

# City of Hidden Hills

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6165 Spring Valley Road  
Hidden Hills, CA 91302  
[hiddenhillscity.org](http://hiddenhillscity.org)



## ANNUAL BUDGET

### FISCAL YEAR 2022-23



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## City Manager's Budget Message

To: Honorable Mayor, City Council and Hidden Hills Residents  
From: Kerry Kallman, City Manager  
Subject: Fiscal Year 2022/23 Budget  
Date: June 13, 2022

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### **INTRODUCTION**

Attached for the City Council's review and consideration is the proposed City budget for Fiscal Year 2022/23. The budget development process began on February 9, 2022 with the City Council Goals session. This was followed by the Mid-year budget review on February 28, 2022. 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. Next, the City Council's Budget Ad-hoc Committee met on May 19 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, Capital Improvement Projects, Gann Appropriations Limit, City Investment Policy, Current Staffing Levels, Reserve Policy and Balances, Fiscal Health Report, and 10-year Budget Forecast.

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**

The City's long-standing tradition of taking a conservative approach to budgeting combined with strategic investments and savings has placed the City in an extremely healthy position. The City is beginning to see the rewards of these efforts as the FY 2022/23 anticipates an aggressive list of potential Capital Improvement projects.

The FY 2022/23 includes General Fund revenues of \$3,821,197 with corresponding General Fund expenditures of \$3,683,789. Property Tax revenue continues to be the City's largest single source of revenue representing over 50% of all City revenue. Conversely, Public Safety and Building and Safety expenditures combined make up nearly half of the City's expenditures at \$1,822,596.

### **REVENUE**

Total General Fund revenue for FY 2022/23 is \$3,821,197. 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.

### Other Local Taxes

Other local revenue includes Real Property Transfer taxes and a small amount of sales tax collected. FY 21-22 saw an increase of nearly 60% more than was anticipated.

### Interest Income

Revenue generated from the City's investment in the Local Agency Investment Fund (LAIF) and with Charles Schwab. In 2021 the City's Schwab investment earned an average of 2.88% interest while LAIF earned an average of 0.31%.

### Other Taxing Entities

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

Following a down year in Building and Safety revenue during the height of the pandemic, revenue in this category rebounded significantly in FY 2021/22. Additionally, earlier this year, the City raised its Building and Safety fee valuation tables for the first time in nine years. It is anticipated that this will result in an increase of approximately 30% in Building and Safety fees in FY 2022/23.

### 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 offset the inclusion of COPS funded expense in the Public Safety Department.

### Recreation

Revenue associated with the annual Fiesta is collected here.

### 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 2022/23 are anticipated to be \$3,683,789. Expenditures are broken down into the following categories:

### Payroll

Total expense for the City's payroll is expected to be \$602,066, which is approximately \$24,000 more than FY 2022/23. Per City Council direction, the FY 2022/23 City budget contains cost of living

adjustments for staff. The increase has been applied to all staff salaries, with the exception of the City Manager, to provide flexibility in staff reviews and salary increases. The City Manager's salary is set annually by the full City Council following the Manager's annual review.

#### Administration

Expenses associated with the City's Administration Department are slightly higher (\$45,000) than the current fiscal year. This increase can be attributed to several factors: (1) costs associated with the November election (\$30,000); (2) update of the City's IT environment (\$10,000); and (3) additional allocation in Public Information. It should also be noted that charges related to City telephones are reduced by \$7,000 following a comprehensive staff audit of those charges from previous years.

#### Public Safety

Earlier this year, the City Council's Ad-hoc Committee related to law enforcement undertook a review of the City's Sheriff's contract and deployment level. Following the un-anticipated transfer of the City's Community Deputy, the Ad-hoc Committee recommended a new deployment level for the remaining quarter of the current fiscal year. Feedback from this change has been positive and allowed the City to deploy law enforcement in a more efficient and productive manner. In addition, the proposed FY 2022/23 City budget contains additional non committed allocations that would allow the City Manager more flexibility in deploying additional resources quickly if needed.

#### 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 are anticipated to be lower in the coming fiscal year following the completion of the City Hall painting project.

#### Community Services

This department includes three-line items: (1) "Library" corresponds with the amount of property tax revenue collected for library services and forwarded to the City of Calabasas under an agreement between the City and Calabasas to provide library services to all Hidden Hills residents; (2) community assistance grants (\$15,000); and (3) Fiesta expenses.

#### Capital Improvement

The City's, strategic fiscal planning and savings, continued solicitation of grants, and aggressive City investment strategy continues to pay off and positioned the City to make several re-investments in the community through Capital Improvement projects. Potential FY 2022/23 projects include:

- Fiber to the Home project
- Two Utility Underground projects
- Long Valley Entrance project
- Mureau/Round Meadow Landscaping project

- City Hall Outdoor Space project

Detailed descriptions including funding sources can be found on pages 27-28 of this document.

#### Grant/Restricted Fund Use

The City continues to use as many restricted or grant funds to offset General Fund spending. The FY 2022/23 City budget aims to offset \$4,200,000 in costs with these funds.

#### Proposed General Fund Fiscal Reserve Policy

In 2019, the City Council adopted the General Fund fiscal Reserve Policy. The policy created 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. At the time of adoption, it was anticipated that the City Council Budget Ad-hoc Committee and full City Council would review the policy each year and determine the fund levels as part of the budget creation and adoption process. A detailed explanation, use, and funding levels of each category can be found on page 13-16 of this document.

#### **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 2022/23 Gann Appropriations Limit; (2) listing of full-time staff positions contained in the City budget; (3) matrix of City restricted funds; (4) "Fiscal Health Report" examining the City's financial condition in the General Fund; and (5) 10-year Budget forecast.

# City of Hidden Hills

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**City of Hidden Hills**

**City Council**

Fiscal Year 2022-23

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**Steve Freedland**  
Mayor Pro Tem



