. A portion of this revenue is used to offset Charles Abbott and Associates costs to perform these services under a contract with the City.

COPS Fund Transfer

COPS funds are provided to the City annually from the State's General fund to provide supplemental front-line law enforcement services. The City is expected to receive \$100,000 this year from the COPS fund. COPS fund revenue is showing in the City's General Fund revenue as a transfer to off-set the inclusion of COPS funded expense in the Public Safety Department.

Fiesta

Revenue for FY 2019/20 is expected to be similar to 2019.

Other Revenue

This revenue category is a catch all for uncategorized revenue sources for the City such as alarm registrations, investment fees, and franchise fees.

EXPENDITURES

Total expenditures for FY 2019/20 are anticipated to be \$3,299,950. This is an increase of approximately \$516,937 from the current fiscal year budget. These increases can be attributed to four main factors: (1) additional personnel related costs; (2) increased Building and Safety costs due to increased activity; (3) increased Public Safety costs; and (4) increased revenue and corresponding pass through expenditure of library services property tax. These costs are discussed in more detail below. Expenditures are broken down into the following categories:

Payroll

Total expense for the City's payroll is expected to be \$481,200 which is approximately \$66,487 more than FY 2018/19. This increase can be attributed to salary adjustments and increases in CalPERS retirement costs and unfunded liability, group health insurance, and workers compensation.

Administration

Expenses associated with the City's Administration Department are slightly higher by \$20,411 than the current fiscal year. This increase can be attributed to several factors: (1) increased IT support costs; (2) increased conference costs; and (3) potential higher service charges with the City's Schwab investment.

Public Safety

Cost associated with the FY 2019/20 Public Safety budget are up 34%. This is due to several factors including two new potential expenditures. The first potential new expenditure is \$60,000 in funding for assistance to the Community Association in support of their perimeter camera project. As this item has not been discussed or approved by the City Council it only remains a budget item. This expenditure may come before the City Council in the near future. The second potential new expenditure is for supplemental fire assistance (\$50,000.) Staff is considering several potential supplemental sources such as direct contracting with County Fire and/or private firefighting services on high risk or Red Flag Warning days. Additional costs in the Public Safety Department include 5% increase in Sheriff's contract rates, 11% Liability charge on all law enforcement services and increased allotment for disaster preparedness supplies. Finally, staff is recommending a redeployment of Sheriff's services that will result in an increase in approximately \$9,000 and provide additional "special assignment" Deputy time.

Building and Safety

Expenses in this department are categorized two ways: (1) fee related; and (2) non-fee related. Fee related expenses are fully offset by plan check and building permit revenue. Non fee related expenses include the administration of the department such as special projects, public information, and capital improvements.

Maintenance

Expenses associated with general maintenance/repairs around City Hall remain relatively the same.

Community Services

Formerly called "Fiesta" this department category now includes costs associated with library services with the City of Calabasas. The increased expense of \$411,000 corresponds with the amount of library property tax revenue received.

Capital Improvement Projects

For the second year in a row, the budget contains allocations for various capital improvement projects. These include a second phase of the City Hall remodel, possible roof and solar project, Long Valley Interchange phase 1 and the Round Meadow Elementary School drop-off bypass route. Funding for proposed capital improvement projects comes from the General Funds, Restricted Funds, and grants.

Consolidated Budget

For the second consecutive year, the FY 2019/20 City budget is a true consolidated budget. This is an important as it shows the true cost of City business by folding in all revenue and expenditures regardless of funding source. While a municipalities General Fund budget typically remains the same each year, the consolidated budget fluctuates with capital improvement projects and use of alternative funds such as grants or restricted funds.

Proposed General Fund Fiscal Reserve Policy

In 2018, the City Council adopted the following goal, “Consider the creation and adoption of a Fiscal Reserve Policy.” The proposed policy creates five distinct reserve categories: (1) Contingency Reserve; (2) Capital Improvement Program Reserve; (3) Building Maintenance and Replacement/Upgrade Reserve; (4) Underground Utility Reserve; and (5) Unrestricted Reserve. Detailed explanation, use and funding levels of each category is included in the draft policy. It is anticipated that if adopted, the General Fund reserve Policy will be reviewed each year as part of the budget adoption process.

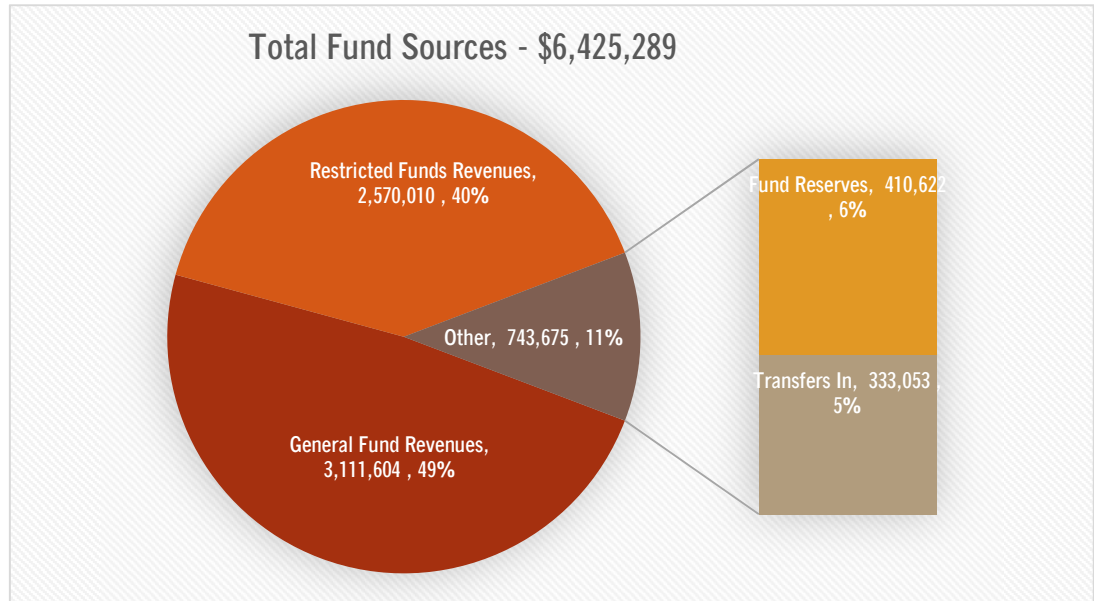
ADDITIONAL BUDGET-RELATED DOCUMENTS

In addition to the preliminary City budget, others items of interest attached include the following: (1) information pertaining to the City’s proposed FY 2019/20 Gann Appropriations Limit; (2) listing of full-time staff positions contained in the City budget; (3) matrix of City restricted funds; and (4) “Fiscal Health Report” examining the City’s financial condition in the General Fund.

