



CITY OF HIDDEN HILLS
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ANNUAL BUDGET

FISCAL YEAR 2024-25

Table of Contents

General Information	1-12
Transmittal Message.....	1-5
About The City	6
City Council	7
Organizational Chart	8
Fund Structure	9
Fund Descriptions	10-11
Staffing Levels	12
Budget Information	13-28
Fund Balances Summary	13
General Fund - Budget Summary.....	14
General Fund - Budget Detail.....	15-18
Special Revenue/Restricted Funds - Budget Details.....	19-24
Capital Improvement Projects Summary.....	25
Capital Improvement Projects – Budget Details & Information	26-29
Other Information	30-47
Gann Appropriation Limit.....	30
General Fund Fiscal Reserve	31
General Fund Reserve Policy.....	31-32
Fiscal Year Health Reports	33-37
Statement of Investment Policy.....	38-48



July 1, 2024

Honorable Mayor, City Council, and Hidden Hills Residents:

It is my pleasure to present City of Hidden Hills' Fiscal Year 2024-25 Budget including the Capital Improvement Budget. The budget development started with the Mid-Year Budget Review completed on February 26, 2024. That review provided a detailed assessment of the City's revenues and expenditures during the first half of the fiscal year and provided projections of the fiscal year-end results. Additionally, the process helped identify any budgetary trends or issues that might inform this FY 2024-25 budget. The Council's Budget Ad-hoc Committee met on May 31 to review the draft budget, ask questions, and provide input. The City Council approved the budget, with changes reflected herein, on June 10, 2024.

The budget serves as the City's financial plan for the upcoming year and represents a continuation of the goals and priorities made by the City Council in the past years. Once adopted, any requested modifications to this plan over the upcoming fiscal year will require City Council approval.

BUDGET OVERVIEW

The long-standing tradition of taking a conservative approach to budgeting, combined with strategic investments and savings, has placed the City of Hidden Hills in an extremely healthy financial position. The community will continue to see the rewards of these efforts as the FY 2024-25 budget continues to advance existing Capital Improvement projects (reflected in the Transfers Out).

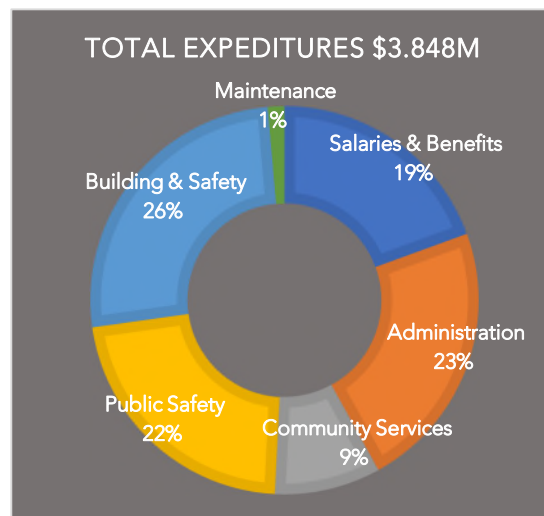
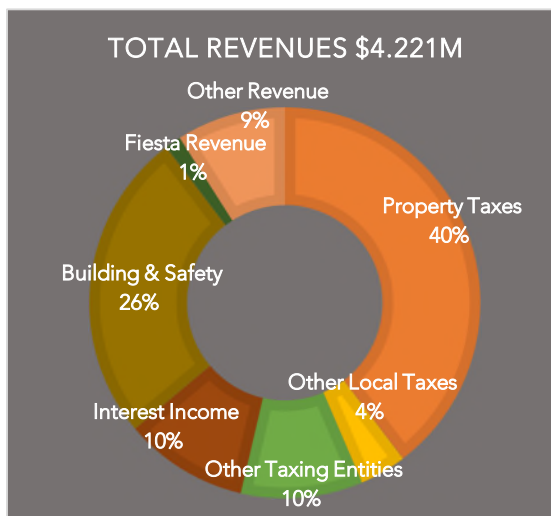
Below is the Fund Balance Summary over the past years:

GENERAL FUND BALANCE SUMMARY				
	FY2021-22	FY2022-23	FY2023-24	FY2024-25
	ACTUAL	ACTUAL	PROJECTED	PROPOSED
Beginning Fund Balance	10,058,159	10,751,633	12,161,090	12,782,808
Revenues	3,525,635	4,284,763	4,152,007	4,221,171
Expenditures	2,972,886	2,856,385	3,493,640	3,848,009
Revenues vs Expenditures	552,749	1,428,378	658,368	373,162
Transfers In	335,375	240,581	322,317	386,705
Transfers (Out)	(194,650)	(259,502)	(358,967)	(1,244,948)
Ending Fund Balance	10,751,633	12,161,090	12,782,808	12,297,727

BUDGET HIGHLIGHTS

The FY 2024-25 Budget is \$4.607 million. This includes projected revenues of \$4.221 million plus \$386,705 transferred from various restricted funds to cover a proportionate share for the Sheriff's motor services, Traffic Guards, Crossing Guards, stormwater programs, and Library consultants.