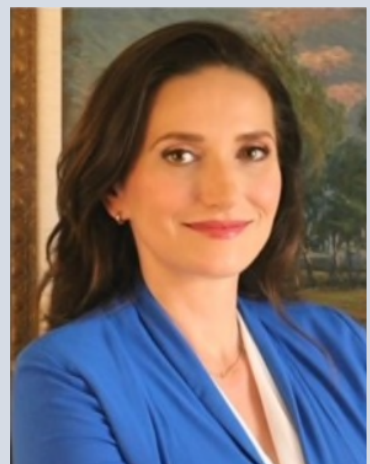
**Stuart E. Siegel**  
Council Member



**Laura McCorkindale**  
Mayor



**Larry G. Weber**  
Council Member

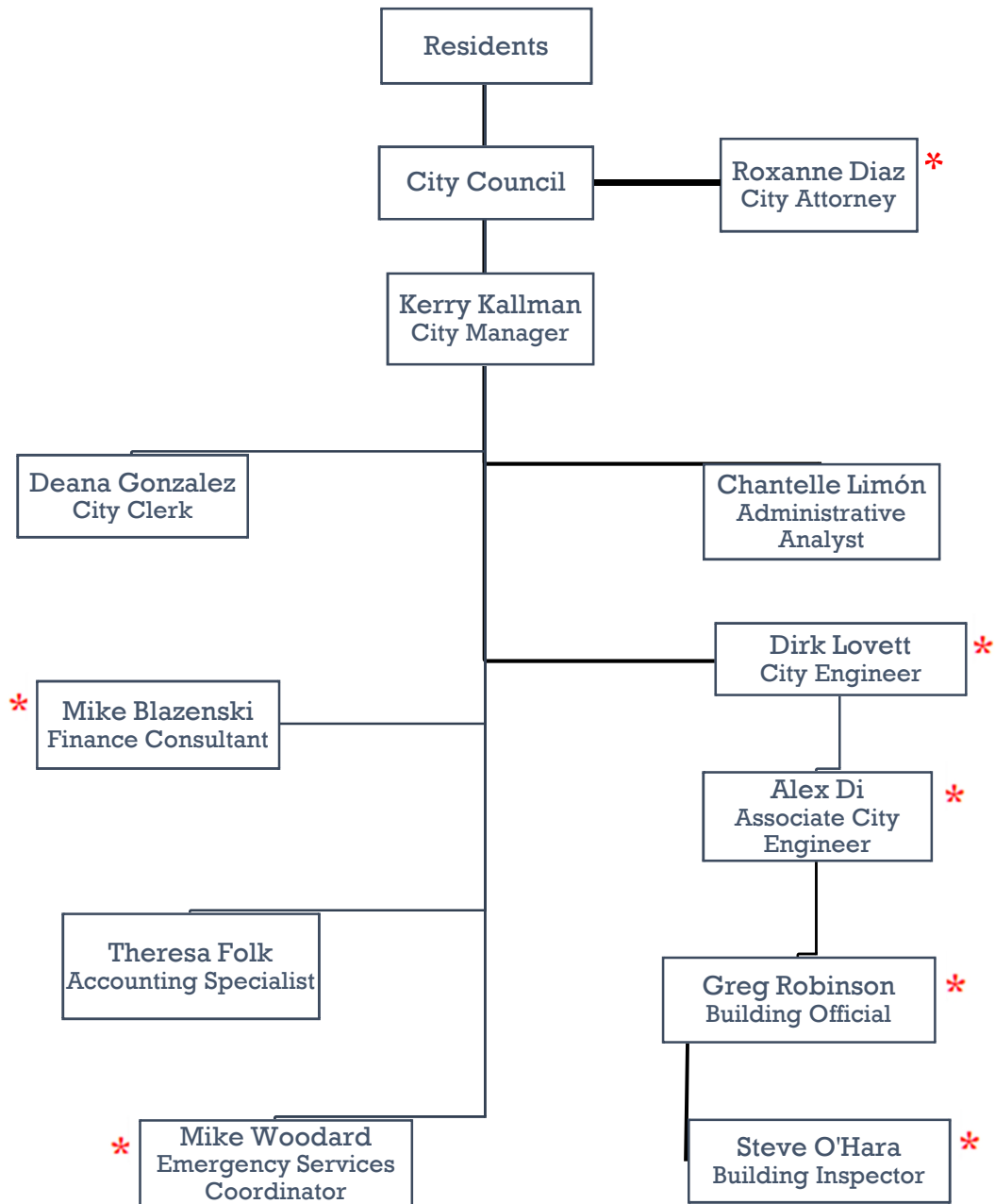


**Eniko Gold**  
Council Member

**City of Hidden Hills**  
**Organizational Chart**

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Fiscal Year 2022-23

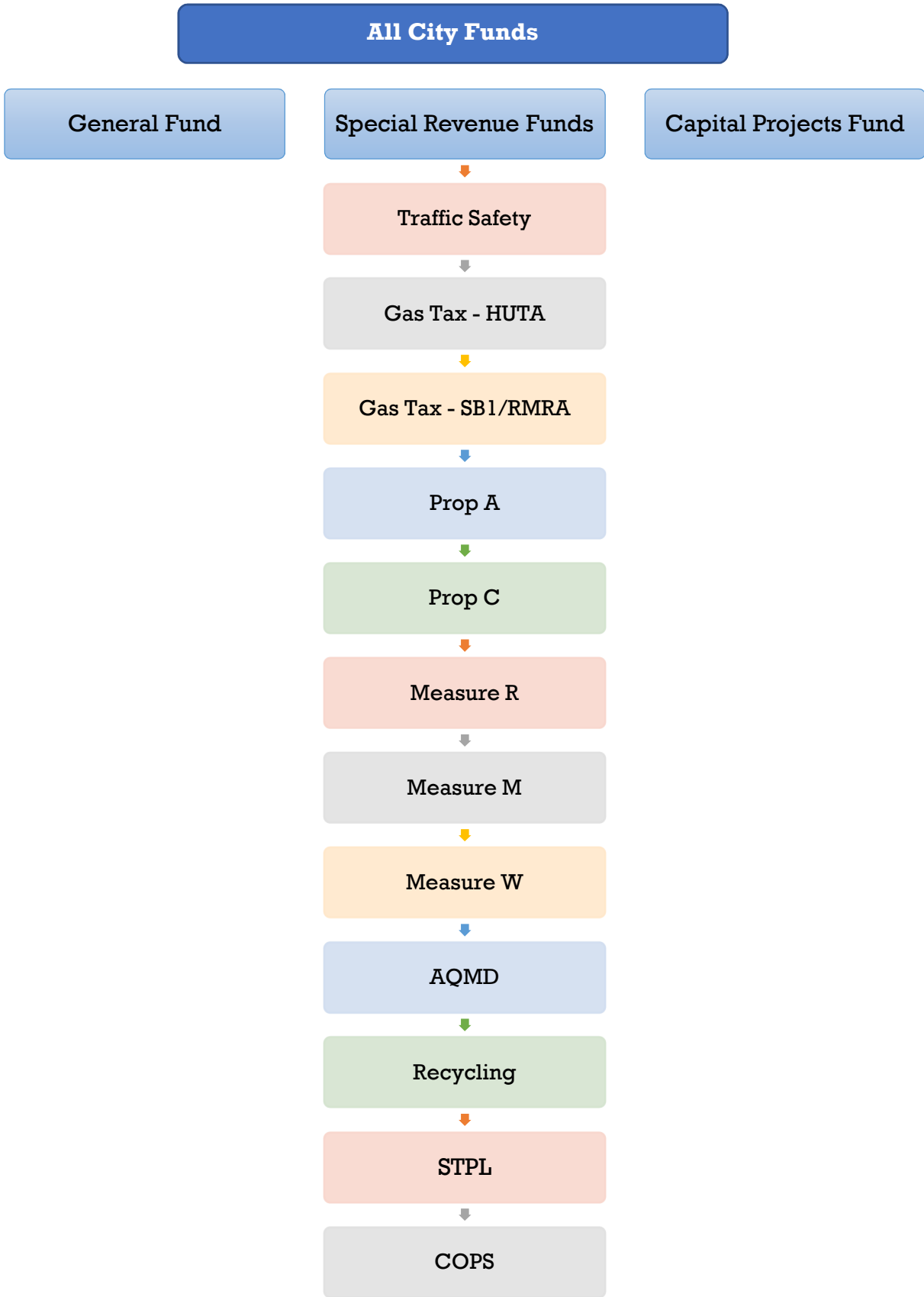


**\* Contract Staff**

City of Hidden Hills

Fund Structure

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## City of Hidden Hills

### Fund Descriptions

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A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. City of Hidden Hills, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**General Fund (Fund 10)** is the City's primary operating fund used to account for all financial resources necessary to carry out basic governmental activities of the City which is not accounted for in another fund.

General Fund revenues include property tax, sales and user tax, permits, franchise fees and charges for services. Expenditures of this fund include the general operating expenses such as city administration, community service, building and safety and public safety.

**Special Revenue or Restricted 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.

<b>Fund Account</b>	<b>Fund Description</b>
<b><u>Traffic Safety (Fund 20)</u></b>	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.
<b><u>Gas Tax Fund (Fund 40)</u></b>	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.
<b><u>Prop A (Fund 50)</u></b>	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.
<b><u>Prop C (Fund 55)</u></b>	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.
<b><u>AQMD (Fund 60)</u></b>	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.

## City of Hidden Hills

<b>Fund Account</b>	<b>Fund Description</b>
<b><u>Measure R (Fund 65)</u></b>	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.
<b><u>Measure M (Fund 67)</u></b>	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.
<b><u>Measure W (Fund 68)</u></b>	Measure W is a special tax for parcels located in the Los Angeles County Flood Control District. This fund is being used for projects that improve water quality.
<b><u>Recycling (Fund 70)</u></b>	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.
<b><u>STPL (Fund 75)</u></b>	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.
<b><u>COPS (Fund 80)</u></b>	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.

**Capital Projects Fund (Fund 15)** is a newly created fund used to account for resources for the planning, design, construction and acquisition of major capital improvements.

Capital Projects Fund revenues consist of operating transfers from General Fund, General Fund reserves and restricted funds. In addition, the fund also includes various State and County grants.

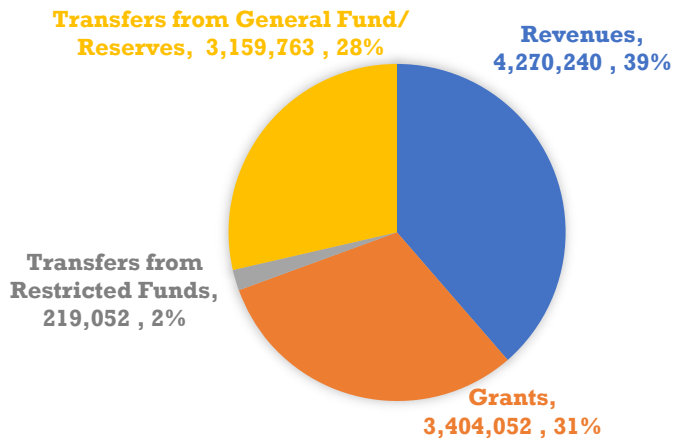


**City of Hidden Hills**  
**Citywide Fund Activity Summary**

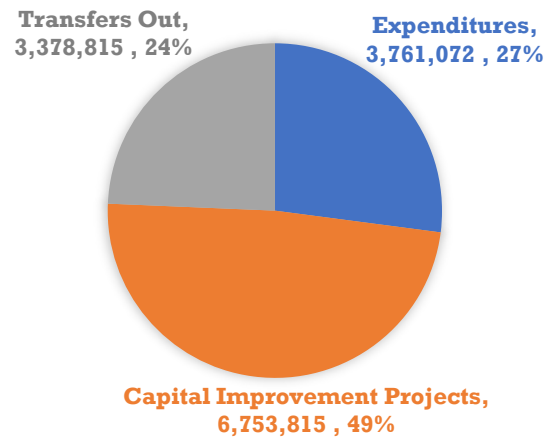
Fiscal Year 2022-23

	General Fund	Special Revenue/ Restricted Funds	Capital Projects Fund	Citywide Total
<b>Fund Sources</b>				
Revenues	3,821,197	449,043	-	4,270,240
Grants	-	2,375,000	1,029,052	3,404,052
Transfers from Restricted Funds	219,052	-	-	219,052
Transfers from General Fund/ Reserves	-	125,000	3,034,763	3,159,763
<b>Total Fund Sources</b>	<b>4,040,250</b>	<b>2,949,043</b>	<b>4,063,815</b>	<b>11,053,108</b>
<b>Fund Uses</b>				
Expenditures	3,702,772	58,300	-	3,761,072
Capital Improvement Projects	-	2,690,000	4,063,815	6,753,815
Transfers Out	3,159,763	219,052	-	3,378,815
<b>Total Uses</b>	<b>6,862,535</b>	<b>2,967,352</b>	<b>4,063,815</b>	<b>13,893,702</b>
<b>Beginning Fund Balance 07/01</b>	<b>10,658,079</b>	<b>1,075,646</b>	<b>-</b>	<b>11,733,725</b>
<b>Net Change in Fund Balance</b>	<b>(2,822,285)</b>	<b>(18,309)</b>	<b>-</b>	<b>(2,840,594)</b>
<b>Ending Fund Balance 06/30</b>	<b>7,835,794</b>	<b>1,057,336</b>	<b>-</b>	<b>8,893,131</b>

**FUND SOURCES**



**FUND USES**



**City of Hidden Hills**  
**Fund Balances Summary**

**Fiscal Year 2022-23**

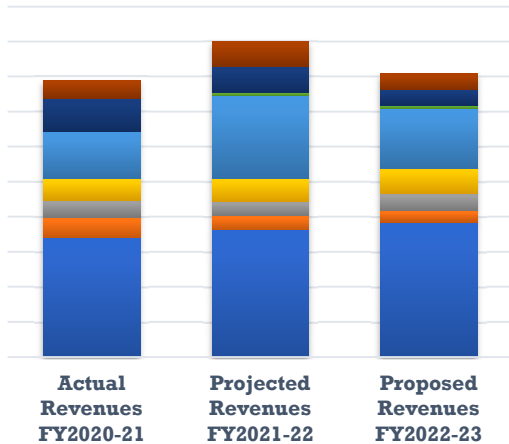
Fund Account	ACTUAL FUND BALANCE	YEAR-END PROJECTED		ESTIMATED FUND BALANCE	PROPOSED BUDGET		ESTIMATED FUND BALANCE
	as of 07/01/21	FY2021-22		as of 06/30/22	FY2022-23		as of 06/30/23
		Revenues/ Transfers In	Expenditures/ Transfers Out		Revenues/ Transfers In	Expenditures/ Transfers Out	
General Fund							
10 General Fund	10,058,159	4,505,511	(3,905,591)	10,658,079	4,040,250	(6,862,535)	7,835,794
<b>Total General Fund</b>	<b>10,058,159</b>	<b>4,505,511</b>	<b>(3,905,591)</b>	<b>10,658,079</b>	<b>4,040,250</b>	<b>(6,862,535)</b>	<b>7,835,794</b>
Restricted Funds							
20 Traffic Safety Fund	25,537	12,000	(21,000)	16,537	10,000	(10,000)	16,537
40-1 Gas Tax Fund - HUTA	455,478	50,115	(87,649)	417,944	60,714	(93,352)	385,306
40-2 Gas Tax Fund - SB1/RMRA	71,971	32,020	0	103,991	43,606	(70,000)	77,597
50 Prop A Fund	90,178	37,723	(117,127)	10,774	46,671	(5,000)	52,445
55 Prop C Fund	203,274	31,290	(9,178)	225,387	38,712	(37,000)	227,099
60 AQMD Fund	5,941	2,400	0	8,341	2,400	0	10,741
65 Measure R Fund	70,371	113,026	(60,695)	122,702	2,529,034	(2,520,000)	131,736
67 Measure M Fund	74,786	26,597	0	101,383	32,906	(70,000)	64,289
68 Measure W Fund	0	83,783	(83,783)	0	80,000	(37,000)	43,000
70 Recycling Fund	54,354	5,000	(5,000)	54,354	5,000	(25,000)	34,354
75 STPL Fund	0	0	0	0	0	0	0
80 COPS Fund	50,233	161,285	(197,285)	14,233	100,000	(100,000)	14,233
90 TDA Fund	0	0	0	0	0	0	0
<b>Total Restricted Funds</b>	<b>1,102,123</b>	<b>555,239</b>	<b>(581,717)</b>	<b>1,075,646</b>	<b>2,949,043</b>	<b>(2,967,352)</b>	<b>1,057,336</b>
Capital Projects Fund							
15 Capital Projects Fund	0	180,000	(180,000)	0	4,063,815	(4,063,815)	0
<b>Total Capital Projects Fund</b>	<b>0</b>	<b>180,000</b>	<b>(180,000)</b>	<b>0</b>	<b>4,063,815</b>	<b>(4,063,815)</b>	<b>0</b>
<b>Citywide Total</b>	<b>11,160,282</b>	<b>5,240,750</b>	<b>(4,667,308)</b>	<b>11,733,725</b>	<b>11,053,108</b>	<b>(13,893,702)</b>	<b>8,893,131</b>
		\$ Change in Fund Balance		573,442	\$ Change in Fund Balance		(2,840,594)
		% Change in Fund Balance		5.1%	% Change in Fund Balance		-24.2%