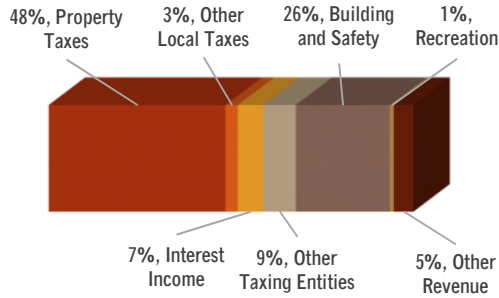
Budget-In-A-Glance

Fiscal Year 2019-20

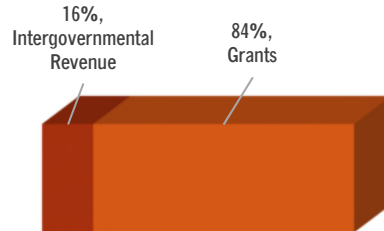
Where
The
Money
Comes
From



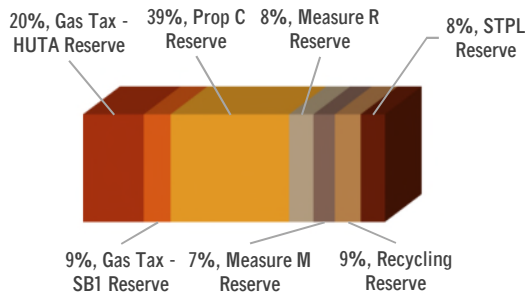
General Fund Revenues



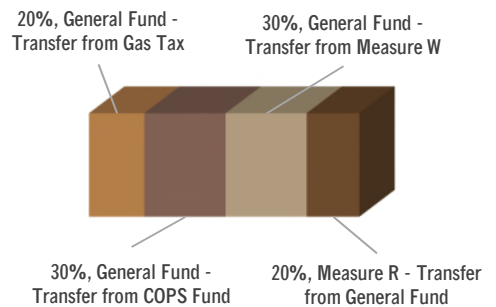
Restricted Fund Revenue



Use of Reserves



Transfers In

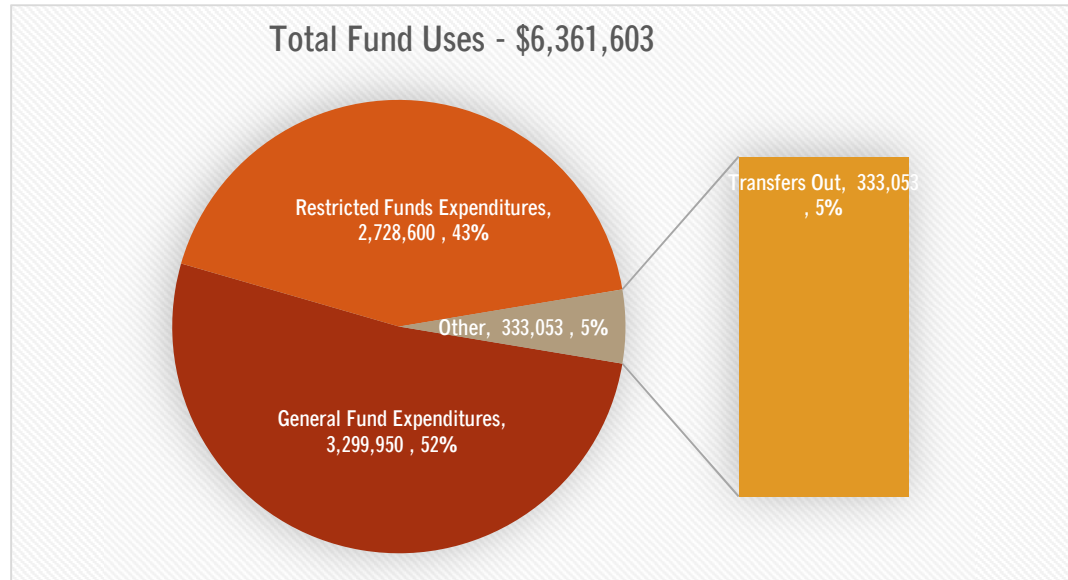


Budget-In-A-Glance

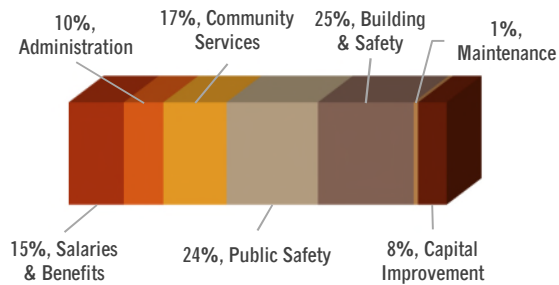
Fiscal Year 2019-20

Total Fund Uses - \$6,361,603

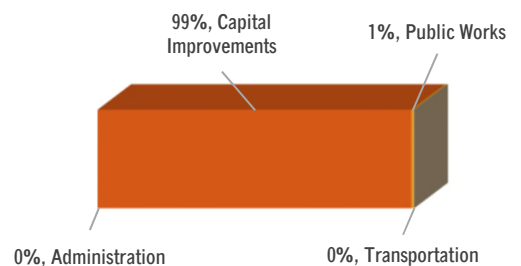
Where
The
Money
Goes



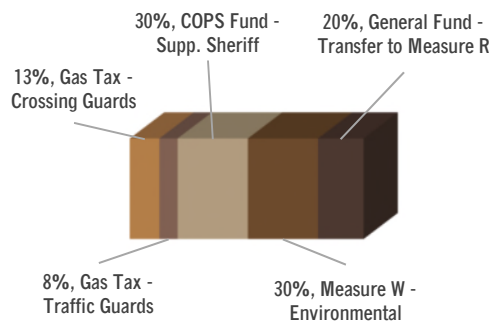
General Fund Expenditures



Restricted Funds Expenditures



Transfers Out



Fund Balance Summary

Fund Account	BEGINNING FUND BALANCE	YEAR-END PROJECTED			ESTIMATED FUND BALANCE	PROPOSED BUDGET			ESTIMATED FUND BALANCE
	as of 06/30/18	FY2018-19			as of 06/30/19	FY2019-20			as of 06/30/20
		Revenues	Expenditures	Transfers In/(Out)		Revenues	Expenditures	Transfers In/(Out)	
General Fund									
10 General Fund	8,103,703	3,450,767	(2,870,261)	219,713	8,903,922	3,111,604	(3,299,950)	203,053	8,918,629
Total General Fund	8,103,703	3,450,767	(2,870,261)	219,713	8,903,922	3,111,604	(3,299,950)	203,053	8,918,629
\$ Change in Fund Balance					800,219				14,707
% Change in Fund Balance					9.9%				0.2%
Fund Account	BEGINNING FUND BALANCE	YEAR-END PROJECTED			ESTIMATED FUND BALANCE	PROPOSED BUDGET			ESTIMATED FUND BALANCE
	as of 06/30/18	FY2018-19			as of 06/30/19	FY2019-20			as of 06/30/20
		Revenues	Expenditures	Transfers In/(Out)		Revenues	Expenditures	Transfers In/(Out)	
Restricted Funds									
20 Traffic Safety Fund	17,710	3,000	(2,000)	0	18,710	3,600	(2,000)	0	20,310
40-1 Gas Tax Fund - HUTA	464,980	43,260	(7,000)	(61,600)	439,640	52,498	(67,100)	(68,053)	356,985
40-2 Gas Tax Fund - SB1/RMRA	7,050	32,135	0	0	39,185	33,450	(70,000)	0	2,635
50 Prop A Fund	92,719	36,895	(120,000)	0	9,614	39,452	(5,000)	0	44,066
55 Prop C Fund	143,710	30,603	(13,000)	0	161,313	32,724	(194,000)	0	37
60 AQMD Fund	31,956	24,900	(48,056)	0	8,800	13,427	(500)	0	21,727
65 Measure R Fund	62,042	59,153	(88,100)	0	33,095	2,162,043	(2,260,000)	65,000	138
67 Measure M Fund	19,732	26,013	(15,000)	0	30,745	27,816	(57,040)	0	1,521
68 Measure W Fund	0	0	0	0	0	100,000	0	(100,000)	0
70 Recycling Fund	45,104	5,000	(5,750)	0	44,354	5,000	(40,000)	0	9,354
75 STPL Fund	32,960	0	0	0	32,960	0	(32,960)	0	0
80 COPS Fund	51,979	151,885	0	(161,251)	42,613	100,000	0	(100,000)	42,613
90 TDA Fund	956	25,000	(25,956)	0	0	0	0	0	0
Total Restricted Funds	970,896	437,844	(324,862)	(222,851)	861,028	2,570,010	(2,728,600)	(203,053)	499,385
\$ Change in Fund Balance					(109,869)				(361,643)
% Change in Fund Balance					-11.3%				-42.0%
Fund Account	BEGINNING FUND BALANCE	YEAR-END PROJECTED			ESTIMATED FUND BALANCE	PROPOSED BUDGET			ESTIMATED FUND BALANCE
	as of 06/30/18	FY2018-19			as of 06/30/19	FY2019-20			as of 06/30/20
		Revenues	Expenditures	Transfers In/(Out)		Revenues	Expenditures	Transfers In/(Out)	
All City Funds	9,074,599	3,888,611	(3,195,123)	(3,138)	9,764,949	5,681,614	(6,028,550)	0	9,418,014
\$ Change in Fund Balance					690,350				(346,936)
% Change in Fund Balance					7.6%				-3.6%

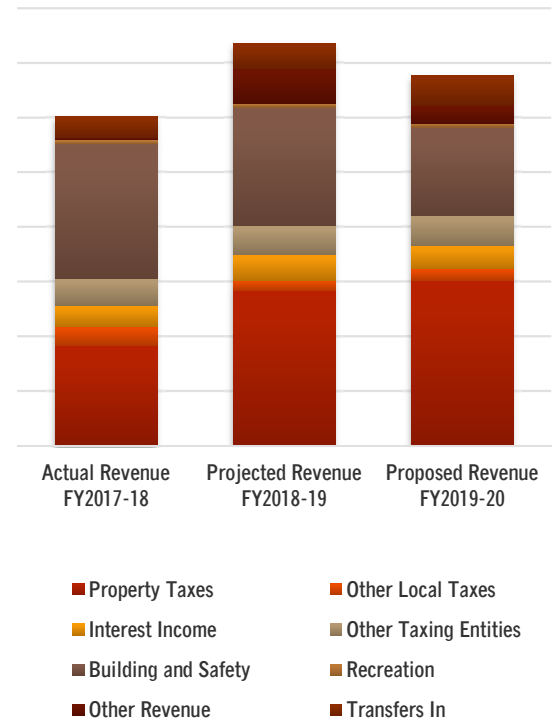
Summary of All Funds

Summary of All Funds FY 2019-20					
	Gen Fund	Res Funds	Transfers	Reserves	Total
Fund Sources					
10 General Fund	3,111,604		268,053	-	3,379,657
20 Traffic Safety Fund		3,600	-	-	3,600
40-1 Gas Tax - HUTA		52,498	-	82,655	135,153
40-2 Gas Tax - SB1/RMRA		33,450	-	36,550	70,000
50 Prop A Fund		39,452	-	-	39,452
55 Prop C Fund		32,724	-	161,276	194,000
60 AQMD Fund		13,427	-	-	13,427
65 Measure R Fund		2,162,043	65,000	32,957	2,260,000
67 Measure M Fund		27,816	-	29,224	57,040
68 Measure W Fund		100,000	-	-	100,000
70 Recycling Fund		5,000	-	35,000	40,000
75 STPL Fund		-	-	32,960	32,960
80 COPS Fund		100,000	-	-	100,000
90 TDA Fund		-	-	-	-
Total - Funding Sources	3,111,604	2,570,010	333,053	410,622	6,425,289
Funding Uses					
10 General Fund	3,299,950		65,000	-	3,364,950
20 Traffic Safety Fund		2,000			2,000
40-1 Gas Tax - HUTA		67,100	68,053		135,153
40-2 Gas Tax - SB1/RMRA		70,000			70,000
50 Prop A Fund		5,000			5,000
55 Prop C Fund		194,000			194,000
60 AQMD Fund		500			500
65 Measure R Fund		2,260,000			2,260,000
67 Measure M Fund		57,040			57,040
68 Measure W Fund			100,000		100,000
70 Recycling Fund		40,000			40,000
75 STPL Fund		32,960			32,960
80 COPS Fund		-	100,000		100,000
90 TDA Fund					-
Total - Funding Uses	3,299,950	2,728,600	333,053	-	6,361,603
Net Change in Fund Balance					63,686
Estimated Beginning Fund Balance as of 07/01/19					9,764,949
Estimated Ending Fund Balance as of 6/30/20					9,418,014

General Fund Overview

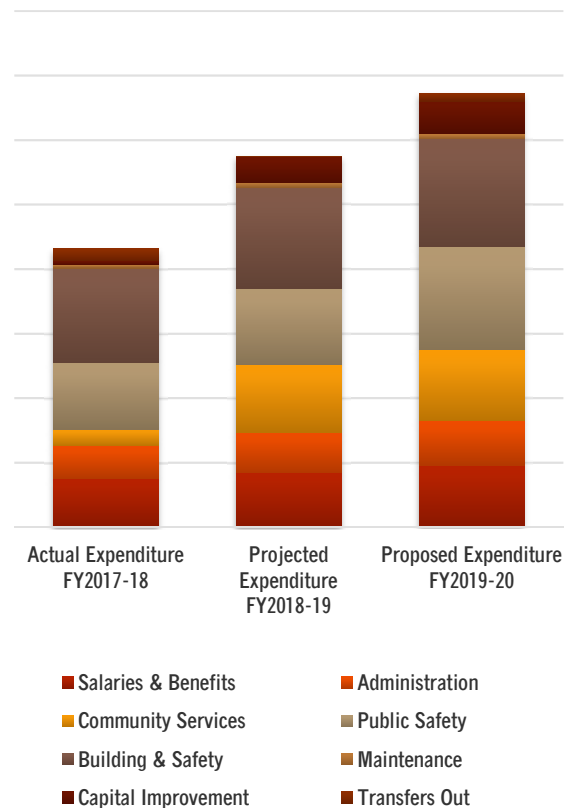
General Fund Sources	Actual Revenue FY2017-18	Projected Revenue FY2018-19	Proposed Revenue FY2019-20
Property Taxes	914,362	* 1,417,000	* 1,509,000
Other Local Taxes	176,923	95,000	106,000
Interest Income	193,653	237,500	217,000
Other Taxing Entities	241,948	261,574	277,000
Building and Safety	1,234,843	1,084,000	802,604
Recreation	32,846	32,443	33,000
Other Revenue	25,778	323,250	167,000
Transfers In	184,578	222,851	268,053
Total Revenue	3,004,930	3,673,618	3,379,657

*Property Tax includes revenues associated with Library Services



General Fund Uses	Actual Expenditure FY2017-18	Projected Expenditure FY2018-19	Proposed Expenditure FY2019-20
Salaries & Benefits	376,186	425,167	481,200
Administration	256,651	311,962	345,211
Community Services	125,215	* 519,178	* 551,000
Public Safety	520,931	596,940	797,778
Building & Safety	727,817	781,053	837,220
Maintenance	27,580	35,961	37,541
Capital Improvement	29,825	200,000	250,000
Transfers Out	94,496	3,138	65,000
Total Expenditures	2,158,700	2,873,399	3,364,950

*Community Services includes expenditures associated with Library Services



General Fund – Budget Summary

	Prior Year Actual	Final Approved Budget	Year End Projected	Proposed Budget
10 General Fund	FY 2017-18	FY 2018-19	FY 2018-19	FY 2019-20
Revenues				
Property Taxes	914,362	1,332,500	1,417,000	1,509,000
Other Local Taxes	176,923	100,000	95,000	106,000
Interest Income	193,653	125,000	237,500	217,000
Other Taxing Entities	241,948	251,000	261,574	277,000
Building and Safety	1,234,843	660,000	1,084,000	802,604
Recreation	32,846	33,000	32,443	33,000
Other Revenue	25,778	157,000	323,250	167,000
Total Revenue	2,820,352	2,658,500	3,450,767	3,111,604
Transfers In				
Transfers from Funds	184,578	163,600	222,851	268,053
Total - Transfers In	184,578	163,600	222,851	268,053
Total Revenues & Transfers	3,004,930	2,822,100	3,673,618	3,379,657
Expenditures				
Salaries & Benefits	376,186	414,713	425,167	481,200
Administration	256,651	324,800	311,962	345,211
Community Services	125,215	477,000	519,178	551,000
Public Safety	520,931	604,600	596,940	797,778
Building & Safety	727,817	675,500	781,053	837,220
Maintenance	27,580	36,600	35,961	37,541
Capital Improvement	29,825	250,000	200,000	250,000
Total Expenditures	2,064,205	2,783,213	2,870,261	3,299,950
Transfers Out				
Transfer to Funds	94,496	-	3,138	65,000
Total - Transfers Out	94,496	-	3,138	65,000
Total Expenditures & Transfers	2,158,700	2,783,213	2,873,399	3,364,950
Net Change in Fund Balance	846,230	38,887	800,219	14,707
Beginning Fund Balance	7,257,473	8,103,703	8,103,703	8,903,922
Ending Fund Balance	8,103,703	8,142,590	8,903,922	8,918,629