The FY 2024-25 General Fund Operating Budget of \$3.848 million reflects a 7.8% increase over the FY 2023-24 Approved Budget. This is primarily due to an increased cost of contracted services to support the development and completion of ongoing projects, including the Library project and various Capital Improvement projects. An additional \$1.244 million of General Fund money has been budgeted to support the City Hall Improvements and Undergrounding projects and will require a draw-down of fund balance from the City's Undesignated Reserve.



Revenues

The General Fund is the City's discretionary fund that can be utilized for any purpose and is not restricted to a specific service or program. Total General Fund revenues for FY 2024-25 Budget are projected to be \$4.221 million and will be collected from the following seven categories:

Property Tax. Property tax continues to be the City's largest source of revenue representing over 40% of all City revenues. As a result of the increasing assessed valuations of homes, this revenue source is projected to increase by 6% over FY 2023-24.

Other Local Taxes. Other local revenue includes Real Property Transfer taxes and a small amount of sales tax collected. This revenue source is anticipated to continue to remain stable.

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. Property Tax in Lieu of VLF is allocated annually and is adjusted yearly based on the gross assessed valuation of taxable property in the jurisdiction. This revenue is budgeted to reflect a 6% increase from last year.

Interest Income. Revenue generated from the City's investment in the Local Agency Investment Fund (LAIF) and with Charles Schwab.

Building and Safety. Revenues from building and planning permits continue to be the second highest source of funds, representing 26% of the total revenues for FY 2024-25 Budget.

Fiesta. Revenue in this department is collected from Fiesta ticket sales.

Other Revenue. This revenue category is a catch all for all other uncategorized revenue sources such as alarm fees, franchise fees, and grants.

Expenditures

Total appropriations for FY 2024-25 are anticipated to be \$3.848 million. At \$1.840 million, Public Safety and Building and Safety appropriations combined make up almost half of the City's expenditures.

Expenditures are broken down into the following categories:

Salaries and Benefits. Appropriations related to payroll are expected to be approximately 8% more than the prior fiscal year. The increase is primarily due to cost-of-living increases for employees and contractual increases to the City's various benefit programs, including CalPERS retirement, health insurance, and workers' compensation, as well as the addition of funds for part time and/or temporary assistance.

Administration. Appropriations associated with the Administration category are nearly 29% higher than the last fiscal year. The increase is primarily attributed to increased costs associated with legal services, additional funding related to financial services, and additional costs related to public information.

Community Services. This category is composed of Fiesta, Library, and Other Events, and represents 9% of the total appropriations. The increase of 15% from the previous year is related to library consultant(s) that will be reimbursed by the Property Tax received in the Library Fund.

Public Safety. Costs in this area are expected to increase by approximately 7%, primarily as a result of contractual increases for the L.A. County Sheriff services and the additional cost associated with hiring a new Public Safety and Emergency Services Manager. It should be noted that over \$140,000 of Supplemental Public Safety and approximately \$100,000 of Sheriff services costs are offset by grants and/or other restricted funds.

Building and Safety. Appropriations in this category are classified in 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. This category is composed of expenditures related to the maintenance of City Hall and other City properties and represents only 1% of the total appropriations.

Transfers

All fund transfers are budgeted separately from the Revenues and Expenditures in an effort to present a clearer budget format. This category includes transfers to and from other funds to offset operating costs and to fund Capital Improvement projects.

Transfer from COPS Fund. 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. This is shown as a revenue in the restricted COPS Fund and is then transferred to the General Fund to offset the inclusion of COPS-related expenses in the Public Safety Department.

Transfer from Gas Tax. Transfers from Gas Tax Fund are used to offset Supplemental Public Safety Support services, which include the school crossing guards and traffic guard support.

Transfer from Measure W. In 2021, the City started receiving annual funding from Los Angeles County Safe, Clean Water Municipal Program funds. The fund is being tracked in a separate account within the restricted Measure W Fund and is funding eligible water related projects and programs. Transfers from Measure W are used to offset a portion of Environmental/NPDES expenditures.