## City of Hidden Hills

### General Fund

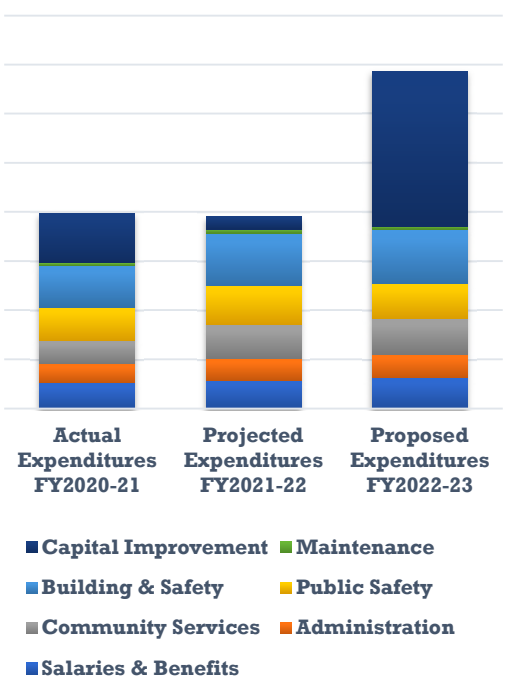
#### General Fund Budget Overview

##### Where The Money Comes From



##### Where The Money Goes

General Fund Uses	Actual Expenditures FY2020-21	Projected Expenditures FY2021-22	Proposed Expenditures FY2022-23
Salaries & Benefits	517,176	577,763	621,049
Administration	390,927	438,612	483,993
Community Services	478,154	690,002	718,980
Public Safety	678,289	788,914	718,672
Building & Safety	849,751	1,075,706	1,103,924
Maintenance	45,701	84,595	56,154
Capital Improvement	1,021,129	250,000	3,159,763
<b>Total</b>	<b>3,981,126</b>	<b>3,905,591</b>	<b>6,862,535</b>



**City of Hidden Hills**  
**General Fund Budget Summary**

	Actual Prior Year FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
<b>Revenues</b>				
Property Taxes	1,696,231	1,757,480	1,812,922	1,921,697
Other Local Taxes	298,991	118,000	198,625	165,500
Interest Income	242,356	215,000	206,660	247,161
Other Taxing Entities	306,899	324,982	335,070	359,825
Building and Safety	672,046	727,080	1,178,213	852,200
Recreation	-	33,000	48,913	48,714
Other Revenue	479,064	372,000	369,762	226,100
<b>Total Revenue</b>	<b>3,695,586</b>	<b>3,547,542</b>	<b>4,150,165</b>	<b>3,821,197</b>
<b>Transfers In</b>				
Transfers from Other Funds	252,674	256,649	355,346	219,052
<b>Total - Transfers In</b>	<b>252,674</b>	<b>256,649</b>	<b>355,346</b>	<b>219,052</b>
<b>Total Revenues &amp; Transfers</b>	<b>3,948,260</b>	<b>3,804,191</b>	<b>4,505,511</b>	<b>4,040,250</b>
<b>Expenditures</b>				
Salaries & Benefits	517,176	592,281	577,763	621,049
Administration	390,927	439,596	438,612	483,993
Community Services	478,154	632,000	690,002	718,980
Public Safety	678,289	840,284	788,914	718,672
Building & Safety	849,751	918,267	1,075,706	1,103,924
Maintenance	45,701	84,595	84,595	56,154
<b>Total Expenditures</b>	<b>2,959,997</b>	<b>3,507,023</b>	<b>3,655,591</b>	<b>3,702,772</b>
<b>Excess of Revenues over Expenditures</b>	<b>988,263</b>	<b>297,168</b>	<b>849,920</b>	<b>337,478</b>
Capital Improvement Projects	1,021,129	1,677,115	250,000	3,159,763
<b>Total - Capital Improvement</b>	<b>1,021,129</b>	<b>1,677,115</b>	<b>250,000</b>	<b>3,159,763</b>
<b>Total Expenditures &amp; Capital Projects</b>	<b>3,981,126</b>	<b>5,184,138</b>	<b>3,905,591</b>	<b>6,862,535</b>
<b>Beginning Fund Balance 07/01</b>	<b>10,091,025</b>	<b>10,058,159</b>	<b>10,058,159</b>	<b>10,658,079</b>
<b>Net Change in Fund Balance</b>	<b>(32,866)</b>	<b>(1,379,947)</b>	<b>599,920</b>	<b>(2,822,285)</b>
<b>Ending Fund Balance 06/30</b>	<b>10,058,159</b>	<b>8,678,212</b>	<b>10,658,079</b>	<b>7,835,794</b>

**City of Hidden Hills**  
**General Fund Budget Detail**

	Actual Prior Year FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
<b>Revenues</b>				
Property Taxes				
4100-00 Property Tax	1,232,957	1,280,480	1,316,199	1,395,171
4115-10 Property Tax - Library	463,274	477,000	496,723	526,526
Total - Property Taxes	1,696,231	1,757,480	1,812,922	1,921,697
Other Local Taxes				
4210-10 Real Property Transfer Tax	281,414	108,000	172,625	149,000
4220-10 Sales & Use Tax	17,577	10,000	26,000	16,500
Total - Local Taxes	298,991	118,000	198,625	165,500
Interest Income				
4400-10 LAIF & Banks	8,225	15,000	6,660	7,161
4401-10 Charles Schwab	234,131	200,000	200,000	240,000
Total - Interest Income	242,356	215,000	206,660	247,161
Other Taxing Entities				
4120-10 Property Tax in Lieu of VLF	305,529	323,862	332,860	357,825
4245-10 Motor Vehicle In Lieu	1,370	1,120	2,210	2,000
Total - Other Taxing Entities	306,899	324,982	335,070	359,825
Building and Safety				
4613-10 Building & Safety Permits	632,593	624,000	1,038,337	804,000
4614-10 Planning Fees	10,610	88,680	114,464	23,800
4615-10 Engineering Fees	16,001	2,400	11,000	2,400
4616-10 Environmental Fees	12,842	12,000	14,412	22,000
Total - Building & Safety	672,046	727,080	1,178,213	852,200
Recreation				
4830-10 Fiesta	0	33,000	48,913	48,714
Total - Recreation	0	33,000	48,913	48,714
Other Revenue				
4105-10 PSAF Revenue	24,746	23,000	25,000	25,000
4215-10 Schwab Market Revenue	(27,421)	0	(139,959)	-
4230-10 Sale of Prop A Funds	-	90,000	80,500	-
4605-10 Franchise Fees - Telephone	3,457	4,000	3,200	3,000
4610-10 Franchise Fees - Edison	61,691	60,000	49,530	50,000
4620-10 Franchise Fees - Gas	18,121	18,000	18,000	18,000
4621-10 Franchise Fees - Waste Haule	54,179	50,000	50,000	54,000
4622-10 Franchise Fees - Cable	10,530	9,000	10,594	10,800
4623-10 Waste Management Fee	8,031	8,000	8,000	8,000
4625-10 Alarm Registration	9,180	8,000	10,500	10,000
4850-10 Miscellaneous Income	5,840	2,000	8,332	2,300
6560-10 Grant Revenue	310,709	100,000	246,064	45,000
Total - Other Revenue	479,064	372,000	369,762	226,100
<b>Total Revenues</b>	<b>3,695,586</b>	<b>3,547,542</b>	<b>4,150,165</b>	<b>3,821,197</b>



**City of Hidden Hills**  
**General Fund Budget Detail – cont.**

	Actual Prior Year FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
<b>Transfers In</b>				
4901-10 Transfer from COPS Fund	146,069	100,000	197,817	100,000
4905-10 Transfer from Gas Tax	23,652	76,649	77,529	82,052
4907-10 Transfer from Measure W	82,953	80,000	80,000	37,000
<b>Total - Transfers In</b>	<b>252,674</b>	<b>256,649</b>	<b>355,346</b>	<b>219,052</b>
<b>Total Revenues &amp; Transfers</b>	<b>3,948,260</b>	<b>3,804,191</b>	<b>4,505,511</b>	<b>4,040,250</b>
<b>Expenditures</b>				
<b>Salaries &amp; Benefits</b>				
5100-10 City Manager	188,582	197,285	197,285	213,068
5115-10 Cell Phone Allowance	900	900	900	900
5101-10 Staff Salaries	200,494	240,523	240,523	259,470
5150-10 Payroll Taxes	11,324	14,000	13,615	14,500
5160-10 Workers Comp	4,807	6,000	4,975	6,000
5170-10 CalPERS Retirement	52,284	58,000	57,118	61,000
5175-10 CalPERS Unfunded Liability	488	2,573	2,487	5,166
5180-10 Group Health Insurance	53,906	68,000	56,165	55,945
5190-10 Dental & Vision Insurance	4,392	5,000	4,695	5,000
<b>Total - Salaries &amp; Benefits</b>	<b>517,176</b>	<b>592,281</b>	<b>577,763</b>	<b>621,049</b>
<b>Administration</b>				
5200-10 City Attorney	81,143	80,000	80,000	80,000
5205-10 City Auditor	31,735	35,000	31,000	34,000
5210-10 Dues - LVMCOG	20,000	25,000	25,000	25,000
5215-10 Dues & Subscriptions	11,387	24,000	24,000	25,000
5220-10 Liability Insurance	22,703	23,943	23,959	20,000
5225-10 Blanket Fidelity Bond	788	827	827	893
5230-10 Property Insurance	4,520	5,326	5,326	5,900
5250-10 Election & Legislation	51,574	60,500	60,500	90,000
5255-10 Miscellaneous Expense	0	5,000	5,000	5,000
5260-10 Public Information	17,177	18,000	18,000	23,200
5270-10 Office Expense	40,148	40,000	40,000	40,000
5275-10 Data Processing/IT Support	18,941	22,000	22,000	32,000
5280-10 Telephone	9,981	11,000	13,000	6,000
5285-10 Utilities	36,571	33,000	34,000	33,000
5290-10 Travel & Meetings	2,823	14,000	14,000	14,000
5295-10 Schwab Service Charges	41,436	42,000	42,000	50,000
<b>Total - Administration</b>	<b>390,927</b>	<b>439,596</b>	<b>438,612</b>	<b>483,993</b>
<b>Community Services</b>				
5240-10 Community Assistance	10,398	15,000	15,000	15,000
5500-10 Fiesta	4,482	140,000	178,279	177,454
5510-10 Library	463,274	477,000	496,723	526,526
<b>Total - Community Services</b>	<b>478,154</b>	<b>632,000</b>	<b>690,002</b>	<b>718,980</b>