General Fund – Budget Details

		Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
10	General Fund				
Revenues					
Property Taxes					
4100-00	Property Tax	914,362	980,500	1,030,000	1,098,000
4115-10	Property Tax - Library	-	352,000	387,000	411,000
Total - Property Taxes		914,362	1,332,500	1,417,000	1,509,000
Other Local Taxes					
4220-10	Sales & Use Tax	28,516	10,000	5,000	5,000
4210-10	Real Property Transfer Tax	148,407	90,000	90,000	101,000
Total - Local Taxes		176,923	100,000	95,000	106,000
Interest Income					
4400-10	LAIF & Banks	37,749	15,000	67,500	61,000
4401-10	Charles Schwab	155,904	110,000	170,000	156,000
Total - Interest Income		193,653	125,000	237,500	217,000
Other Taxing Entities					
4120-10	Property Tax in Lieu of VLF	240,956	250,000	260,666	276,000
4245-10	Motor Vehicle In Lieu	992	1,000	908	1,000
Total - Other Taxing Entities		241,948	251,000	261,574	277,000
Building and Safety					
4613-10	Building & Safety Permits	1,050,985	600,000	1,000,000	750,000
4614-10	Planning Fees	155,206	46,000	66,000	27,000
4615-10	Engineering Fees	4,435	2,000	3,000	9,604
4616-10	Environmental Fees	24,217	12,000	15,000	16,000
Total - Building & Safety		1,234,843	660,000	1,084,000	802,604
Recreation					
4830-10	Fiesta	32,846	33,000	32,443	33,000
Total - Recreation		32,846	33,000	32,443	33,000
Other Revenue					
4105-10	PSAF Revenue	20,655	16,000	20,000	23,000
4215-10	Schwab Market Revenue	(139,072)	-	73,750	-
4230-10	Sale of Prop A Funds	-	-	80,000	-
4600-10	Business License	57,309	55,000	57,000	57,000
4620-10	Franchise Fees - Gas	11,993	11,000	11,000	11,000
4621-10	Franchise Fees - Waste Haule	49,190	50,000	50,000	49,000
4622-10	Franchise Fees - Cable	11,011	9,000	9,000	9,000
4623-10	Waste Management Fee	7,861	8,000	8,000	8,000
4625-10	Alarm Registration	6,760	7,000	9,000	8,000
4850-10	Miscellaneous Income	70	1,000	5,500	2,000
Total - Other Revenue		25,778	157,000	323,250	167,000
Total Revenue		2,820,352	2,658,500	3,450,767	3,111,604

		Prior Year Actual	Final Approved Budget	Year End Projected	Proposed Budget
10	General Fund	FY 2017-18	FY 2018-19	FY 2018-19	FY 2019-20
Transfers In					
4901-10	Transfer from COPS Fund	149,973	100,000	161,251	100,000
4905-10	Transfer from Gas Tax	34,605	63,600	61,600	68,053
4907-10	Transfer from Measure W	-	-	-	100,000
Total - Transfers In		184,578	163,600	222,851	268,053
Total Revenues & Transfers		3,004,930	2,822,100	3,673,618	3,379,657
Expenditures					
Salaries & Benefits					
5100-10	City Manager Salary	132,431	155,750	155,721	179,000
5105-10	CM Car Allowance	2,215	-	-	-
5115-10	Cell Phone Allowance	-	900	900	900
5130-10	City Clerk	73,185	78,700	78,718	83,000
5140-10	Accounting Specialist	67,200	70,500	71,917	75,000
5150-10	Payroll Taxes	7,899	8,000	8,438	10,500
5160-10	Workers Comp	3,301	2,400	7,446	10,000
5170-10	CalPERS Retirement	34,835	36,000	39,094	45,000
5175-10	CalPERS Unfunded Liability	16,361	22,963	22,963	30,300
5180-10	Group Health Insurance	34,449	35,000	36,774	43,000
5190-10	Dental & Vision Insurance	4,310	4,500	3,196	4,500
Total - Salaries & Benefits		376,186	414,713	425,167	481,200
Administration					
5200-10	City Attorney	51,063	80,000	55,000	80,000
5205-10	City Auditor	27,230	34,000	32,265	34,000
5210-10	Dues - LVMCOG	21,460	20,000	20,000	20,000
5215-10	Dues & Subscriptions	7,700	7,000	10,000	11,000
5220-10	Liability Insurance	14,162	13,000	12,991	18,711
5225-10	Blanket Fidelity Bond	750	800	750	800
5230-10	Property Insurance	3,675	4,000	3,956	4,200
5240-10	Community Assistance	2,500	15,000	15,000	15,000
5250-10	Election	2,606	23,000	24,000	500
5255-10	Miscellaneous Expense	-	5,000	5,000	5,000
5260-10	Newsletter	16,371	17,000	17,000	17,000
5270-10	Office Expense	29,838	25,000	25,000	30,000
5275-10	Data Processing/IT Support	15,543	13,000	13,000	22,000
5280-10	Telephone	4,931	10,000	8,000	10,000
5285-10	Utilities	24,583	24,000	24,000	26,000
5290-10	Travel & Meetings	5,800	6,000	6,000	12,000
5295-10	Schwab Service Charges	28,440	28,000	40,000	39,000
Total - Administration		256,651	324,800	311,962	345,211
Community Services					
5500-10	Fiesta	125,215	125,000	132,178	140,000
5510-10	Library	-	352,000	387,000	411,000
Total - Community Services		125,215	477,000	519,178	551,000

10	General Fund	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
Public Safety					
5600-10	Police Protection/STAR	447,653	487,100	480,000	548,325
5610-10	Supplemental P.S. Support	41,068	76,600	69,100	186,053
5620-10	Emergency Svcs Coordinator	18,525	25,000	32,000	36,000
5625-10	Disaster Preparedness	10,714	7,500	11,000	20,000
5630-10	Secretarial Services	420	1,400	840	1,400
5640-10	Animal Control	2,551	7,000	4,000	6,000
Total - Public Safety		520,931	604,600	596,940	797,778
Building & Safety					
5700-10	Engineering	100,569	106,000	133,350	143,206
5710-10	Building and Safety	333,232	315,000	393,203	440,000
5720-10	Planning	142,039	73,000	73,000	58,000
5730-10	NPDES/Environmental	151,978	181,500	181,500	196,014
Total - Building & Safety		727,817	675,500	781,053	837,220
Maintenance					
5800-10	Janitorial	10,920	11,500	10,920	11,500
5805-10	Street Cleaning	2,041	2,100	2,041	2,041
5810-10	Garden Service	4,604	3,000	3,000	4,000
5820-10	Repairs/Maintenance	10,014	20,000	20,000	20,000
Total - Maintenance		27,580	36,600	35,961	37,541
Capital Improvement					
5901-10	City Hall Improvement	29,825	250,000	200,000	250,000
5909-10	Undergrounding	-	-	-	-
Total - Capital Improvement		29,825	250,000	200,000	250,000
Total Expenditures		2,064,205	2,783,213	2,870,261	3,299,950
Transfers Out					
7604-10	Transfer to Measure R Hwy	94,496	-	-	65,000
7605-10	Transfer to COPs Fund	-	-	3,138	-
Total - Transfers Out		94,496	-	3,138	65,000
Total Expenditures & Transfers		2,158,700	2,783,213	2,873,399	3,364,950
Net Change in Fund Balance		846,230	38,887	800,219	14,707
Beginning Fund Balance		7,257,473	8,103,703	8,103,703	8,903,922
Ending Fund Balance		8,103,703	8,142,590	8,903,922	8,918,629

Special Revenues and Restricted Funds

Fiscal Year 2019-20

Special revenue funds are used to account for the proceeds from specific revenue sources (other than trusts or major capital projects) that are legally restricted to expenditures for specific purposes. These restricted funds, by law, are designed to finance particular functions or activities of government and which therefore cannot be diverted to other uses.

Traffic Safety Fund

Fines and forfeitures received as a result of arrests for vehicle code violations. Funds can be used for traffic control devices, maintenance of equipment and supplies for traffic law enforcement and traffic accident prevention, improvement or construction of public streets, and the compensation of school crossing guards.

Estimated Available Fund Balance as of June 30, 2019 - \$18,710

Gas Tax Fund

The Gasoline Tax (Motor Vehicle Fuel License Tax) is allocated to cities based on population. The use of revenue is restricted to the construction, improvement and maintenance of public streets. Gas Tax Fund consist of both Highway User Tax Account (HUTA) apportionments and the new SB1/RMRA fund restricted for use of the same purpose.

Estimated Available Fund Balance as of June 30, 2019 – \$439,640 (HUTA)

Estimated Available Fund Balance as of June 30, 2019 – \$39,185 (SB1/RMRA)

Transit/Prop A Fund

A Tax imposed by Los Angeles County which increased the sales tax 1/2 cent to fund public transportation in the County. The use of this fund is restricted to public transportation services.

Estimated Available Fund Balance as of June 30, 2019 - \$9,614

Prop C Fund

Same as Prop A but this fund can be used for both public transportation services and capital improvement projects for public transit including street and landscape maintenance and irrigation.

Estimated Available Fund Balance as of June 30, 2019 - \$161,313

Air Quality Improvement Fund

30 percent of the funds collected from the Department of Motor Vehicle registration fees is provided to the Air Quality Management District (AQMD) for vehicle emission reduction programs. This fund can be used to purchase or lease hybrid and CNG vehicles including purchase of fuel and maintenance associated with the use of these vehicles.

Estimated Available Fund Balance as of June 30, 2019 - \$8,800

Measure R Local and Highway

Measure R is a half-cent sales tax for Los Angeles County to finance roadway improvements or new transportation projects and programs and accelerate those already in the pipeline.

Estimated Available Fund Balance as of June 30, 2019 - \$33,095

Remaining Grant Balance as of June 30, 2019 - \$ 3,400,000 (Measure R Highway Grant)

Measure M Local

Measure M is a half-cent sales tax for Los Angeles County to finance traffic improvement plan. It aims to improve freeway traffic flow and reduce bottlenecks and improve neighborhood streets and intersections.

Estimated Available Fund Balance as of June 30, 2019 - \$30,745

Measure W

Measure W is a special tax for parcels located in the Los Angeles County Flood Control District. This tax revenue will be used for projects that will improve water quality.

Estimated Fund Allocation for FY 2019-20 - \$100,000

Cal Recycle Fund

Cal Recycle purpose is to address issues related to sources reduction of waste material, recycling and composting, and environmentally safe transformation and land disposal of solid waste.

Estimated Available Fund Balance as of June 30, 2019 - \$44,354

STPL Fund

The Surface Transportation Program (STP) provides flexible funding that may be used by localities for projects to preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals.

Estimated Available Fund Balance as of June 30, 2019 - \$32,960

COPS Fund

AB 3229 established the Citizen's Options for Public Safety (COPS) program and allocated state funds, based on population, to supplement the needs of local law enforcement. This fund is to be used for front line policing services.

Estimated Available Fund Balance as of June 30, 2019 - \$42,613

TDA Fund

TDA Article 3 local funds are allocated to local agencies on a per-capita basis. This fund can be used to fund activities relating to pedestrian and bicycle facilities.