**City of Hidden Hills**  
**General Fund Budget Detail – cont.**

	Actual Prior Year FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
<b>Public Safety</b>				
5600-10 Police Protection/STAR	558,085	633,684	586,314	500,000
5610-10 Supplemental P.S. Support	50,473	140,600	140,600	138,000
5620-10 Emergency Svcs Coordinator	21,700	30,000	20,000	30,000
5625-10 Disaster Preparedness	42,194	30,000	30,000	38,672
5640-10 Animal Control	5,837	6,000	12,000	12,000
<b>Total - Public Safety</b>	<b>678,289</b>	<b>840,284</b>	<b>788,914</b>	<b>718,672</b>
<b>Building &amp; Safety</b>				
5700-10 Engineering	199,525	198,000	195,290	249,000
5710-10 Building and Safety	409,401	405,000	504,362	483,500
5720-10 Planning	33,835	102,200	162,986	204,400
5730-10 NPDES/Environmental	206,991	213,067	213,067	167,024
<b>Total - Building &amp; Safety</b>	<b>849,751</b>	<b>918,267</b>	<b>1,075,706</b>	<b>1,103,924</b>
<b>Maintenance</b>				
5800-10 Janitorial	24,850	25,000	25,000	25,000
5805-10 Street Cleaning	2,041	2,041	2,041	2,154
5810-10 Garden Service	3,598	5,000	5,000	8,000
5820-10 Repairs/Maintenance	15,212	52,554	52,554	21,000
<b>Total - Maintenance</b>	<b>45,701</b>	<b>84,595</b>	<b>84,595</b>	<b>56,154</b>
<b>Total Expenditures</b>	<b>2,959,997</b>	<b>3,507,023</b>	<b>3,655,591</b>	<b>3,702,772</b>
<b>Excess of Revenues over Expenditures</b>	<b>988,263</b>	<b>297,168</b>	<b>849,920</b>	<b>337,478</b>
<b>Capital Improvement</b>				
5901-10 City Hall Improvement	3,440	240,948	50,000	94,763
5903-00 Long Valley/US-101 Imp	0	114,000	0	125,000
5909-10 Undergrounding	989,903	1,222,167	180,000	840,000
5910-10 Broadband Project	27,786	100,000	20,000	2,100,000
<b>Total - Capital Improvement</b>	<b>1,021,129</b>	<b>1,677,115</b>	<b>250,000</b>	<b>3,159,763</b>
<b>Total Expenditures &amp; Capital Projects</b>	<b>3,981,126</b>	<b>5,184,138</b>	<b>3,905,591</b>	<b>6,862,535</b>
<b>Beginning Fund Balance 07/01</b>	<b>10,091,025</b>	<b>10,058,159</b>	<b>10,058,159</b>	<b>10,658,079</b>
<b>Net Change in Fund Balance</b>	<b>(32,866)</b>	<b>(1,379,947)</b>	<b>599,920</b>	<b>(2,822,285)</b>
<b>Ending Fund Balance 06/30</b>	<b>10,058,159</b>	<b>8,678,212</b>	<b>10,658,079</b>	<b>7,835,794</b>

## City of Hidden Hills

### General Fund Fiscal Reserve

Reserve Fund Categories	FY 2021-22 Actual General Fund Reserve Allocation	FY 2022-23 Proposed General Fund Reserve Allocation	Per Reserve Policy
Contingency Reserve	2,780,375	2,962,217	80% of FY22/23 Expenditures
Capital Improvement Projects Reserve	2,166,000	4,600,000	Capital Projects
Building Replacement/Upgrade Reserve	500,000	500,000	fixed amount
Utility Undergrounding Reserve	3,916,690	1,855,308	* Balance after all other categories
Unrestricted Reserve	695,094	740,554	20% of FY22/23 Expenditures
Total General Fund Balance	10,058,159	10,658,079	

\* Final number subject to change depending on the actual ending balance for current FY 2021-22 per audit.

\*\* Estimated surplus as of 06/30/22 per Year-End Projection.

### General Fund Reserve Policy Fiscal Year 2022-23

#### 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.

## **City of Hidden Hills**

- (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 2022/23 Contingency Reserve level: With the adoption of this policy the Fiscal Year 2022/23 General Fund Reserve level shall total \$2,947,031. This represents 80% of the anticipated expenditures for FY 2022/23.
- (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 Fiber to the Home, 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

## **City of Hidden Hills**

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 2022/23 Capital Improvement Reserve: With the adoption of this policy the FY 2022/23 Capital Improvement Program Fund Reserve shall total \$4,600,000.

### **(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 2022/23 Building Maintenance and Replacement/Upgrade Reserve: With adoption of this policy the FY 2022/23 Building Maintenance and Replacement/Upgrade Reserve shall total \$500,000.

### **(D) UNDERGROUND UTILITY RESERVE**



## City of Hidden Hills

- (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 2022/23 Underground Utility Reserve: With adoption of this policy the FY 2022/23 Underground Utility Reserve shall total \$1,874,290. This number is subject to change depending on the actual Fiscal Year 2021/22 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.
- (vi) Establishment of the Fiscal Year 2022/23 Unrestricted Reserve: With the adoption of this policy the FY 2021/22 Unrestricted Reserve shall total \$736,758. This represents 20% of the anticipated expenditures for FY 2022/23.

## 4. ADJUSTMENTS TO FISCAL RESERVE POLICY

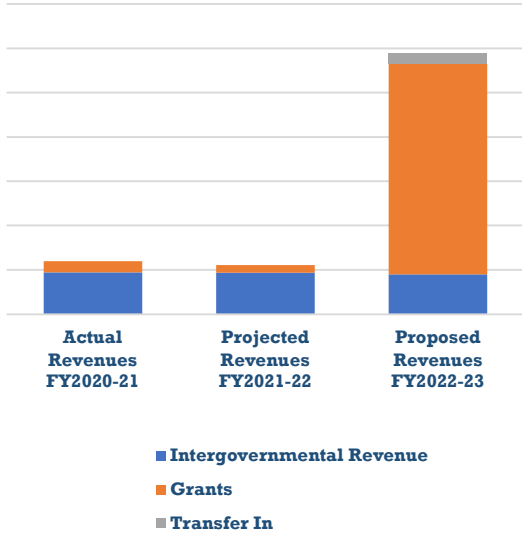
The creation and subsequent adoption of this Fiscal Reserve Policy is intended to serve as a guidepost for not only the current fiscal year but for future fiscal years. Each year, as part of the budget planning process, City Council or staff may make recommendations for changes in the policy. It should 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.

## City of Hidden Hills

### Special Revenue Funds

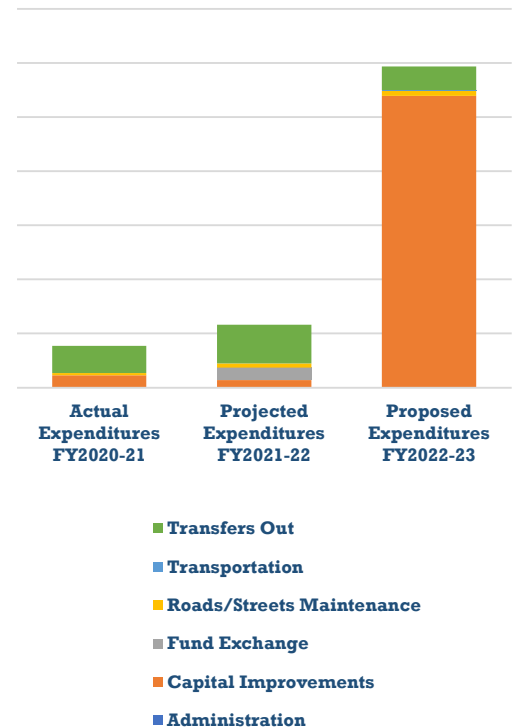
#### Special Revenue Funds Budget Overview

##### Where The Money Comes From



Restricted Fund Sources	Actual Revenues FY2020-21	Projected Revenues FY2021-22	Proposed Revenues FY2022-23
Intergovernmental Revenue	470,555	465,681	449,043
Grants	125,346	89,558	2,375,000
Transfer In	-	-	125,000
<b>Total</b>	<b>595,900</b>	<b>555,239</b>	<b>2,949,043</b>

##### Where The Money Goes



Restricted Funds Uses	Actual Expenditures FY2020-21	Projected Expenditures FY2021-22	Proposed Expenditures FY2022-23
Administration	2,700	3,000	3,300
Capital Improvements	112,125	65,773	2,690,000
Fund Exchange	-	117,127	-
Roads/Streets Maintenance	19,906	37,220	50,000
Transportation	-	-	5,000
Transfers Out	252,674	358,597	219,052
<b>Total</b>	<b>387,405</b>	<b>581,717</b>	<b>2,967,352</b>

**City of Hidden Hills**  
**Special Revenue Funds Budget Summary**

	Actual Prior Year FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
<b>Revenues</b>				
Intergovernmental Revenue	454,958	398,478	465,681	449,043
Grants	125,346	2,166,000	89,558	2,375,000
Interest Income	15,597	-	-	-
Total - Revenues	595,900	2,564,478	555,239	2,824,043
<b>Transfers In</b>				
Transfer from General Fund	-	-	-	125,000
Total - Transfers In	-	-	-	125,000
Total - Revenues & Transfers	595,900	2,564,478	555,239	2,949,043
<b>Expenditures</b>				
Administration	2,700	3,000	3,000	3,300
Capital Improvements	112,125	2,433,000	65,773	2,690,000
Sale of Prop A Funds	-	120,000	117,127	-
Roads & Streets Maintenance	19,906	25,000	37,220	50,000
Transportation	-	5,000	-	5,000
Total Expenditures	134,731	2,586,000	223,119	2,748,300
<b>Transfers Out</b>				
Transfer to General Fund	252,674	256,649	358,597	219,052
Total - Transfers Out	252,674	256,649	358,597	219,052
Total Expenditures & Transfers	387,405	2,842,649	581,717	2,967,352
<b>Beginning Fund Balance 07/01</b>	<b>893,628</b>	<b>1,102,123</b>	<b>1,102,123</b>	<b>1,075,646</b>
<b>Net Change in Fund Balance</b>	<b>208,495</b>	<b>(278,171)</b>	<b>(26,478)</b>	<b>(18,309)</b>
<b>Ending Fund Balance 06/30</b>	<b>1,102,123</b>	<b>823,952</b>	<b>1,075,646</b>	<b>1,057,336</b>

**City of Hidden Hills**  
**Special Revenue Funds Budget Detail**

<b>TRAFFIC SAFETY FUND</b>				
	Prior Year Actual FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
Revenues				
6560 Intergovernmental Revenue	8,760	6,000	12,000	10,000
6400 Interest Income	-	-	-	-
<b>Total - Revenues</b>	<b>8,760</b>	<b>6,000</b>	<b>12,000</b>	<b>10,000</b>
Expenditures				
7590 Traffic Studies	8,100	2,000	18,761	5,000
7590 Road/Street Maintenance	-	-	1,101	2,000
7590 Traffic Sign Maintenance	1,180	3,000	1,138	3,000
<b>Total - Expenditures</b>	<b>9,280</b>	<b>5,000</b>	<b>21,000</b>	<b>10,000</b>
<b>Beginning Fund Balance 07/01</b>	<b>26,056</b>	<b>25,537</b>	<b>25,537</b>	<b>16,537</b>
<b>Net Change in Fund Balance</b>	<b>(519)</b>	<b>1,000</b>	<b>(9,000)</b>	<b>-</b>
<b>Ending Fund Balance 06/30</b>	<b>25,537</b>	<b>26,537</b>	<b>16,537</b>	<b>16,537</b>

<b>GAS TAX - HUTA FUND</b>				
	Prior Year Actual FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
Revenues				
6560 Intergovernmental Revenue - HUTA	45,992	50,115	50,115	60,714
6400 Interest Income	6,156	-	-	-
<b>Total - Revenues</b>	<b>52,148</b>	<b>50,115</b>	<b>50,115</b>	<b>60,714</b>
Expenditures				
7590 RM/Mureau Rd Stop Light Maintenance	2,723	6,000	5,120	4,000
7590 RM/Mureau Rd Street Maintenance	325	2,000	2,000	4,000
7590 State Controller - Street Audit	2,700	3,000	3,000	3,300
<b>Total - Expenditures</b>	<b>5,748</b>	<b>11,000</b>	<b>10,120</b>	<b>11,300</b>
Transfers Out				
7601 Transfer to Gen Fund - Crossing Guards	-	48,649	48,181	53,052
7601 Transfer to Gen Fund - Traffic Guards	23,652	28,000	29,348	29,000
<b>Total - Transfers Out</b>	<b>23,652</b>	<b>76,649</b>	<b>77,529</b>	<b>82,052</b>
<b>Total Expenditures &amp; Transfers</b>	<b>29,400</b>	<b>87,649</b>	<b>87,649</b>	<b>93,352</b>
<b>Beginning Fund Balance 07/01</b>	<b>432,730</b>	<b>455,478</b>	<b>455,478</b>	<b>417,944</b>
<b>Net Change in Fund Balance</b>	<b>22,748</b>	<b>(37,534)</b>	<b>(37,534)</b>	<b>(32,638)</b>
<b>Ending Fund Balance 06/30</b>	<b>455,478</b>	<b>417,944</b>	<b>417,944</b>	<b>385,306</b>

**City of Hidden Hills**  
**Special Revenue Funds Budget Detail – cont.**

<b>GAS TAX - SB1/RMRA FUND</b>				
	Prior Year Actual FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
Revenues				
6560 Intergovernmental Revenue - SB1/RMRA	33,305	35,885	32,020	43,606
6400 Interest Income	1,305	-	-	-
<b>Total - Revenues</b>	<b>34,610</b>	<b>35,885</b>	<b>32,020</b>	<b>43,606</b>
Expenditures				
5912 RM/Mureau Rd Entry Intersection Imp	11,052	70,000	-	70,000
<b>Total - Expenditures</b>	<b>11,052</b>	<b>70,000</b>	<b>-</b>	<b>70,000</b>
<b>Beginning Fund Balance 07/01</b>	<b>48,413</b>	<b>71,971</b>	<b>71,971</b>	<b>103,991</b>
<b>Net Change in Fund Balance</b>	<b>23,558</b>	<b>(34,115)</b>	<b>32,020</b>	<b>(26,394)</b>
<b>Ending Fund Balance 06/30</b>	<b>71,971</b>	<b>37,856</b>	<b>103,991</b>	<b>77,597</b>

<b>PROP A LOCAL FUND</b>				
	Prior Year Actual FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
Revenues				
6560 Intergovernmental Revenue	37,926	37,723	37,723	46,671
6400 Interest Income	1,444	-	-	-
<b>Total - Revenues</b>	<b>39,371</b>	<b>37,723</b>	<b>37,723</b>	<b>46,671</b>
Expenditures				
7590 Summer Bus Beach	-	5,000	-	5,000
7590 Prop A Exchange	-	120,000	117,127	-
<b>Total - Expenditures</b>	<b>-</b>	<b>125,000</b>	<b>117,127</b>	<b>5,000</b>
<b>Beginning Fund Balance 07/01</b>	<b>50,807</b>	<b>90,178</b>	<b>90,178</b>	<b>10,774</b>
<b>Net Change in Fund Balance</b>	<b>39,371</b>	<b>(87,277)</b>	<b>(79,404)</b>	<b>41,671</b>
<b>Ending Fund Balance 06/30</b>	<b>90,178</b>	<b>2,901</b>	<b>10,774</b>	<b>52,445</b>



**City of Hidden Hills**  
**Special Revenue Funds Budget Detail – cont.**

<b>PROP C LOCAL FUND</b>				
	Prior Year Actual FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
<b>Revenues</b>				
6560 Intergovernmental Revenue	31,459	31,290	31,290	38,712
6400 Interest Income	4,094	-	-	-
<b>Total - Revenues</b>	<b>35,553</b>	<b>31,290</b>	<b>31,290</b>	<b>38,712</b>
<b>Expenditures</b>				
5903 Long Valley/US-101 Improvement	-	-	-	-
7590 RM/Mureau Rd Landscape	7,578	12,000	9,100	12,000
5912 RM/Mureau Rd Entry Intersection Imp	21,345	25,000	78	25,000
<b>Total - Expenditures</b>	<b>28,923</b>	<b>37,000</b>	<b>9,178</b>	<b>37,000</b>
<b>Beginning Fund Balance 07/01</b>	<b>196,644</b>	<b>203,274</b>	<b>203,274</b>	<b>225,387</b>
<b>Net Change in Fund Balance</b>	<b>6,630</b>	<b>(5,710)</b>	<b>22,113</b>	<b>1,712</b>
<b>Ending Fund Balance 06/30</b>	<b>203,274</b>	<b>197,564</b>	<b>225,387</b>	<b>227,099</b>

<b>AQMD FUND</b>				
	Prior Year Actual FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
<b>Revenues</b>				
6560 Intergovernmental Revenue	2,439	2,400	2,400	2,400
6400 Interest Income	81	-	-	-
<b>Total - Revenues</b>	<b>2,520</b>	<b>2,400</b>	<b>2,400</b>	<b>2,400</b>
<b>Expenditures</b>				
7590 Fund Expenses	-	-	-	-
<b>Total - Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Beginning Fund Balance 07/01</b>	<b>3,421</b>	<b>5,941</b>	<b>5,941</b>	<b>8,341</b>
<b>Net Change in Fund Balance</b>	<b>2,520</b>	<b>2,400</b>	<b>2,400</b>	<b>2,400</b>
<b>Ending Fund Balance 06/30</b>	<b>5,941</b>	<b>8,341</b>	<b>8,341</b>	<b>10,741</b>

**City of Hidden Hills**  
**Special Revenue Funds Budget Detail – cont.**

<b>MEASURE R FUND</b>				
	Prior Year Actual FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
<b>Revenues</b>				
6560 Intergovernmental Revenue - Local	23,627	23,468	23,468	29,034
6560 Measure R Grant	125,346	2,166,000	89,558	2,375,000
6400 Interest Income	1,275	-	-	-
<b>Total - Revenues</b>	<b>150,248</b>	<b>2,189,468</b>	<b>113,026</b>	<b>2,404,034</b>
<b>Transfers In</b>				
4910 Transfer from General Fund	-	-	-	125,000
<b>Total - Transfers In</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,000</b>
<b>Total Revenues &amp; Transfers</b>	<b>150,248</b>	<b>2,189,468</b>	<b>113,026</b>	<b>2,529,034</b>
<b>Expenditures</b>				
7590 Speed Humps	-	-	-	20,000
5903 Long Valley/US-101 Improvement	79,729	2,166,000	60,695	2,500,000
5906 V Calm Traffic Radar Upgrade	-	52,000	-	-
<b>Total - Expenditures</b>	<b>79,729</b>	<b>2,218,000</b>	<b>60,695</b>	<b>2,520,000</b>
<b>Beginning Fund Balance 07/01</b>	<b>(148)</b>	<b>70,371</b>	<b>70,371</b>	<b>122,702</b>
<b>Net Change in Fund Balance</b>	<b>70,519</b>	<b>(28,532)</b>	<b>52,330</b>	<b>9,034</b>
<b>Ending Fund Balance 06/30</b>	<b>70,371</b>	<b>41,839</b>	<b>122,702</b>	<b>131,736</b>

<b>MEASURE M FUND</b>				
	Prior Year Actual FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
<b>Revenues</b>				
6560 Intergovernmental Revenue	26,770	26,597	26,597	32,906
6400 Interest Income	1,242	-	-	-
<b>Total - Revenues</b>	<b>28,012</b>	<b>26,597</b>	<b>26,597</b>	<b>32,906</b>
<b>Expenditures</b>				
5912 RM/Mureau Rd Entry Intersection Imp	-	70,000	-	70,000
<b>Total - Expenditures</b>	<b>-</b>	<b>70,000</b>	<b>-</b>	<b>70,000</b>
<b>Beginning Fund Balance 07/01</b>	<b>46,775</b>	<b>74,786</b>	<b>74,786</b>	<b>101,383</b>
<b>Net Change in Fund Balance</b>	<b>28,012</b>	<b>(43,403)</b>	<b>26,597</b>	<b>(37,094)</b>
<b>Ending Fund Balance 06/30</b>	<b>74,786</b>	<b>31,383</b>	<b>101,383</b>	<b>64,289</b>

**City of Hidden Hills**  
**Special Revenue Funds Budget Detail – cont.**

<b>MEASURE W FUND</b>				
	Prior Year Actual FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
Revenues				
6560 Intergovernmental Revenue	82,953	80,000	83,783	80,000
Total - Revenues	82,953	80,000	83,783	80,000
Transfers Out				
7601 Transfer to Gen Fund - NPDES/Env	82,953	80,000	83,783	37,000
Total - Transfers Out	82,953	80,000	83,783	37,000
<b>Beginning Fund Balance 07/01</b>	-	-	-	-
<b>Net Change in Fund Balance</b>	-	-	-	43,000
<b>Ending Fund Balance 06/30</b>	-	-	-	43,000

<b>RECYCLING FUND</b>				
	Prior Year Actual FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
Revenues				
6560 Intergovernmental Revenue	5,000	5,000	5,000	5,000
Total - Revenues	5,000	5,000	5,000	5,000
Expenditures				
5907 Catch Basin Screen/Insert Retrofit	-	50,000	5,000	25,000
Total - Expenditures	-	50,000	5,000	25,000
<b>Beginning Fund Balance 07/01</b>	49,354	54,354	54,354	54,354
<b>Net Change in Fund Balance</b>	5,000	(45,000)	-	(20,000)
<b>Ending Fund Balance 06/30</b>	54,354	9,354	54,354	34,354

<b>COPS FUND</b>				
	Prior Year Actual FY 2020-21	Approved Budget FY 2021-22	Year End Projected FY 2021-22	Proposed Budget FY 2022-23
Revenues				
6560 Intergovernmental Revenue	156,727	100,000	161,285	100,000
6400 Interest Income	-	-	-	-
Total - Revenues	156,727	100,000	161,285	100,000
Transfers Out				
7601 Transfer to Gen Fund - Supplemental Sheriff	146,069	100,000	197,285	100,000
<b>Beginning Fund Balance 07/01</b>	39,576	50,233	50,233	14,233
<b>Net Change in Fund Balance</b>	10,657	-	(36,000)	-
<b>Ending Fund Balance 06/30</b>	50,233	50,233	14,233	14,233