Estimated Fund Allocation for FY 2019-20 - \$5,000

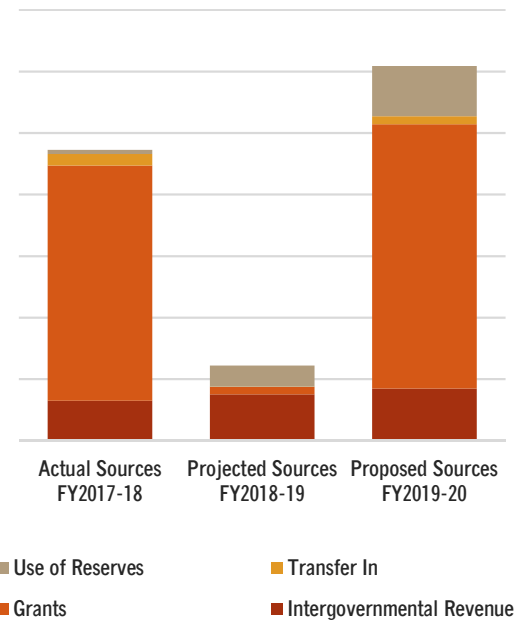
Special Revenues and Restricted Funds Matrix

Fund Account	Description	Estimated Fund Balance as of 6/30/19	Capital Reserve/Fund Allocation	Proposed For Use in FY19/20	Previous and Current Projects Utilized	Timely Use of Funds	Use on HHCA Streets or Private Property	Option to Sell/Trade
Gas Tax - HUTA	Annual Restricted Fund	\$ 439,640	\$ -	\$ 5,100	Round Meadow/Mureau corner park and landscaping project & Street Maintenance	No expiration	No	No
				\$ 60,000	Round Meadow School Drop-Off/ Pick-Up			
				\$ 42,053	School crossing guards			
				\$ 26,000	Traffic guard support			
Gas Tax - SB1/RMRA	Annual Restricted Fund	\$ 39,185	\$ -	\$ 40,000	Long Valley/US-101 Improvement	No expiration	No	No
				\$ 30,000	Round Meadow School Drop-Off/ Pick-Up			
Traffic Safety	Annual Restricted Fund	\$ 18,710	\$ -	\$ 2,000	Traffic studies. Previously used for Citywide striping and signage.		Yes	No
Prop A	Annual Restricted Fund	\$ 9,614	\$ -	\$ 5,000	Summer Beach Bus (Calabasas). Currently selling to City of Pomona. Previously sold to Santa Fe Springs, West Hollywood, Torrance, PV Peninsula Transportation Authority. Note: cannot be used for stops on HHCA roads.	3 years	No	Yes
Prop C	Annual Restricted Fund	\$ 161,313	\$ -	\$ 14,000	Resurfacing of Long Valley, Round Meadow, Spring Valley; Irrigation and maintenance of Round Meadow/Mureau corner landscaping (both inside and outside street ROW)	3 years	No	No
			\$ 20,000	\$ 180,000	Capital reserve for Long Valley Ramp Improvements.			
Measure M Local	Annual Restricted Fund	\$ 30,745	\$ -	\$ 30,000	Long Valley/US-101 Improvement	5 years		
				\$ 27,040	Round Meadow School Drop-Off/ Pick-Up			
Measure R Local	Annual Restricted Fund	\$ 46,033	\$ -	\$ 10,000	To be used for V-Calm Traffic Radar upgrade. Previously used in Catch basin and C&G repairs;	5 years	Yes	Can gift, trade, loan to other jurisdictions. No Compensation allowed.
Measure R Highway	Allocated through LVMCOG on a per project basis	\$ (12,938)	\$ 3,407,000	\$ 2,250,000	Long Valley/US-101 Improvement	5 years. Will lapse on 6/30/2022	No	Can gift, trade, loan to other jurisdictions. No Compensation allowed.
Cal Recycle Grant	Competitive Grant	\$ 44,354	\$ -	\$ 40,000	Proposed to be used for the installation of catch basin screens and inserts citywide		Yes	No
Air Quality Improvement	Annual Restricted Fund	\$ 8,800	\$ -	\$ 500	Electric Car Maintenance. Previously used to purchase electric vehicle and is currently being utilized for the car charging station project.	No expiration	Yes	No
STPL	Annual Restricted Fund	\$ 32,960	\$ -	\$ 32,960	Round Meadow School Drop-Off/ Pick-Up. Previously used to resurfacing Spring Valley, Long Valley, Round Meadow; Round Meadow widening; Resurface City Hall parking lot utilizing STPL-L (flexible)	5 years. Will lapse 5/03/2021	Only when STPL-L (flexible)	No
COPS	Annual Restricted Fund	\$ 42,613	\$ -	\$ 100,000	Used to supplement law enforcement services (Approximately \$100,000 per year)	1 year	Yes	No
LA County Park and Open Space District	Annual Restricted Fund	\$ -	\$ 13,083	\$ -	City Hall Demonstration garden (landscaping, furniture, gazebo, stairway, bicycle racks, drinking fountain, etc.) construction, maintenance, and irrigation		Yes	No
TDA Bicycle/ Pedestrian	Annual Restricted Fund	\$ -	\$ 5,000	\$ -	Round Meadow/Mureau corner park and landscaping project. Used for the Bicycle Repair Station project.	3 years	No	No
Rule 20A	Annual Restricted Fund	\$ -	\$ 20,883	\$ -	Citywide utility undergrounding		Yes	Yes

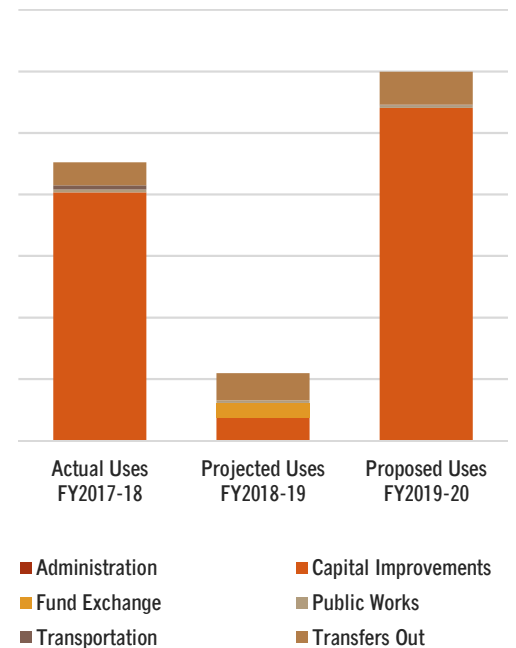
TOTAL \$ 861,028 \$ 3,465,966 \$ 2,894,653

Restricted Funds Overview

Restricted Fund Sources	Actual Sources FY2017-18	Projected Sources FY2018-19	Proposed Sources FY2019-20
Intergovernmental Revenue			
Revenue	322,878	376,006	421,583
Grants	1,911,326	58,700	2,148,427
Transfer In	94,496	3,138	65,000
Use of Reserves	33,977	171,620	410,622
Total Sources	2,362,677	609,464	3,045,632



Restricted Funds Uses	Actual Uses FY2017-18	Projected Uses FY2018-19	Proposed Uses FY2019-20
Administration	2,000	2,000	2,000
Capital Improvements	2,013,403	182,862	2,700,000
Fund Exchange	-	120,000	-
Public Works	23,494	20,000	21,100
Transportation	34,272	-	5,500
Transfers Out	186,578	222,851	268,053
Total Uses	2,259,747	547,713	2,996,653



Restricted Funds – Summary

Restricted Funds	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
Revenues				
6560 Intergovernmental Revenue	318,527	313,278	376,006	421,583
6560 Grants	1,911,326	1,162,500	58,700	2,148,427
6400 Interest Income	4,352	-	-	-
Total - Revenues	2,234,204	1,475,778	434,706	2,570,010
Transfers In				
4902 Transfer from General Fund	94,496	-	3,138	65,000
Total - Transfers In	94,496	-	3,138	65,000
Total - Revenues & Transfers	2,328,700	1,475,778	437,844	2,635,010
Expenditures				
Administration				
5200 Audit Fees	2,000	-	2,000	2,000
Total - Administration	2,000	-	2,000	2,000
Capital Improvements				
5903 Long Valley/US-101 Improvement	2,003,416	1,200,000	38,100	2,500,000
5904 Bicycle Repair Station	4,917	8,000	40,956	-
5905 Car Charging Stations	70	30,000	98,056	-
5906 V Calm Traffic Radar	-	5,000	-	10,000
5907 Catch Basin Screen/Insert Retrofit	5,000	45,000	5,750	40,000
5908 Round Meadow School Drop-Off/Pick	-	60,000	-	150,000
Total - Capital Improvements	2,013,403	1,348,000	182,862	2,700,000
Fund Exchange				
7590 Sale of Prop A Funds	-	-	120,000	-
Total - Fund Exchange	-	-	120,000	-
Public Works				
7590 Traffic Signs/Lights Maintenance	4,698	7,000	4,400	5,600
7590 Roads & Streets Maintenance	18,796	15,000	15,600	15,500
Total - Public Works	23,494	22,000	20,000	21,100
Transportation				
7590 Purchase of Electric Vehicle	34,272	-	-	-
7590 Electric Car Maintenance	-	-	-	500
7590 Summer Beach Bus	-	5,000	-	5,000
Total - Transportation	34,272	5,000	-	5,500
Total - Expenditures	2,073,169	1,375,000	324,862	2,728,600
Transfers Out				
7601 Gas Tax - Crossing Guards	34,605	37,600	35,600	42,053
7601 Gas Tax - Traffic Guards	2,000	26,000	26,000	26,000
7601 COPS Fund - Supplemental Sheriff	149,973	100,000	161,251	100,000
7601 Measure W - NPDES/Environmental	-	-	-	100,000
Total - Transfers Out	186,578	163,600	222,851	268,053
Total Expenditures & Transfers	2,259,747	1,538,600	547,713	2,996,653
Net Change in Fund Balance	68,953	(62,822)	(109,869)	(361,643)
Beginning Fund Balance	901,943	970,896	970,896	861,028
Ending Fund Balance	970,896	908,074	861,028	499,385

Restricted Funds – Budget Details

	Prior Year Actual	Final Approved Budget	Year End Projected	Proposed Budget
20 Traffic Safety Fund	FY 2017-18	FY 2018-19	FY 2018-19	FY 2019-20
Revenues				
6560 Intergovernmental Revenue	4,300	4,300.00	3,000.00	3,600
6400 Interest Income	0	-	-	-
Total - Revenues	4,300	4,300	3,000	3,600
Expenditures				
7590 Traffic Studies	400	2,000	2,000	2,000
Total - Expenditures	400	2,000	2,000	2,000
Net Change in Fund Balance	3,900	2,300	1,000	1,600
Beginning Fund Balance	13,810		17,710	18,710
Ending Fund Balance	17,710		18,710	20,310

	Prior Year Actual	Final Approved Budget	Year End Projected	Proposed Budget
40-1 Gas Tax Fund - HUTA	FY 2017-18	FY 2018-19	FY 2018-19	FY 2019-20
Revenues				
6560 Intergovernmental Revenue - HUTA	44,969	46,274	43,260	52,498
6400 Interest Income	1,940	-	-	-
Total - Revenues	46,909	46,274	43,260	52,498
Expenditures				
5908 Round Meadow School Drop-Off/Pick-Up	-	30,000	-	60,000
7590 RM/Mureau Rd Stop Light Maintenance	3,598	5,000	2,400	3,600
7590 RM/Mureau Rd Street Maintenance	5,945	-	2,600	1,500
7590 State Controller - Street Audit	2,000	-	2,000	2,000
7601 Transfer to Gen Fund - Crossing Guards	34,605	37,600	35,600	42,053
7601 Transfer to Gen Fund - Traffic Guards	2,000	26,000	26,000	26,000
Total - Expenditures	48,148	98,600	68,600	135,153
Net Change in Fund Balance	(1,239)	(52,326)	(25,340)	(82,655)
Beginning Fund Balance	466,219		464,980	439,640
Ending Fund Balance	464,980		439,640	356,985

	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
40-2 Gas Tax Fund - SB1/RMRA				
Revenues				
6560 Intergovernmental Revenue - SB1/RMRA	7,050	31,540	32,135	33,450
Total - Revenues	7,050	31,540	32,135	33,450
Expenditures				
5903 Long Valley/US-101 Improvement	-	-	-	40,000
5908 Round Meadow School Drop-Off/Pick-Up	-	-	-	30,000
Total - Expenditures	-	-	-	70,000
Net Change in Fund Balance	7,050	31,540	32,135	(36,550)
Beginning Fund Balance	-		7,050	39,185
Ending Fund Balance	7,050		39,185	2,635

	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
50 Prop A Fund				
Revenues				
6560 Intergovernmental Revenue	34,919	36,895	36,895	39,452
6400 Interest Income	638.46	-	-	-
Total - Revenues	35,557	36,895	36,895	39,452
Expenditures				
7590 Summer Bus Beach	-	5,000	-	5,000
7590 Prop A Exchange	-	-	120,000	-
Total - Expenditures	-	5,000	120,000	5,000
Net Change in Fund Balance	35,557	31,895	(83,105)	34,452
Beginning Fund Balance	57,161		92,719	9,614
Ending Fund Balance	92,719		9,614	44,066

	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
55 Prop C Fund				
Revenues				
6560 Intergovernmental Revenue	28,833	30,603	30,603	32,724
6400 Interest Income	1,131	-	-	-
Total - Revenues	29,964	30,603	30,603	32,724
Expenditures				
5903 Long Valley/US-101 Improvement	-	-	-	180,000
7590 RM/Mureau Rd Landscape	12,851	15,000	13,000	14,000
Total - Expenditures	12,851	15,000	13,000	194,000
Net Change in Fund Balance	17,113	15,603	17,603	(161,276)
Beginning Fund Balance	126,597		143,710	161,313
Ending Fund Balance	143,710		161,313	37

	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
60 AQMD Fund				
Revenues				
6560 Intergovernmental Revenue	1,813	2,500	2,400	2,500
6560 MSRC Grant	10,000	22,500	22,500	10,927
6400 Interest Income	347	-	-	-
Total - Revenues	12,160	25,000	24,900	13,427
Expenditures				
5905 Car Charging Stations	70	30,000	48,056	-
7590 Purchase of Electric Vehicle	34,272	-	-	-
7590 Electric Car Maintenance	-	-	-	500
Total - Expenditures	34,341	30,000	48,056	500
Net Change in Fund Balance	(22,181)	(5,000)	(23,156)	12,927
Beginning Fund Balance	54,137		31,956	8,800
Ending Fund Balance	31,956		8,800	21,727

	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
65 Measure R Fund				
Revenues				
6560 Intergovernmental Revenue - Local	21,694	22,953	22,953	24,543
6560 Measure R Grant	1,901,326	1,140,000	36,200	2,137,500
6400 Interest Income	223	-	-	-
4902 Transfer from General Fund Reserve	94,496	-	-	65,000
Total - Revenues	2,017,738	1,162,953	59,153	2,227,043
Expenditures				
5903 Long Valley/US-101 Improvement	50,431	1,200,000	38,100	2,250,000
5905 Car Charging Station	-	-	50,000	-
5906 V Calm Traffic Radar Upgrade	-	5,000	-	10,000
5951 Capital Outlay - parking lot purchase	1,952,985	-	-	-
7590 Street Signs Maintenance	701	-	-	-
Total - Expenditures	2,004,117	1,205,000	88,100	2,260,000
Net Change in Fund Balance	13,622	(42,047)	(28,947)	(32,957)
Beginning Fund Balance	48,420		62,042	33,095
Ending Fund Balance	62,042		33,095	138

	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
67 Measure M Fund				
Revenues				
6560 Intergovernmental Revenue	19,660	26,013	26,013	27,816
6400 Interest Income	73	-	-	-
Total - Revenues	19,732	26,013	26,013	27,816
Expenditures				
5903 Long Valley/US-101 Improvement	-	-	-	30,000
5904 Bicycle Repair Station	-	-	15,000	-
5908 Round Meadow School Drop-Off/Pick-Up	-	-	-	27,040
Total - Expenditures	-	-	15,000	57,040
Net Change in Fund Balance	19,732	26,013	11,013	(29,224)
Beginning Fund Balance	-		19,732	30,745
Ending Fund Balance	19,732		30,745	1,521

	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
68 Measure W Fund				
Revenues				
6560 Intergovernmental Revenue	-	-	-	100,000
6400 Interest Income	-	-	-	-
Total - Revenues	-	-	-	100,000
Expenditures				
7601 Transfer to Gen Fund - NPDES/Environmen	-	-	-	100,000
Total - Expenditures	-	-	-	100,000
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	-	-	-	-

	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
70 Recycling Fund				
Revenues				
6560 Intergovernmental Revenue	10,000	5,000	5,000	5,000
Total - Revenues	10,000	5,000	5,000	5,000
Expenditures				
5907 Catch Basin Screen/Insert Retrofit	5,000	45,000	5,750	40,000
Total - Expenditures	5,000	45,000	5,750	40,000
Net Change in Fund Balance	5,000	(40,000)	(750)	(35,000)
Beginning Fund Balance	40,104		45,104	44,354
Ending Fund Balance	45,104		44,354	9,354

	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
75 STPL Fund				
Revenues				
Total - Revenues	-	-	-	-
Expenditures				
5908 Round Meadow School Drop-Off/Pick-Up	-	30,000	-	32,960
Total - Expenditures	-	30,000	-	32,960
Net Change in Fund Balance	-	(30,000)	-	(32,960)
Beginning Fund Balance	32,960		32,960	32,960
Ending Fund Balance	32,960		32,960	-

	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
80 COPS Fund				
Revenues				
6560 Intergovernmental Revenue	139,416	100,000	148,747	100,000
4902 Transfer from Gen Fund - LET Refund	-	-	3,138	-
Total - Revenues	139,416	100,000	151,885	100,000
Expenditures				
7601 Transfer to Gen Fund - Supplemental Sheriff	149,973	100,000	161,251	100,000
Total - Expenditures	149,973	100,000	161,251	100,000
Net Change in Fund Balance	(10,557)	-	(9,366)	-
Beginning Fund Balance	62,536		51,979	42,613
Ending Fund Balance	51,979		42,613	42,613

	Prior Year Actual FY 2017-18	Final Approved Budget FY 2018-19	Year End Projected FY 2018-19	Proposed Budget FY 2019-20
90 TDA Fund				
Revenues				
6560 Intergovernmental Revenue	5,873	7,200	25,000	-
Total - Revenues	5,873	7,200	25,000	-
Expenditures				
5904 Bicycle Repair Station	4,917	8,000	25,956	-
Total - Expenditures	4,917	8,000	25,956	-
Net Change in Fund Balance	956	(800)	(956)	-
Beginning Fund Balance	-		956	0
Ending Fund Balance	956		0	0

Capital Improvement Projects

Fiscal Year 2019-20

Account	Project Name	Project Cost	Funding Source	FY 2019-20	
				Amount	Total Budget
5901	City Hall Improvements	250,000	General Fund	250,000	250,000
5903	Long Valley/Valley Circle/US-101 On-Ramp Improvement	5,540,000	Prop C Fund	180,000	2,500,000
			Gas Tax Fund - RMRA	40,000	
			Measure M	30,000	
			Measure R (Local/Highway)	2,250,000	
5906	V Calm Traffic Radar Upgrade	10,000	Measure R (Local)	10,000	10,000
5907	Catch Basin Screen/Insert Retrofi	40,000	Recycling Fund	40,000	40,000
5908	Round Meadow School Drop-Off/Pick-Up	150,000	STPL Fund	32,960	150,000
			Measure M	27,040	
			Gas Tax Fund - HUTA	60,000	
			Gas Tax Fund - RMRA	30,000	
5909	Citywide Utility Undergrounding	3,500,000	Rule A	20,883	3,520,883
			General Fund reserves	3,500,000	
5910	Lasher Road Undergrounding	5,000	General Fund reserves	5,000	5,000
TOTAL		9,495,000		6,475,883	6,475,883

City Hall Improvements

Project proposed to continue with interior improvements to City Hall focusing on the City Council Chambers including broadcast equipment, second floor conference room, and Building and Safety office. Other considerations include solar project and new City Hall roof.

Project Funding: General Fund

Long Valley/US-101/Valley Circle On-Ramp Improvement

The project, funded through both Measure R and Measure M seeks to improve traffic circulation down the Long Valley ramp, entrance into the City and onto the westbound 101 Freeway. Along with circulation, aesthetic improvements in that area are being considered. Landscape design and possible construction of Phase 1 (Long Valley Parking lot) may occur in FY 2019-19.

Project Funding: Measure R, Measure M, Prop C and SB1

Round Meadow School Drop-Off/Pick-Up

Project seeks to create a permanent solution to traffic congestion in and around Round Meadow Elementary School through the construction of new access road and drop off lane on school campus. City and school district to split costs. FY 2018-19 work will focus on design.

Project Funding: Gas Tax, SB1, STPL and Las Virgenes Unified School District

Catch Basin Screen/Insert Retrofit

To comply with NPDES requirements, screens are required at catch basin inlets to prevent trash/solid waste from entering the storm drain system.

Project Funding: Plastic Bottle Recycling Grant

V Calm Undergrounding and Relocation

The traffic radar signs (V Calm) are currently run by solar power. During the shorter/shadier winter months, power can sometimes be insufficient. In addition, due to poor cellular reception in the City, the signs cannot be accessed and programmed remotely. This can be resolved by hard wiring to an SCE meter. In addition, the sign on Round Meadow Road is scheduled to be relocated to Eldorado Meadow Road.

Project Funding: Measure R Local

Lasher Road Undergrounding

Participation (in part) on the design of utility undergrounding behind the residences located on Long Valley Road, between Lasher Road and Old Farm Road.

Project Funding: General Fund Reserves, Southern California Edison Rule 20A funds

Citywide Utility Undergrounding

Project may include the beginning of a City-wide utility undergrounding through various funding mechanisms. Also, being considered is a smaller project focusing on a select area.

Project Funding: General Fund Reserves, Southern California Edison Rule 20A funds

Gann Appropriation Limit

Fiscal Year 2019-20

Background

Article XIII-B of the California State Constitution (also known as Proposition 4, or the "Gann Initiative", restricts the total amount of appropriation allowed in any given fiscal year from the "proceeds of taxes."

Changes made:

1980 — The State Legislature added Section 9710 to Government Code requiring the governing body of each local jurisdiction to establish, by resolution, an appropriation limit for the following year. The appropriations limit for any fiscal year was equal to the previous year's limit, adjusted for population changes and the change in the U.S. Consumer Price Index (or California per Capita Personal Income, if smaller). This statistical information is provided by the California Department of Finance every year.

1990 - California voters approved Proposition 111, amending Article XIII-B. A City may choose annual adjustment factor including growth in the California Per Capita Income or the growth in the non-residential assessed valuation due to construction within the City, and the population growth within the City. Article XIII B originally required that excess revenues received by the state and local governments be rebated to taxpayers in the following year. Proposition 111 instead provides that excess revenues be established over a two-year period, and that they be divided equally between rebates to taxpayers and Proposition 98 educational spending.

"Appropriations subject to limitation" of an entity of local government means any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of state subventions to that entity (other than subventions made pursuant to Section 6)* exclusive of refunds of taxes.

Calculation

Appropriation Limit for FY 2018-19		\$1,837,590
Adjustment Factors		(% Ratio)
Population Factor	0.999	
Growth Factor	1.0385	
Calculation of Factors for FY 2019-20	1.0375	
Appropriation Limit for FY 2019-20		\$1,906,429

Appropriations Subject to Limit

	Proposed Budget FY 2019-20
Proceeds of Taxes	
Property Tax	1,098,000
Sales & Use Tax	5,000
Real Property Transfer Tax	101,000
Property Tax in Lieu of VLF	276,000
Motor Vehicle In Lieu	1,000
PSAF Revenue	23,000
Business License	57,000
Total Proceeds of Taxes	1,561,000
Less Exclusions	-
Appropriations Subject to Limitation	1,561,000
Appropriation Limit for FY 2019-20	1,906,429
Amount Under/(Over) Limit	345,429

Staffing Level and Salary Range

Listing of Full-Time Positions

Fiscal Year 2019-20

<u>Position</u>	<u>Salary Range</u>
City Manager	\$187,000 (Per Contract)
City Clerk	\$70,000 - \$90,000 annually (exempt)
Accounting Specialist	\$25.19 to \$37.70 per hour (non-exempt)

Fiscal Health Report

For the Period from 2008 to 2019

I. Overview

This "Fiscal Health Report" is a financial monitoring system that computes a number of "factors" and compares the results over time. Its purpose is to provide the City Council with a comprehensive look at the financial condition of the City over the previous ten-year period to help ensure the City's continued future fiscal health. Monitoring systems can give early warnings of trends before they become major problems.

II. How the system works

The selected factors (see attached) are calculated over time and trends are established and graphed. Data for all factors has been extracted from annual audit reports from 2008 through 2018, and the latest year-end projections for revenues and expenditures account for the data reflected for 2019 (Fiscal Year 2018-19). Note that revenues and expenditures have not been adjusted for inflation and therefore do not represent constant dollar comparisons.

Trends are judged as favorable, stable or unfavorable. If a solid trend is not established, the factor may be rated as a combination such as stable/favorable or stable/unfavorable. Several factors use population as a component of the formula. The intent is to show if revenues and expenditures are keeping pace with population changes which might increase demand for services. While the City's population has historically been very stable, the per capita formula is still valid for purposes of establishing a relationship between the factors. Finally, it is also important to view the factors in relation to each other. Therefore, an unfavorable trend in expenditures combined with a favorable trend in revenues should not necessarily raise an immediate concern. On the other hand, stable or declining revenues combined with increasing expenditures could pose a problem in a very short time.