Special Revenue & Restricted Funds Budget by Fund

FY 2022-23

Special Revenue & Restricted Funds	Traffic Safety	Gas Tax - HUTA	Gas Tax - SB1	Prop A	Prop C	AQMD	Measure R	Measure M	Measure W	Recycling	COPS	Proposed Budget FY 2020-21
Revenues												
6560 Intergovernmental Revenue	10,000	60,714	43,606	46,671	38,712	2,400	29,034	32,906	80,000	5,000	100,000	449,043
6560 Grants	-	-	-	-	-	-	2,375,000	-	-	-	-	2,375,000
Total - Revenues	10,000	60,714	43,606	46,671	38,712	2,400	2,404,034	32,906	80,000	5,000	100,000	2,824,043
Transfers In												
4902 Transfer from General Fund	-	-	-	-	-	-	125,000	-	-	-	-	125,000
Total - Transfers In	-	-	-	-	-	-	125,000	-	-	-	-	125,000
Total - Revenues & Transfers	10,000	60,714	43,606	46,671	38,712	2,400	2,529,034	32,906	80,000	5,000	100,000	2,949,043
Expenditures												
Administration												
5200 Audit Fees	-	3,300	-	-	-	-	-	-	-	-	-	3,300
Total - Administration	-	3,300	-	-	-	-	-	-	-	-	-	3,300
Capital Improvements												
5903 Long Valley/US-101 Improvement							2,500,000					2,500,000
5907 Catch Basin Screen/Insert Retrofit										25,000		25,000
5912 RM/Mureau Rd Entry Intersection Imp												165,000
Total - Capital Improvements	-	-	70,000	-	25,000	-	2,500,000	70,000	-	25,000	-	2,690,000
Fund Exchange												
7590 Sale of Prop A Funds	-	-	-	-	-	-	-	-	-	-	-	-
Total - Fund Exchange	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance												
7590 Traffic Studies	5,000	-	-	-	-	-	-	-	-	-	-	5,000
7590 Traffic Signs/Lights Maintenance	3,000	4,000	-	-	-	-	-	-	-	-	-	7,000
7590 Roads & Streets Maintenance	2,000	4,000	-	-	12,000	-	20,000	-	-	-	-	38,000
Total - Maintenance	10,000	8,000	-	-	12,000	-	20,000	-	-	-	-	50,000
Transportation												
7590 Summer Beach Bus	-	-	-	5,000	-	-	-	-	-	-	-	5,000
Total - Transportation	-	-	-	5,000	-	-	-	-	-	-	-	5,000
Total - Expenditures	10,000	11,300	70,000	5,000	37,000	-	2,520,000	70,000	-	25,000	-	2,748,300
Transfers Out												
7601 Transfer to Gen Fund - Crossing Guards	-	53,052	-	-	-	-	-	-	-	-	-	53,052
7601 Transfer to Gen Fund - Traffic Guards	-	29,000	-	-	-	-	-	-	-	-	-	29,000
7601 Transfer to Gen Fund - Supp. Sheriff	-	-	-	-	-	-	-	-	-	-	100,000	100,000
7601 Transfer to Gen Fund - Environmental	-	-	-	-	-	-	-	-	37,000	-	-	37,000
Total - Transfers Out	-	82,052	-	-	-	-	-	-	37,000	-	100,000	219,052
Total Expenditures & Transfers	10,000	93,352	70,000	5,000	37,000	-	2,520,000	70,000	37,000	25,000	100,000	2,967,352
Beginning Fund Balance as of 7/01	16,537	417,944	103,991	10,774	225,387	8,341	122,702	101,383	-	54,354	14,233	1,075,646
Net Change in Fund Balance	-	(32,638)	(26,394)	41,671	1,712	2,400	9,034	(37,094)	43,000	(20,000)	-	(18,309)
Ending Fund Balance as of 6/30	16,537	385,306	77,597	52,445	227,099	10,741	131,736	64,289	43,000	34,354	14,233	1,057,336

**City of Hidden Hills**  
**Special Revenues and Restricted Funds Matrix**  
**As of 07/01/2022**

Fund Account	Description	Estimated Beginning Fund Balance as of 7/01/22	Anticipated Revenue/ Fund Allocation FY22/23	Proposed For Use in FY22/23	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	\$ 417,944	\$ 60,714	\$ 8,000	Round Meadow/Mureau corner park and landscaping project & Street Maintenance	No expiration	No	No
				\$ 3,300	Annual Street Report Audit			
				\$ 53,052	School crossing guards			
				\$ 29,000	Traffic guard support			
Gas Tax - SB1/RMRA	Annual Restricted Fund	\$ 103,991	\$ 43,606	\$ 70,000	RM/Mureau Rd Entry Intersection Improvements. Previously used for Round Meadow School Drop-Off/Pick-Up project. Currently also reserved for Long Valley/US-101 Improvement.	No expiration	No	No
Traffic Safety	Annual Restricted Fund	\$ 16,537	\$ 10,000	\$ 10,000	Traffic studies. Previously used for Citywide striping and signage.	No expiration	Yes	No
Prop A Local	Annual Restricted Fund	\$ 10,774	\$ 46,671	\$ 5,000	Summer Beach Bus (Calabasas)	3 years	No	Yes
				\$ -	Exchange of Funds. Previously sold to City of Pasadena, City of Pomona, Santa Fe Springs, West Hollywood, Torrance, PV Peninsula Transportation Authority in exchange of General Fund money. Note: cannot be used for stops on HHCA roads.			
Prop C Local	Annual Restricted Fund	\$ 225,387	\$ 38,712	\$ 12,000	Irrigation and maintenance of Round Meadow/Mureau corner landscaping (both inside and outside street ROW). Reserved for Long Valley Ramp Improvements. Previously used in Resurfacing of Long Valley, Round Meadow, Spring	3 years	No	No
				\$ 25,000	RM/Mureau Rd Entry Intersection Improvements			
Measure A/ LA County RPOSD	Competitive Grant	\$ -	\$ 40,895	\$ -	To be used for projects to maintain parks, recreation and open space.	5 years	No	Can gift to other jurisdiction
Measure A M&S Fund/ LA County RPOSD	Competitive Grant	\$ -	\$ 7,660	\$ -	Being used for City Hall Demonstration garden maintenance. This fund replaced the expired grant Prop A M&S Fund.	5 years	No	
Measure M Local	Annual Restricted Fund	\$ 101,383	\$ 32,906	\$ 70,000	RM/Mureau Rd Entry Intersection Improvements. Previously used in Round Meadow School Drop-Off/Pick-Up project.	5 years		
Measure R Local	Annual Restricted Fund	\$ 83,714	\$ 29,034	\$ 52,000	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	\$ 38,987	\$ 2,375,000	\$ 2,375,000	Long Valley/US-101 On Ramp Improvements.	5 years. Will lapse on 6/30/2022	No	Can gift, trade, loan to other jurisdictions. No Compensation allowed.
Measure W/ Safe Clean Water Program	Annual Restricted Fund	\$ -	\$ 80,000	\$ 37,000	To be used for projects that improve water quality.			
Cal Recycle Grant	Competitive Grant	\$ 54,354	\$ 5,000	\$ 25,000	Proposed to be used for the installation of catch basin screens and inserts citywide		Yes	No
Air Quality Improvement (AQMD)	Annual Restricted Fund	\$ 8,341	\$ 2,400	\$ -	Previously used to purchase electric vehicles and installation of car charging stations.	No expiration	Yes	No
COPS	Annual Restricted Fund	\$ 14,233	\$ 100,000	\$ 100,000	Used to supplement law enforcement services.	1 year	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	\$ -	\$ 25,894	\$ -	Utility undergrounding on Round Meadow at Long Valley gate and at the Round Meadow/Long Valley Road Intersection		Yes	Yes

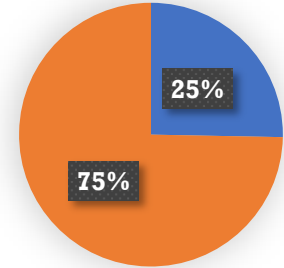
**TOTAL**                                      **\$ 1,075,646    \$ 2,903,492    \$ 2,874,352**

**City of Hidden Hills**  
**Capital Projects Fund**

**Capital Projects Fund Budget Overview**  
**Fiscal Year 2022-23**

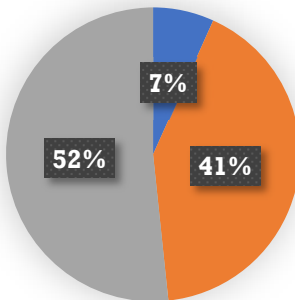
Capital Projects Fund Sources	Amount	% of Total
Grants	1,029,052	25%
Transfer from General Fund/ Reserve	3,034,763	75%
<b>Total</b>	<b>4,063,815</b>	<b>101%</b>

**Funding Sources**



- Grants
- Transfer from General Fund/ Reserve

**Funding Uses**



- City Hall Improvement
- Citywide Utility Undergrounding
- Fiber To The Home

Capital Projects Fund Uses	Amount	% of Total
City Hall Improvement	273,815	7%
Citywide Utility Undergrounding	1,690,000	41%
Fiber To The Home	2,100,000	52%
<b>Total Fund Sources</b>	<b>4,063,815</b>	<b>99%</b>

**Capital Projects Fund – Funding Sources Summary**

Funding Sources / Project	Capital Projects Fund FY 2022-23	City Hall Improvements	Citywide Utility Undergrounding	Fiber To The Home
<b>Grants</b>				
Per Capita Grant (Parks & Recreation)	179,052	179,052		
SB 85 Grant (SMMC)	850,000		850,000	
<b>Total - Grants</b>	<b>1,029,052</b>			
<b>Transfer from General Fund Reserves</b>				
Building Replacement/Upgrade Reserve	94,763	94,763		
Capital Improvement Reserve	2,100,000			2,100,000
Utility Undergrounding Reserve	840,000		840,000	
<b>Transfer from General Fund Reserves</b>	<b>3,034,763</b>			
<b>Total</b>	<b>4,063,815</b>	<b>273,815</b>	<b>1,690,000</b>	<b>2,100,000</b>



**City of Hidden Hills**  
**Capital Improvement Projects List & Descriptions**  
**Fiscal Year 2022-23**

Account	Project Name	Funding Source	FY 2022-23 Budget	
			Amount	Total
5901	City Hall Improvements	Per Capita Grant (Parks & Recreation)	179,052	273,815
		General Fund	94,763	
5903	Long Valley/Valley Circle/US-101 On-Ramp Improvement	Capital Improvement Reserve	125,000	2,500,000
		Measure R Highway Grant	2,375,000	
5907	Catch Basin Screen/Insert Retrofit	Recycling Fund	25,000	25,000
5909	Citywide Utility Undergrounding	SB 85 Grant (SMMC)	850,000	1,690,000
		Utility Undergrounding Reserve	840,000	
5910	Broadband - Fiber To The Home	American Rescue Plan	452,128	2,100,000
		Capital Improvement Reserve	1,647,872	
5912	RM/Mureau Rd Entry Intersection Improvements	Gas Tax Fund - SB1/RMRA	70,000	165,000
		Measure M (Local)	70,000	
		Prop C Fund	25,000	
TOTAL			6,753,815	6,753,815

**City Hall Improvements**

Project proposed to continue with interior & exterior improvements to City Hall focusing on the City Council Chambers, Building and Safety office and landscaping project. Other considerations include solar project, new City Hall roof and HVAC upgrade.