III. Findings

In reviewing the findings reflected in the various factors, a total of five factors were judged as favorable and two were stable as noted below:

FACTOR	TREND
#1 Revenue Per Capita	Favorable
#2 Property Tax Revenue Per Capita	Favorable
#3 Expenditure Per Capita	Stable
#4 Public Safety Expenditure Per Capita	Stable
#5 Revenue & Expenditure Per Capita	Favorable
#6 Population Growth	Favorable
#7 Building Permit Revenue as a % of Total General Fund	Favorable

IV. Conclusions

Several conclusions can be drawn from this year's fiscal health "report card." First, it is evident that the City's fiscal health remains strong. Also, it is noted that all of the seven categories are rated either "favorable" or "stable." This strong report is bolstered by a stable property tax base and recent surge in building related revenue. Finally, continued scrutiny by the City Council, staff, and residents is imperative to ensure the fiscal health of the City for generations to come.

FACTOR 1 - REVENUE PER CAPITA

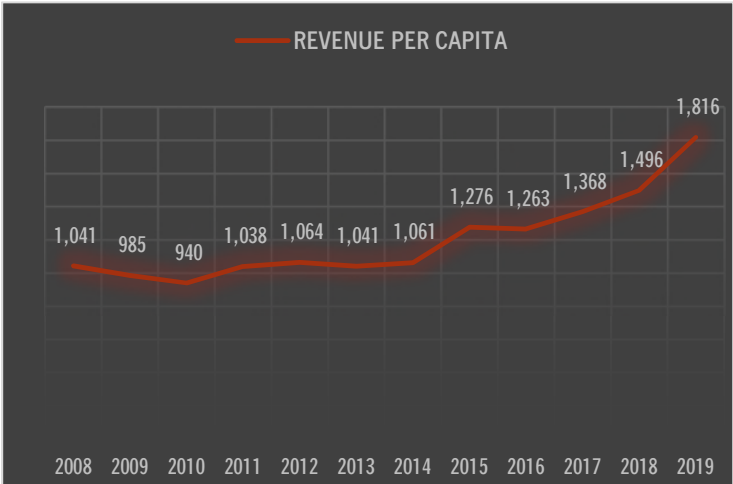
DESCRIPTION - This factor is designed to show whether revenues are keeping pace with expenditures, growth in the community, etc. For example, if revenues are decreasing, a municipality might not be able to maintain service levels unless new revenue sources are found. In the case of Hidden Hills, revenues per capita decreased in 2009 and 2010 during the recent recession. Revenue started to rebound in 2011. The recent growth, which began in 2015, can be attributed to increased building and rising home values.

While the City's population does not change dramatically, this factor examined in conjunction with expenditures per capita (see FACTOR 3) provides a relevant comparison of performance. This factor should be watched closely in relation to FACTOR 3.

FORMULA -
$$\frac{\text{Total Operating Revenue}}{\text{Population}}$$

WARNING SIGN - Decreasing operating revenue per capita sustained over multiple years.

TREND - Favorable

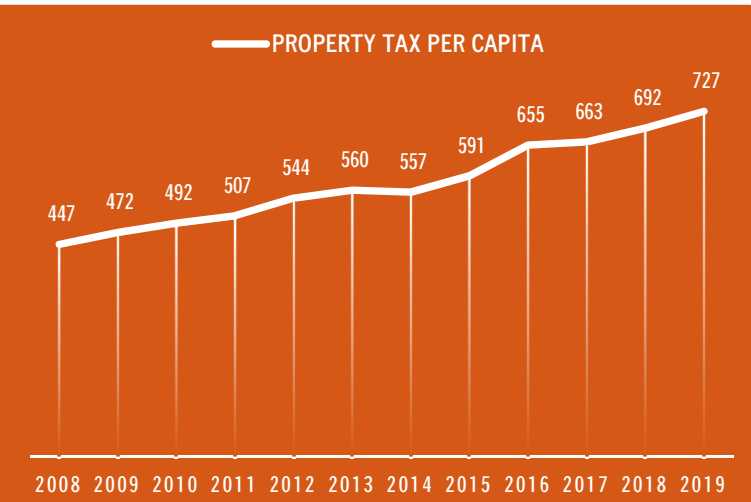


FACTOR 2 – PROPERTY TAX PER CAPITA

DESCRIPTION - Since the property tax constitutes such a large percentage of the General Fund revenue, this factor is examined against City of Hidden Hills population. At a minimum, property revenue should not be decreasing when compared to population. Property tax and motor vehicle in lieu revenue is combined as in 2006, the State redirected a portion of property tax revenue to municipalities and “backfilled” those revenues with a portion of motor vehicle license fees. Known as the “triple flip” the City’s auditors combine these two revenue sources into the property tax line item each year. In the case of Hidden Hills slight growth each year indicates a favorable position. However, staff should make it a practice to continually monitor this critical revenue source.

FORMULA -
$$\frac{\text{Property Tax} + \text{Property Tax In Lieu of VLF}}{\text{Population}}$$

TREND - Favorable



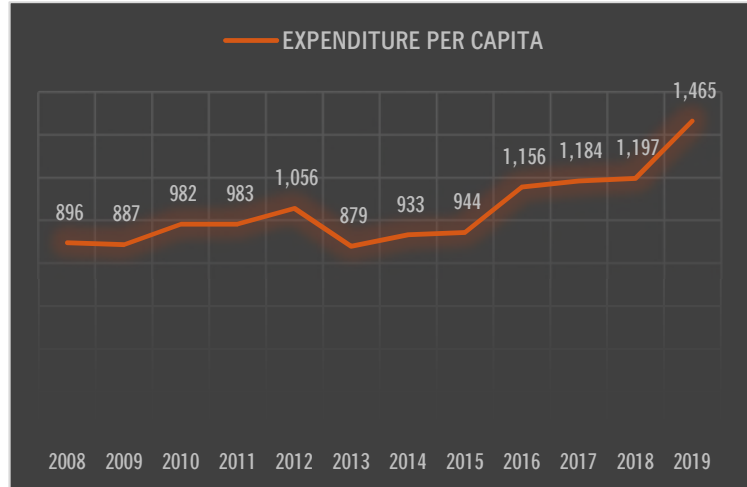
FACTOR 3 – EXPENDITURES PER CAPITA

DESCRIPTION - This factor is designed to show the cost-per-person of providing City services. Increasing expenditures per capita are troublesome if revenues per capita are stable or declining. In the case of Hidden Hills expenditures per capita have begun to “creep” up since a dip in 2013. While this increase can be attributed to several factors including: (1) increased building activity; (2) additional expenditures related to water quality mandates; and (3) increased capital project expenses; (4) and showing the cost of library services being paid to City of Calabasas from portion of property taxes, this factor should be monitored carefully especially in line with revenue per capita in the coming years.

FORMULA -
$$\frac{\text{Total Operating Expenditures}}{\text{Population}}$$

WARNING SIGN - Significantly increasing operating expenditures per capita, especially when combined with a stable or unfavorable trend in FACTOR 1 – Revenues Per Capita.

TREND - Stable



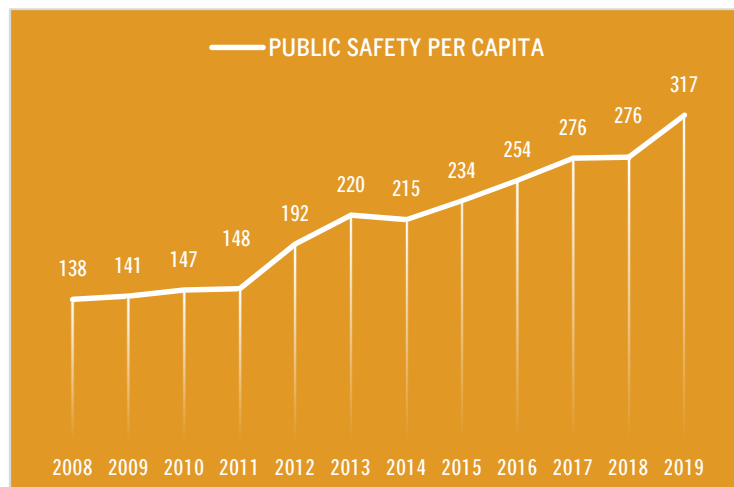
FACTOR 4 - PUBLIC SAFETY EXPENDITURES PER CAPITA

DESCRIPTION - Since public safety expenditures represent such a large portion of total operating expenditures, this item was examined separately. It should be noted that beginning in 2012, the City audit began to include restricted COPS funds in the overall public safety expenditure. It is believed that per capita spending in law enforcement prior to 2012 referenced in this chart does not include COPS funds. Beginning in FY 2017/18 COPS Funds are shown in revenue and expenditure line items in an effort to show the true cost of law enforcement services. In addition to including law enforcement costs, Public Safety Expenditures per capita include costs associated with emergency preparedness, school crossing guards, and animal care and control. Increased cost in 2019 directly related to higher emergency preparedness costs in the wake of Woolsey Fire, and several joint projects with the Community Association related to security. The City Council and staff must monitor these increased costs and sustainability going forward.

FORMULA -
$$\frac{\text{Public Safety Expenditures}}{\text{Population}}$$

WARNING SIGN - Significantly increasing per capita expenditures.

TREND - Stable

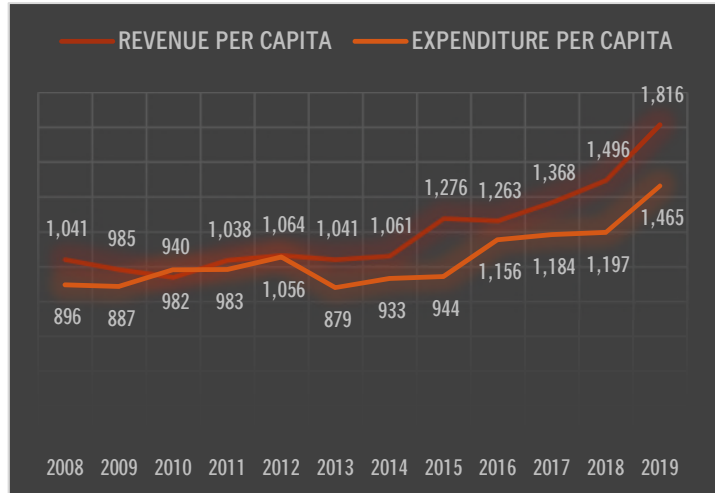


FACTOR 5 - REVENUES AND EXPENDITURES PER CAPITA

DESCRIPTION - This table shows Factors 1 and 3 combined and provide a graphic display of the relationship between the two. Beginning in 2008 revenues began to decline while expenses increased. Following 2012, when revenues and expenditures were approximately equal partially due to a \$200,000 Community Assistance Grant provided to the HHCA, expenditures dropped while revenues climbed.

WARNING SIGN - Significantly increasing per capita expenditures combined with stable or declining per capital revenues.

TREND - Favorable

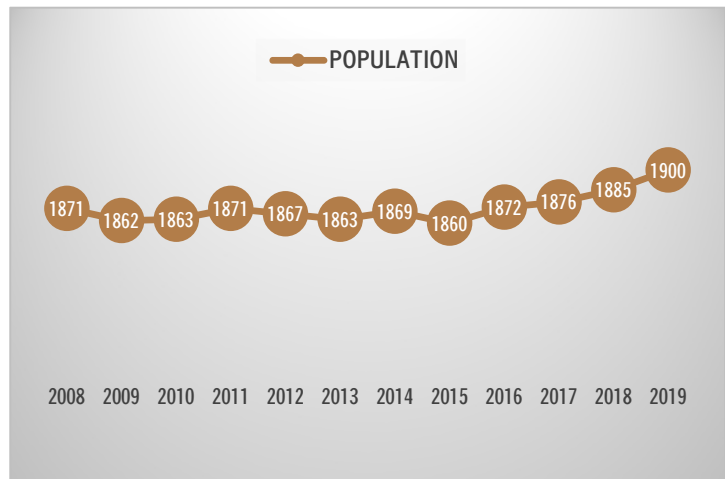


FACTOR 6 - POPULATION GROWTH

DESCRIPTION - This table simply illustrates population growth based on both State Department of Finance (Population Research Unit) and the U.S. Department of Commerce, Bureau of Census and Neighborhood Statistics Program. For emerging or developing cities, population growth is usually a key contributor to an increase in service delivery costs. However, in Hidden Hill's case, population growth has been essentially flat for the past ten years.

WARNING SIGN - Increasing population and accompanying service demands in the face of static or declining General Fund Revenues.

TREND - Favorable



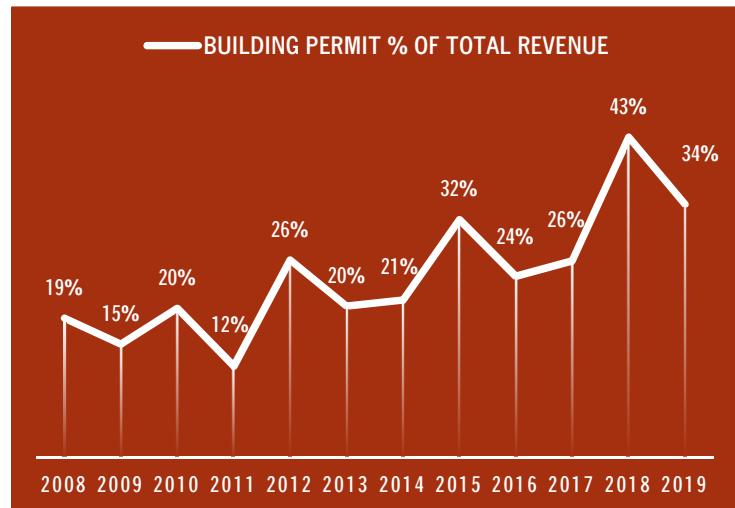
FACTOR 7 - TOTAL BUILDING PERMIT REVENUE AS A PERCENTAGE OF TOTAL GENERAL FUND REVENUES

DESCRIPTION - This factor illustrates the effect on permit revenue related to declines in construction activity and should be watched closely. The table below reflects a rather flat period of building permit revenue which can be attributed to the 2008 recession. Building activity began to rebound in 2012 while reaching a pinnacle in 2018. Although building revenue decreased by approximately 9% in 2019, there is no cause for alarm. Having said that, building revenue should be closely monitored going forward especially on how it relates to expenditures.

FORMULA -
$$\frac{\text{Total Permit Revenues}}{\text{Total General Fund Revenues}}$$

WARNING SIGN - Decreased revenue without corresponding decreases in expenditures.

TREND - Stable



Statement of Investment Policy

Fiscal Year 2019-20

1.0 Policy:

This Investment Policy applies to the City of Hidden Hills ("City"). It is the policy of the City to protect, preserve and maintain its respective assets. The City shall invest public funds in a manner that will provide the highest investment return commensurate with maximum security, while meeting the respective cash flow demands of the City and conforming to all State and Local statutes governing the investment of public funds.

2.0 Scope:

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by outside fiscal agents under the provisions of bond indentures, or other funds as designated by the City Council or the City Treasurer. Funds contained in the City's pool are designated as "General Portfolio". This investment policy applies to the investment of surplus funds contained in the "General Portfolio". These funds are accounted for in the Annual Financial Statements and include:

The General Fund

All Special Revenue Funds

All Trust and Agency Funds

3.0 Prudence:

The City is held to the prudent investor standard set forth in Section 53600.3 of the Government Code which states: "When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principle and maintain the liquidity needs of the agency."

Accordingly, this is the standard of prudence to be used and applied by the City Treasurer (and other persons under the supervision and responsibility of the Treasurer pursuant to Section 5.3) to manage the City's investment portfolio, per the delegation of authority by the City Council to the Treasurer set forth in Section 5.3 of this Investment Policy.

It is the City's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized, that in a well-diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long-term rate of return.

4.0 Objectives:

The cash management system of the City is designed to accurately monitor and forecast expenditures and revenues, thus ensuring the investment of monies to the fullest extent possible. The City strives to maintain the level of investment of surplus funds as near to 100% as possible. Consistent with this factor, investments are made under the terms and conditions of Articles 1 (commencing with Section 53600) and 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of California. Consistent with Government Code Section 53600.5, the primary objectives, in priority order, of the investment activities of the City shall be:

4.1. Safety: Safety of principal is the foremost objective of the investment program. "Safety" means that the overall value of invested public funds shall not be diminished in the process of securing and investing those funds or over the duration of the investments. To attain this objective, portfolio diversification is required.

a. Reduction of Credit Risk: Credit risk is defined as the risk of loss due to failure of the issuer of a security. This risk shall be mitigated by investing in investment grade securities and by diversifying the investment portfolio so that the failure of any one issuer does not unduly harm the City's capital base and cash flow.

b. Reduction of Market Risk: Market risk is defined as market value fluctuations due to overall changes in the general level of interest rates. This risk shall be mitigated by limiting the average maturity of the City's investment portfolio to two years, the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long term securities for the sole purpose of short term speculation.

4.2. Liquidity. The investment portfolio of the City will remain sufficiently liquid to enable such agency to meet all operating requirements of such agency which might be reasonably anticipated. Additionally, since all possible cash demands cannot be anticipated, a large portion of the securities held should be those for which active secondary markets exist. The liquidity of each type of authorized investment is included in its description in Section 8 "Authorized and Suitable Investments" section of this policy.

4.3. Return on Investment (Yield): The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of such portfolio.

In general, the California Government Code limits authorized investments to those classes of securities which have lower risk (and therefore lower yields) than other higher risk investment choices. In each investment transaction the anticipated return on investment is subordinate to the preceding requirements of safety and reduction of credit and interest rate risk

5.0 Delegation of Authority:

Authority to manage the investment program of the City is derived from Government Code Sec. 53601 and 53607 (which respectively authorize a legislative body to invest public funds, and the legislative body's delegation of such authority to the treasurer of the corresponding agency) and the City's Municipal Code.

5.1 Responsibilities of the City Council. The City Council shall consider and adopt yearly a written investment Policy. As provided in this policy, the Council shall receive and review quarterly Investment Reports.

5.2. Responsibilities of the City Manager. The City Manager is responsible for supervising the City Treasurer. The City Manager is also responsible to keep the City Council fully advised of the investment portfolio and as to the financial condition of the City.

5.3. Responsibilities of the City Treasurer. Pursuant to Government Code Section 53607, the City Council delegates the authority to invest or reinvest surplus funds, and to sell or exchange securities so purchased for and on behalf of the City, to the City Treasurer for the one-year period commencing from the date of adoption of this Investment Policy, and the City Treasurer shall make a monthly report of those transactions to the City Council.

No person may engage in an investment transaction except as provided under the terms of this policy. The City Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of investment advisors. The City Treasurer is charged with responsibility for the conduct of all treasury functions, including the custody and investment of City funds, the development of procedures to implement this Investment Policy, and the rendering of the monthly transactions reports and quarterly investment reports (containing such information as specified in Section 15.0) required by this policy.

6.0 Ethics and Conflicts of Interest:

Officers and employees involved in the investment process are required by the City of Hidden Hills Conflict of Interest Policy and State Government Code Section 81000 to disclose annually to the City Council any material financial interests in financial institutions that conduct business within the City and further to disclose any large personal financial/investment positions that could be related to the performance of the City, particularly with regard to the time of purchase and sales, as part of the City's conflict of interest reporting requirements.

7.0 Authorized Financial Dealers, Institutions and Portfolio Managers:

The City Treasurer will maintain a list of financial institutions authorized to provide investment services, including portfolio management. The City Treasurer will exercise prudence in the selection of any portfolio managers, provide suitable safeguards to prevent abuse in the exercise of discretion by a portfolio manager, and will remain responsible for any investment decisions made by the portfolio manager. In addition, a list will also be maintained of security broker/dealers approved to provide direct services to the City. These broker/dealers shall be selected by credit worthiness and be authorized to provide broker-dealer services in the State of California. In addition, broker dealers selected for the list shall meet the requirements of Government Code Section 53601.5 (which currently requires that they be one of the following: (i) an institution licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code, (ii) a member of a federally regulated securities exchange, (iii) a national or state-chartered bank, (iv) a savings association or federal association (as defined by Section 5102 of the Financial Code), or (v) a brokerage firm designated as a primary government dealer by the Federal Reserve Bank). These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15c3-1 (uniform net capital rule), so long as such dealers also meet one of the foregoing criteria of Government Code Section 53601.5. No public deposit shall be made except in a qualified public depository and pursuant to the collateralization (or federal insurance) and depository contract requirements as established by state law (including, without limitation, Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code). Financial institutions authorized to provide investment services to the City, including portfolio management, shall utilize security broker/dealers who are duly licensed and authorized to provide investment services in the State of California and otherwise meet one of the requirements of Government Code Section 53601.5 but shall not be limited to the list of approved broker/dealers maintained by the City.

Anyone providing financial services to the City, including portfolio management, must adhere to the investment policies of the City as adopted annually by the City Council.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions, including portfolio management, must supply the City Treasurer with the following:

- Audited financial statements for the institutions three most recent fiscal years;

- Proof of Financial Industry Regulatory Authority (FINRA) registration;

- Proof of State registration; and

- Certification of having read and understood the investment policy and the depository contracts of the City.

A current audited financial statement is required to be on file for each financial institution, broker/dealer and portfolio manager with which the City invests.

Selection of financial institutions and broker/dealers authorized to engage in transactions with the City shall be at the sole discretion of the City. An annual review of the financial condition of qualified bidders will be conducted by the City Treasurer.

8.0 Authorized and Suitable Investments:

Investable funds, which include funds not needed for the immediate needs of the City, are determined by the City Treasurer. Notwithstanding, one year's anticipated revenues shall be invested in Local Agency Investment Funds administered by the State Treasurer's Office pursuant to the authority conferred by Government Code Section 16429.1. All other investments shall be made in accordance with Sections 53600 et seq., of the Government Code. If not otherwise specified herein, the maximum term or remaining maturity shall be as specified in Section 11.0 of this policy. Within the context of limitations, the following investments are authorized, as further limited herein by this Policy and subject to the portfolio concentration limits set forth herein and in Table 1, appended to this policy:

8.1 U.S. Treasury Bonds, Notes & Bills and "Strips" - United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

In addition, through the commercial book-entry system, a Treasury fixed-principal note or bond or a Treasury inflation-protected security may be stripped, and each interest payment and the principal payment becomes a separate security (also known as Separate Trading of Registered Interest and Principal of Securities or "STRIPS"). Each component has its own identifying number and can be held or traded separately. Broker/dealers may market the principal portion of these "stripped" securities or "Strips" at deep discounts. In accordance with Government Code Section 53601.6, interest-only Strips are not authorized for the City. However, principal-only Strips (also known as "zero-coupon Treasury securities" or "Discount Notes") are authorized investments, if they meet the

requirements of Government Code Section 53601.6(b), which specifies that a local agency shall not invest any of its surplus funds in any security that could result in zero interest accrual if held to maturity.

8.2 Federal Agency Obligations or United States Government-Sponsored Enterprise (GSE) Obligations – Federal agency or United States government-sponsored enterprise (GSE) obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. As to GSEs, there are numerous government-sponsored enterprises which issue debt instruments, but many lack the liquidity necessary to fit the portfolio requirements of the City. Purchases of government-sponsored enterprise securities should be limited to the issues of the Government National Mortgage Association, the Federal Farm Credit Bank, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal Home Loan Bank.

To the extent the investment is (a) a mortgage-pass through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond and (b) not fully guaranteed as to principal and interest by federal agencies or a GSE, the investment shall also meet the criteria specified in Section 8.6 of this policy.

8.3 Repurchase Agreements - A repurchase agreement is a contractual agreement between a financial institution or dealer and the City by which the City purchases securities from a counterparty seller, the counterparty seller agrees to repurchase the securities on or before a specified date and for a specified amount, and the counterparty delivers the underlying securities to the City by book entry, physical delivery, or by third-party custodial agreement. Repurchase agreements authorized by this section shall not exceed 20 percent of the City's surplus moneys that may be invested pursuant to this policy.

Repurchase agreements may only be made with primary dealers of the Federal Reserve Bank of New York. The City will not enter into repurchase agreements for a period greater than 7 days. The market value of the securities that underlie a repurchase agreement will not be less than the greater of (a) 102% of the funds borrowed by the counterparty seller against those securities or (b) the sum of the funds borrowed by the counterparty seller against the securities plus accrued interest. And, the securities will be only treasuries meeting the requirements of Section 8.1 of this policy and agencies of the United States government meeting the requirements of Section 8.2 of this policy.