Project Funding: General Fund, Per Capita Grant

**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. Construction may occur in FY 2021-22.

Project Funding: Measure R, Measure M

## **City of Hidden Hills**

### **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

### **Citywide Utility Undergrounding**

City-wide utility undergrounding through various funding mechanisms. Several areas are being considered for this next FY.

Project Funding: General Fund Reserves, SB85 Grant SMMC

### **Fiber To The Home**

This project is part of City Council goal to consider the development of a broadband enhancement program or strategy within the City by bringing a dedicated Fiber to the Home network.

Project Funding: General Fund Reserves, American Rescue Plan fund

### **RM/Mureau Rd Entry Intersection Improvements**

Project includes renovations to existing landscaping and irrigation, and pedestrian and bicycle rest area pathways and furniture at the Round Meadow Road and Mureau Road intersection. Proposed improvements will provide better traffic site distances and will improve and enhance the existing bicycle and pedestrian pathways and rest area.

Project Funding: Gas Tax – SB1/RMRA, Measure M and Prop C

**City of Hidden Hills**  
**Gann Appropriation Limit**

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**Fiscal Year 2022-23**

**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**

<b>Appropriation Limit for FY 2021-22</b>	<b>\$2,110,757</b>
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Adjustment Factors	(% Ratio)
Population Factor	1.0012
Growth Factor	1.0755

Calculation of Factors for FY 2022-23	1.0768
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<b>Appropriation Limit for FY 2022-23</b>	<b>\$2,272,843</b>
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**City of Hidden Hills**  
**Appropriations Subject to Limitation**

<b>Proceeds of Taxes</b>	<b>Proposed Budget FY 2022-23</b>
Property Tax	1,395,171
Real Property Transfer Tax	149,000
Sales & Use Tax	16,500
Property Tax in Lieu of VLF	357,825
Motor Vehicle In Lieu	2,000
PSAF Revenue	25,000
Business License	-
<b>Total Proceeds of Taxes</b>	<b>1,945,496</b>
Less Exclusions	-
<b>Appropriations Subject to Limitation</b>	<b>1,945,496</b>
<b>Appropriation Limit for FY 2022-23</b>	<b>2,272,843</b>
<b>Amount Under/(Over) Limit</b>	<b>327,347</b>

**Ten-Year History**  
**Price and Population Factors & Tax Appropriations Limits**

Fiscal Year	Growth Factor		Population Factor		Calculation Factor	Appropriations Limit
2012-13	1.0380	x	1.0005	=	1.0385	\$ 1,444,297
2013-14	1.0600	x	1.0091	=	1.0696	\$ 1,532,059
2014-15	1.0040	x	1.0064	=	1.0104	\$ 1,538,187
2015-16	1.0376	x	0.9995	=	1.0371	\$ 1,596,023
2016-17	1.0537	x	1.0065	=	1.0605	\$ 1,692,660
2017-18	1.0369	x	1.0048	=	1.0419	\$ 1,763,544
2018-19	1.0367	x	1.0051	=	1.0420	\$ 1,837,590
2019-20	1.0385	x	0.999	=	1.0375	\$ 1,906,429
2020-21	1.0373	x	1.0032	=	1.0406	\$ 1,983,867
2021-22	1.0573	x	1.0063	=	1.0640	\$ 2,110,757

*Note: Calculation is based on the State Department of Finance estimate of the percentage change in population (population factor) of local governments (Revenue and Taxation Code, Section 2227). Growth or Price Factor is the change in cost of living based on the change of California's per capita personal income as stated in Department of Finance Price and Population Information.*

**City of Hidden Hills**  
**Staffing Level and Salary Range**  
**Listing of Full-Time Positions**  
**Fiscal Year 2022-23**

<b><u>Position</u></b>	<b><u>Salary Range</u></b>
City Manager	\$213,068 (Per Contract)
City Clerk	\$70,000 - \$97,110 annually (exempt)
Accounting Specialist	\$25.19 to \$43.53 per hour (non-exempt)
Administrative Analyst	\$28.85 to \$38.46 per hour (non-exempt)

**City of Hidden Hills**  
**Fiscal Health Report**  
**For the Period from 2012 to 2022**

**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 2011 through 2020, and the latest year-end projections for revenues and expenditures account for the data reflected for 2021 (Fiscal Year 2020-21). Note that revenues and expenditures have not been adjusted for inflation and therefore do not represent constant dollar comparisons.

Trends are judged as stable, favorable 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 four factors were judged as favorable, two were stable and one stable/unfavorable as noted below:

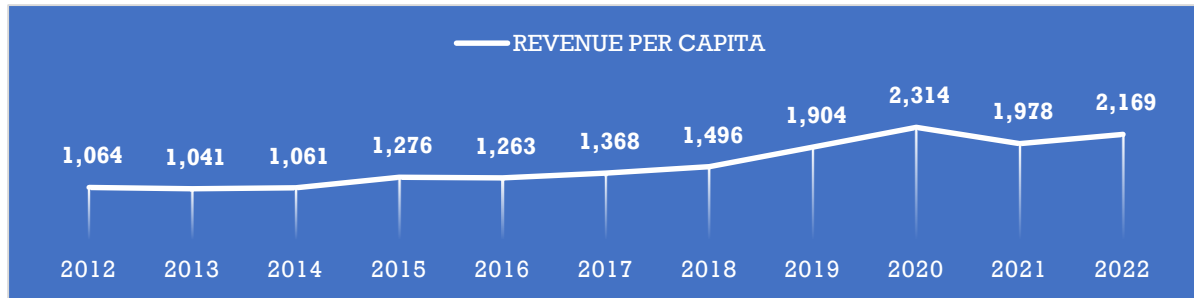
	FACTOR	TREND
#1	Revenue Per Capita	Stable
#2	Property Tax Revenue Per Capita	Favorable
#3	Expenditure Per Capita	Stable
#4	Public Safety Expenditure Per Capita	Stable
#5	Revenue & Expenditure Per Capita	Stable
#6	Population Growth	Stable
#7	Building Permit Revenue as a % of Total General Fund	Stable

**IV. Conclusions**

With the City's primary revenue source coming from property taxes and the healthy reserve, the City's Fiscal health remains strong. One downward trend associated with building permit revenue should not raise too much alarm. Nonetheless, this revenue source, the City's second highest, should be monitored carefully in the coming fiscal year.

## City of Hidden Hills

### 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. 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.

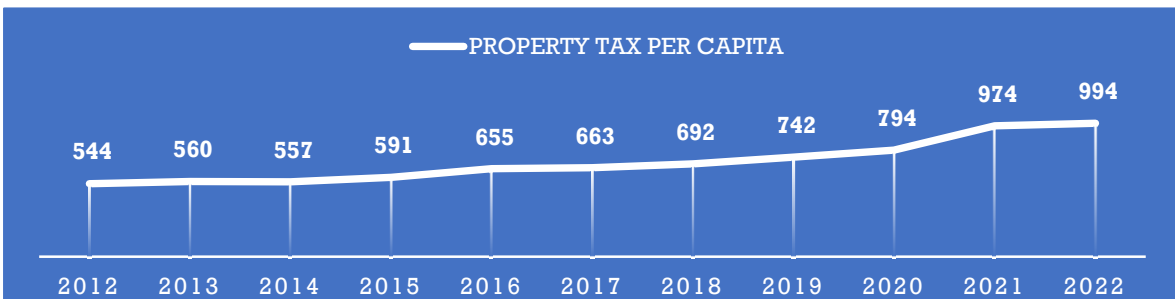
**FORMULA** - 
$$\frac{\text{Total Operating Revenue}}{\text{Population}}$$

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

**TREND** - Stable

*Note: Increased revenue in FY 2020 is mainly attributed to the City's one-time Woolsey Fire settlement.*

### 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. In the case of Hidden Hills, the last four years has seen an average growth of 7%. However, staff should make it a practice to continually monitor this critical revenue source.

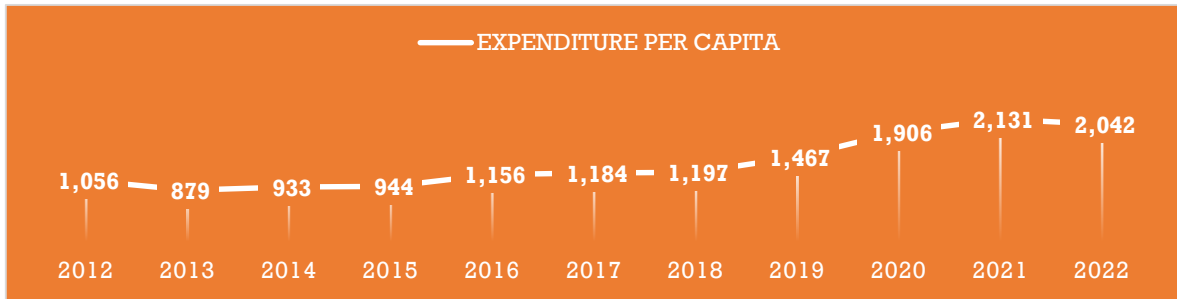
**FORMULA** - 
$$\frac{\text{Prop Tax} + \text{Prop Tax In Lieu of VLF}}{\text{Population}}$$

**TREND** - Favorable



## City of Hidden Hills

### FACTOR 3 – EXPENDITURE PER CAPITA



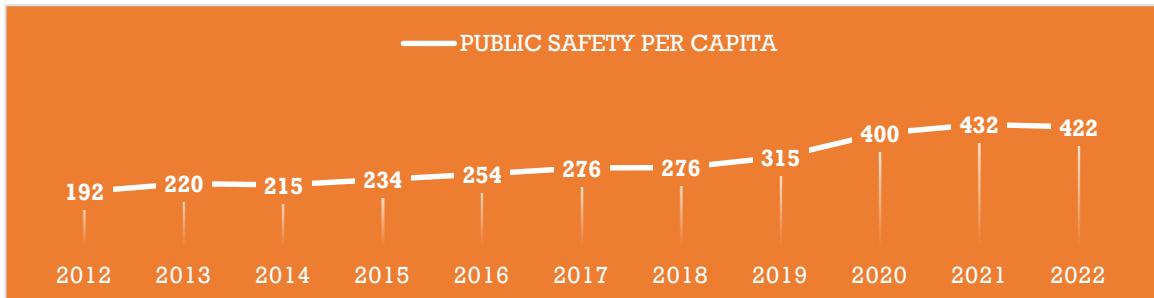
**DESCRIPTION** - This factor is designed to show the cost-per-person of providing City services. Increasing expenditures per capita are troublesome if revenues per capita are stable or declining. This factor should be monitored carefully especially in line with revenue per capita in the coming years.

**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. Public Safety Expenditures per capita include costs associated with emergency preparedness, school crossing guards, and animal care and control. Following the 2019 Woolsey Fire and increase in residential burglaries, the City increased Public Safety spending primarily on emergency preparedness, equipment purchases, and law enforcement.