8.4 Medium term corporate notes or bonds (rated A or above by a nationally recognized statistical rating organization (NRSRO)) – all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States may be bought only through major banks or primary dealers which offer competitive secondary markets for the purchase or sale of the notes before maturity, such as Bank of America, Goldman Sachs, and J. P. Morgan. Purchases of medium term corporate notes or bonds shall not exceed 30 percent of the City's surplus moneys that may be invested pursuant to this policy.

8.5 Commercial paper - (which must have a rating of the highest ranking or of the highest letter and number rating as provided for by a NRSRO (e.g., A1 (S&P) or P1 (Moody's)) - may be bought through major banks or primary dealers which can offer or arrange competitive secondary markets for the purchase or sale of the paper before maturity. The longest maturity approved for commercial paper is 270 days.

The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or (b):

a. The entity (i) is organized and operating in the United States as a general corporation; (ii) has total assets in excess of five hundred million dollars (\$500,000,000); and (iii) has debt other than commercial paper, if any, that is rated "A" or higher by an NRSRO.

b. The entity (i) is organized within the United States as a special purpose corporation, trust, or limited liability company; (ii) has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond; and (iii) has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

The City may invest no more than 25 percent of its moneys in eligible commercial paper. The City may not purchase more than 10 percent of the outstanding commercial paper of any single issuer.

8.6 Mortgage-backed securities – a mortgage-pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or

consumer receivable-backed bond with a fixed coupon issued by an agency of the U.S. government or a GSE, provided that the stated final maturity of such security does not exceed five (5) years from the date of purchase. To be eligible, the issuer of such security, obligation, bond, or certificate must have an A or higher rating for the issuer's debt as provided by an NRSRO, and the security, obligation, bond, or certificate itself must be rated in a rating category of AA or its equivalent or better by an NRSRO. Purchases of securities, obligations, bonds, or certificates authorized by this section shall not exceed 20 percent of the City's surplus moneys that may be invested pursuant to this policy.

8.7 Negotiable Certificates of Deposit (CDs) or Non-negotiable, FDIC-insured CDs or Time Deposits with fixed coupons and fixed maturity date which may not exceed five (5) years and are issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of CDs and time deposits shall not, in total, exceed 30 percent of the City's funds that may be invested pursuant to this policy.

8.8 Local Agency Investment Funds (LAIF) administered by the State Treasurer's Office.

8.9 Passbook accounts maintained solely to provide for ongoing operational needs shall not exceed the maximum amount insured by the FDIC and shall be subject to the requirements of this policy.

8.10 Shares of Beneficial Interest Issued by a Joint Powers Authority – the joint powers authority must be organized pursuant to Government Code Section 6509.7 and invest in the securities and obligations authorized for local agency investment by Government Code Section 53601.

To be eligible, the joint powers authority issuing the shares (each of which shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority) shall have retained an investment adviser that (i) is registered or exempt from registration with the U.S. Securities and Exchange Commission; (ii) has not less than five years of experience investing in the securities and obligations authorized for local agency investment by Government Code Section 53601; and (iii) has assets under management in excess of five hundred million dollars (\$500,000,000).

8.11 State and Local Agency Bonds, Warrants and Treasury Notes (rated "BBB" or above (or equivalent) by a NRSRO before insurance). The following may be purchased except that the remaining term to maturity at the time the investment is purchased cannot exceed five years.

a. Registered state warrants or treasury notes or bonds of the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State of California or by a department, board, agency, or authority of the State of California.

b. Registered treasury notes or bonds of any of the other 49 states in the U.S., including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states in the U.S.

c. Bonds, notes, warrants, or other evidences of indebtedness of a local agency within the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

No more than 5 percent of the City's funds that may be invested pursuant to this policy shall be invested in bonds, warrants, notes, or other evidences of indebtedness of a single local agency within the State of California or of a single state. For purposes of the foregoing limitation, bonds, warrants, notes, or other evidences of indebtedness of a related entity of a local agency or state shall be included in the calculation with respect to moneys invested in such local agency or state.

Also, no more than 15% of the City's funds that may be invested pursuant to this policy shall be invested in bonds, warrants, notes, or other evidences of indebtedness (of states within the U.S. and/or California local agencies) that have been assigned a rating within the "BBB" (or equivalent) rating category (i.e., "BBB" or "BBB+"). "BBB-" rated obligations are below the minimum eligible rating of "BBB").

8.12 Shares of Beneficial Interest Issued by "Money Market Funds" – shares of beneficial interest issued by diversified management companies that are money market funds registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940.

To be eligible, the investment company (i.e., money market fund) must meet either of the following criteria: (a) attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs, or (b) retained an investment adviser registered or exempt from registration with the U.S. Securities Exchange with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000). The shares authorized by this section must be of the type sold without any sales commission or sales charge of any kind (true no-load funds). Purchases of money market fund shares shall not exceed 20 percent of the City's moneys that may be invested pursuant to this policy.

8.13 Other Investment Guidelines:

Securities may be sold at a loss in order to improve the risk or return characteristics of the portfolio, to prevent anticipated further erosion of principal or when trading for securities that result in an expected net economic gain to the City. If securities owned by the City are downgraded by both Moody's and S&P to a level below the quality required by this Investment Policy, it shall be the City's policy to sell such securities promptly.

Exemptions - Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

Prohibited Investments - The list of eligible securities contained in the California Government Code is extensive and includes a number of categories which are not suitable investments for funds of the City. The categories in the list which have such limitations are as follows:

The City shall not invest any funds pursuant to Section 53600, et. seq., in inverse floaters, range notes, interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.

9.0 Collateralization:

All investments of the City shall be collateralized to the extent required by the State Government Code. (E.g., repurchase agreements, and deposits exceeding the maximum amount insured by the FDIC.)

The collateral for deposits exceeding the maximum amount insured by the FDIC in local savings associations is held at the Federal Home Loan Bank of San Francisco. The collateral for such deposits in local banks is held in the City's name in the trust department of one of the banks with which the City has a current safekeeping agreement (so long as the issuer of the deposit is not the same bank as the bank holding the collateral) and is authorized pursuant to Government Code Sections 53656(b) and 53657 by the Administrator of Local Agency Security designed by Government Code Section 53661 (presently, the Commissioner of Business Oversight) or with the Federal Reserve Bank of San Francisco.

Acceptable collateral instruments are U.S. Treasury or Federal Agency or GSE issues of the types authorized by Government Code Sections 53651(a) and 53651(f), respectively, equal in market value to at least 110% of the deposit of the City. Alternatively, prime seasoned first trust deeds meeting the requirements of Government Code Section 53651.2 and equal in value to at least 150% of the deposit of the City may also be placed by savings associations with the Federal Home Loan Bank of San Francisco to cover collateral requirements for City deposits.

Securities which serve as collateral for repurchase agreements with banks may be held in the issuing bank's trust department, provided that a master repurchase agreement has been executed ensuring the fiduciary separation of these assets from other bank assets.

10.0 Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian and evidenced by safekeeping receipts. Pursuant to Government Code Section 53608, the third party custodian shall be a federal or state association (as defined by Section 5102 of the Financial Code), a trust company or a state or national bank located within the State of California, the Federal Reserve Bank of San Francisco or any branch thereof within the State of California, or any Federal Reserve Bank or any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System.

The transferring of investment funds will be carried out exclusively by use of the Federal Reserve Bank's electronic wire transfer system. Each Banker or Primary Dealer with which the City does business shall receive in writing from the City Treasurer and City Manager or designee a listing which limits transfers of funds to pre-authorized bank accounts only.

The listing will also contain the names of the City staff authorized to request such transfers and will be updated in writing for changes of authorized staff and bank accounts as necessary.

Transfers from one account of the City to another shall require the request of only one authorized staff member. Transfers from the City's account to third parties shall require the request of two authorized staff members.

11.0 Maximum Maturities:

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Pursuant to Government Code Section 53601, if not otherwise specified herein, no investment shall be made in any security, other than a security underlying a repurchase agreement authorized by Section 8.3, that at the time of the investment has a term remaining to maturity in excess of five (5) years from the date of purchase, unless the City Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the City Council no less than three months prior to the investment.

12.0 Internal Control and Audits:

The City Treasurer shall establish an annual process of independent review by an external auditor. This review may be part of the City's annual financial audit performed by an independent certified public accountant which is designed to meet the requirements of the federal Single Audit Act of 1984 and related Office of Management and Budget Circular A-128 or at any other time as determined by the City Treasurer.

13.0 Reporting and Investment Policy Adoption:

The City Treasurer in conjunction with the City Manager and City Attorney shall review and update this Investment Policy annually and present the written, updated policy to the City Council, for consideration and adoption as provided in Government Code Section 53646 et al.

14.0 Interest Earnings:

All moneys earned and collected from investments authorized in this policy shall be allocated yearly to various fund accounts based on the monthly cash balance in each fund as a percentage of the entire pooled portfolio.

15.0 Reporting and Reviews:

The City Treasurer shall make a monthly report to the City Council of the transactions to invest or reinvest surplus funds, and to sell or exchange securities so purchased for and on behalf of the City, in compliance with California Government Code Section 53607.

The City Treasurer shall review and render quarterly reports to the City Manager and City Council in compliance with California Government Code Section 53646(b). These reports will include the face amount and the purchase price of the cash investment, the classification of the investment, the name of the issuer institution or entity, the rate of interest, the maturity date, the current market value and accrued interest due for all securities.

The quarterly report will include a statement of the portfolio's compliance with the City's investment policy and a statement denoting the City's ability to meet its expenditure requirements for the next six months. Additionally, and if applicable, the report will include the amount held by the City's deferred compensation administrator(s).

16.0 Legislative Changes:

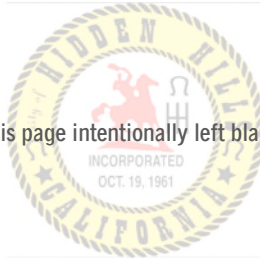
Any State of California legislative action, that further restricts allowable maturities, investment type or percentage allocations, will be incorporated into the City of Hidden Hills' Investment Policy and supersede any and all previous applicable language.

17.0 Investment Policy Adoption:

The City's Investment Policy shall be adopted by Resolution of the City Council on an annual basis. This Investment Policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and yield, and its relevance to current law and financial and economic trends. Any amendments to the policy shall be forwarded to City Council for approval.

TABLE 1

Investment Type:	Dollar or Percent Limits (calculated separately for each agency's portfolio)	Maturity (Not to Exceed)	Liquid
1. General Instruments			
State Investment Fund (LAIF)	The maximum set by LAIF	On demand	Yes
U.S. Treasury Bonds, Notes & Bills	None	5 yrs.	Yes
Federal Agency or U.S. Government Sponsored-Enterprises	None (subject to Sections 8.2 and 8.6 (mortgage-backed securities) of the investment policy)	5 yrs.	Yes
Obligations of the State of California, any of the other 49 states, or any local agency of the State of California with a rating of "BBB" or above (or equivalent) before insurance.	5% of total portfolio with respect to obligations of a single local agency within the State of California or of a single state 15% of total portfolio with respect to obligations rated "BBB" or "BBB+" ("BBB-" is not eligible)	5 yrs.	Yes
2. Collateralized Investments			
Repurchase Agreements	20% of total portfolio	7 days	Yes
Deposit accounts	Amounts above FDIC-insurance must be collateralized	On demand	Yes
3. Uncollateralized Instruments			
Non-negotiable, FDIC-insured CDs or Time Deposits	30% of total portfolio*	5 years	No
Negotiable Certificates of Deposit (CDs)	30% of total portfolio*	5 years	Yes
Medium Term Corporate Notes* and Bonds*	30% of total portfolio**	5 years	Yes
Commercial Paper	25% of total portfolio	270 days	Yes
Mortgage-Backed Securities	Not to exceed 20%	5 yrs.	Yes
*Percent Limit (30% of total portfolio) is a collective limit as to Time Deposits, non-negotiable FDIC-insured CDs, and negotiable CDs.			
** Percent Limit is a collective limit as to Medium Term Corporate Notes & Corporate Bonds, which are governed by Gov. Code Sec. 53601(k).			
4. Other Instruments			
Shares of "money market funds" which are sold without any sales commission or sales charge of any kind (true no-load funds) and rated the highest ranking or highest letter and numerical rating provided by at least two NRSROs	20% of total portfolio	On demand	Yes
Shares of beneficial interest issued by a JPA	None	On demand	Yes



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