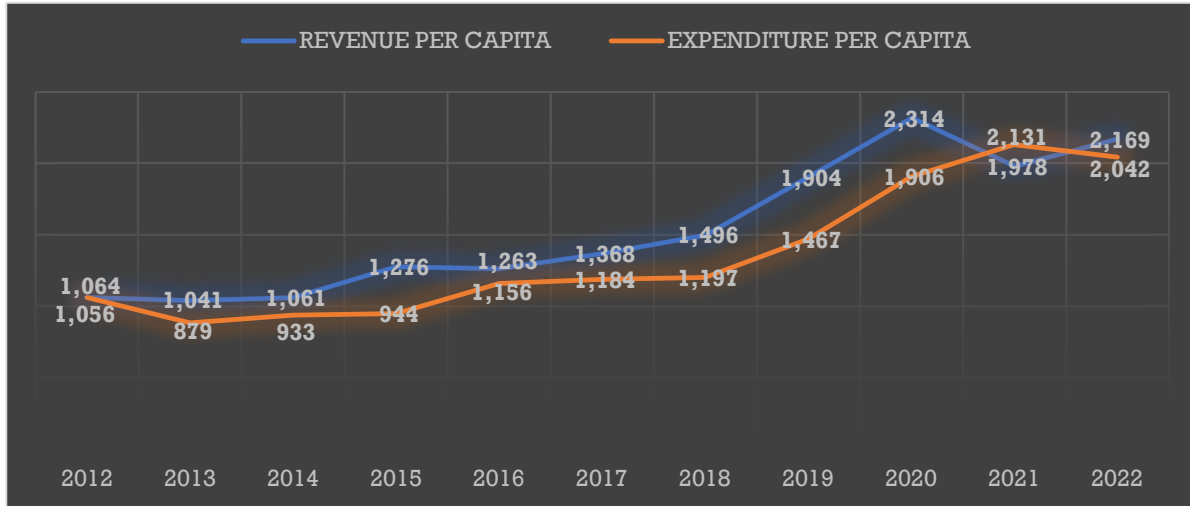
**FORMULA** - 
$$\frac{\text{Public Safety Expenditures}}{\text{Population}}$$

**WARNING SIGN** - Significantly increasing per capita expenditures.

**TREND** - Stable

## City of Hidden Hills

### FACTOR 5 - REVENUES AND EXPENDITURES PER CAPITA

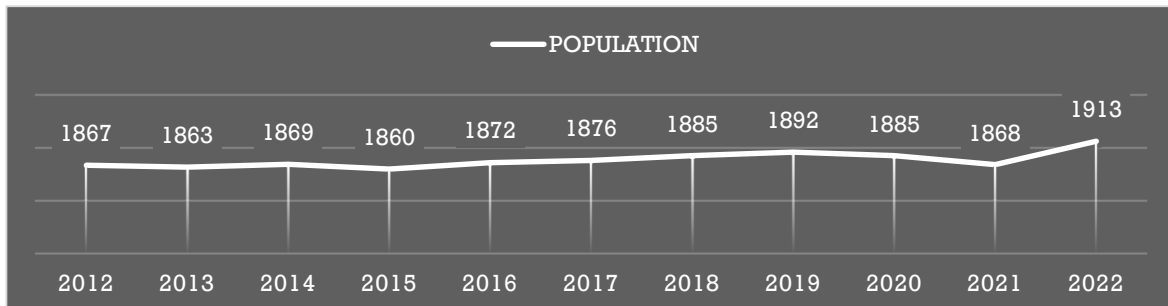


**DESCRIPTION** - This table shows Factors 1 and 3 combined and provide a graphic display of the relationship between the two. In 2012, revenues and expenditures were approximately equal partially due to a \$200,000 Community Assistance Grant provided to the HHCA, expenditures dropped while revenues climbed. Last year 2021 & current year expenditure per capital increase are caused by the Capital Improvement project particularly the Undergrounding project.

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

**TREND** - Stable

### FACTOR 6 - POPULATION GROWTH



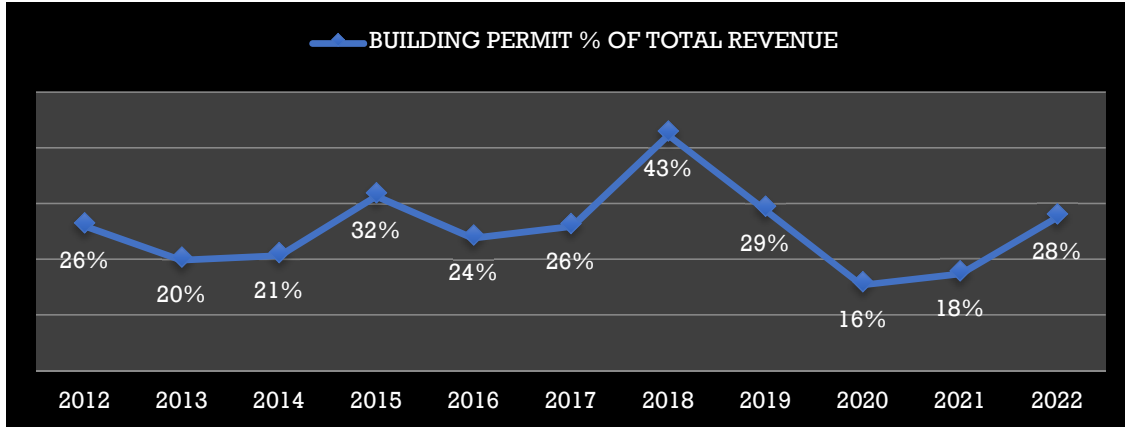
**DESCRIPTION** - This table simply illustrates population growth based on both State Department of Finance (Population Research Unit) and the U.S. Department of Commerce, Bureau of Census and Neighborhood Statistics Program. For emerging or developing cities, population growth is usually a key contributor 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** - Stable

## City of Hidden Hills

### FACTOR 7 - 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. Following the 2008 recession, Building activity began to rebound in 2012 while reaching a pinnacle in 2018. Prior to the 2020 pandemic, staff began to notice a decrease in building permit revenue. This trend continued during the pandemic. However, building permit revenue rebounded in 2022. Additionally, the City Council updated the building permit valuation tables in 2022 which should result in a 30% increase in revenue. This revenue source should be monitored carefully in spite of the fact that a high percentage of building related expense is tied directly to the building revenue.

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

**WARNING SIGN** - Decreased revenue without corresponding decreases in expenditures.

**TREND** - Stable

General Fund 10-Year Budget Forecast

10 General Fund	Proposed Budget FY 2022-23	10-Year Budget Forecast									
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Revenues											
Property Taxes	1,921,697	2,017,782	2,118,671	2,224,605	2,335,835	2,452,627	2,575,258	2,704,021	2,839,222	2,981,183	3,130,242
Local Taxes	165,500	153,840	153,840	153,840	153,840	153,840	153,840	153,840	153,840	153,840	153,840
Interest Income	247,161	251,196	256,139	261,163	266,286	271,509	276,835	282,265	287,802	293,447	299,203
Other Taxing Entities	359,825	376,942	395,727	415,453	436,164	457,911	480,745	504,721	529,896	556,329	584,085
Building & Safety	852,200	881,441	881,441	881,441	881,441	881,441	881,441	881,441	881,441	881,441	881,441
Recreation	48,714	48,714	48,714	48,714	48,714	34,000	34,000	34,000	34,000	34,000	34,000
Other Revenue	226,100	203,673	204,353	295,040	205,733	206,433	297,141	207,855	208,577	299,305	210,041
Total Revenue	3,821,197	3,933,587	4,058,886	4,280,255	4,328,013	4,457,761	4,699,260	4,768,143	4,934,777	5,199,546	5,292,852
Transfers In	219,052	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Total Revenues & Transfers	4,040,250	4,183,587	4,308,886	4,530,255	4,578,013	4,707,761	4,949,260	5,018,143	5,184,777	5,449,546	5,542,852
Salaries & Benefits	602,066	626,227	646,785	659,360	672,398	694,348	708,368	722,909	746,421	762,066	778,296
Administration	483,993	442,350	444,350	444,350	445,400	445,900	445,900	445,930	447,930	448,130	448,150
Community Services	718,980	707,853	736,895	765,920	796,396	829,810	863,410	898,689	937,161	976,057	1,016,898
Public Safety	718,672	696,652	722,902	750,465	779,405	809,793	841,700	875,202	910,380	947,316	986,100
Building & Safety	1,103,924	903,155	903,976	906,020	906,842	907,671	908,521	909,379	910,246	911,121	912,004
Maintenance	56,154	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200
Capital Improvement	3,159,763	-	-	-	-	-	-	-	-	-	-
Total Expenditures	6,843,552	3,428,437	3,507,109	3,578,315	3,652,641	3,739,722	3,820,099	3,904,310	4,004,338	4,096,891	4,193,648
Transfers Out	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures & Transfers	6,843,552	3,428,437	3,507,109	3,578,315	3,652,641	3,739,722	3,820,099	3,904,310	4,004,338	4,096,891	4,193,648
Net Change in Fund Balance	(2,803,302)	755,150	801,776	951,940	925,372	968,040	1,129,161	1,113,833	1,180,439	1,352,655	1,349,204
Beginning Fund Balance	10,658,079	7,854,777	8,609,927	9,411,703	10,363,643	11,289,015	12,257,054	13,386,215	14,500,048	15,680,487	17,033,142
Ending Fund Balance	7,854,777	8,609,927	9,411,703	10,363,643	11,289,015	12,257,054	13,386,215	14,500,048	15,680,487	17,033,142	18,382,346
Contingency Reserve	2,947,031	2,742,750	2,805,688	2,862,652	2,922,113	2,991,777	3,056,079	3,123,448	3,203,471	3,277,513	3,354,919
Projects Reserve	4,600,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
Replacement/Upgrade Reserve	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Reserve	1,874,290	1,676,340	2,352,818	3,083,388	3,961,002	4,799,293	5,686,955	6,731,905	7,745,710	8,833,596	10,089,494
Unrestricted Fund Reserve	736,758	685,687	701,422	715,663	730,528	747,944	764,020	780,862	800,868	819,378	838,730
Total Reserve Funds	10,658,079	7,854,777	8,609,927	9,411,703	10,363,643	11,289,015	12,257,054	13,386,215	14,500,048	15,680,487	17,033,142

**City of Hidden Hills**  
**Statement of Investment Policy**  
**Fiscal Year 2022-23**

**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:

## **City of Hidden Hills**

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

## **City of Hidden Hills**

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.



## **City of Hidden Hills**

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

## **City of Hidden Hills**

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.

## **City of Hidden Hills**

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.

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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:**

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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.

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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:	<u>Dollar or Percent Limits</u> (calculated separately for each agency's portfolio)	<u>Maturity</u> (Not to Exceed)	<u>Liquid</u>
<b>1. General Instruments</b>			
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
<b>2. Collateralized Investments</b>			
Repurchase Agreements	20% of total portfolio	7 days	Yes
Deposit accounts	Amounts above FDIC-insurance must be collateralized	On demand	Yes



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Investment Type:	<u>Dollar or Percent Limits</u> (calculated separately for each agency's portfolio)	<u>Maturity</u> (Not to Exceed)	<u>Liquid</u>
<b>3. Uncollateralized Instruments</b>			
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
<p>*Percent Limit (30% of total portfolio) is a collective limit as to Time Deposits, non-negotiable FDIC-insured CDs, and negotiable CDs.</p> <p>** Percent Limit is a collective limit as to Medium Term Corporate Notes &amp; Corporate Bonds, which are governed by Gov. Code Sec. 53601(k).</p>			
<b>4. Other Instruments</b>			
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