Transfer from Library. Starting last fiscal year, the City started separating the library funding received from Property Tax into a separate fund (Library Fund). Transfers from this fund reimburse the General Fund for the costs associated with the provision of, or planning for, library services to the community.

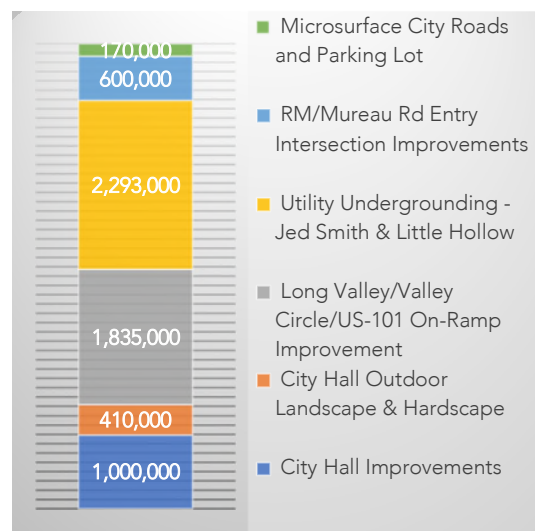
Transfer to Capital Projects. These transfers represent costs associated with the Capital Improvement projects funded by the General Fund. This also reflects the draw-down requirement from the City's Undesignated Reserve fund balance.

Capital Improvements

The City's strategic fiscal planning and budget savings, the continued solicitation of grants, and the City's current investment strategy continue to position the City to make several re-investments in the community through Capital Improvement projects.

Projects in this FY 2024-25 budget include:

- City Council Improvements
- City Hall Outdoor Landscape & Hardscape
- Long Valley/Valley Circle/US-101 On-Ramp
- Utility Undergrounding - Jed Smith & Little Hollow
- Round Meadow/Mureau Entry Landscaping
- Microsurface City roads and parking lots



Grants/Restricted Fund Use

The City continues to use many other funding sources, including grant funds, to offset General Fund costs and support the City's Capital Projects. The FY 2024-25 Budget offsets \$386,705 in General Fund operating costs and \$5.1 million in Capital Improvements projects costs with these funds.

General Fund Fiscal Reserve Policy

On June 10, 2024, the City Council approved a change to the General Fund Reserve Policy to include two Reserve Categories:

Stabilization Reserve. This Reserve level is set at a minimum of 100% of annual expenditures. For FY 2024-25, this would be \$3.848 million. The intent of this Reserve is to protect the City's essential service programs and funding requirements during periods of economic downturn, natural disasters, and/or other unexpected circumstances. The City Council has the discretion to appropriate portions of this fund for one-time or extraordinary purposes, and then establish a plan to replenish the Reserve to its minimum level.

Capital Improvement Reserve. This Reserve level is set at \$2 million and is intended to fund unanticipated Capital needs that might unexpectedly arise due to unforeseen circumstances. This Reserve is outside any annual appropriations for planned capital projects.

Any funds held by the City in excess of these Reserve requirements become part of the City's undesignated fund balance and may be used by the City for any purpose. Since these funds would be considered one-time sources, they should only be used for one-time purposes.

A detailed explanation of the General Fund Reserve Policy is included in the Budget Book.

Conclusion

I want to express my thanks to the Council's Budget Ad-hoc Committee, Mayor Gold and Council Member Loggia, for their engagement during this budget process. I also must express my deep gratitude to Accountant Theresa Hernandez for her invaluable experience and skill in preparing this budget, as well as to finance consultants Jay Goldstone and Mike Blazenski.

Finally, I have been extremely fortunate to spend this transitional period with the amazing Hidden Hills team and am appreciative of the trust placed in me by this forward-thinking City Council and truly dedicated staff. I am confident that I can speak on behalf of the City in welcoming Incoming City Manager Claire Whitley and hope that this budget lays the groundwork for much success in the coming year.

Respectfully submitted,



Marcella Marlowe, Ph.D.
Interim City Manager

About The City



HISTORY

The City of Hidden Hills was founded by A.E. Hanson in the early 1950s.

INCORPORATED

October 19, 1961

GOVERNMENT

Hidden Hills is a General Law city operating under the Council-Manager form of government.

COUNTY

Los Angeles County

SCHOOL DISTRICT

LVUSD (Las Virgenes Unified School District)

POPULATION

1,727

SIZE

Under 2 square miles in area

LOCATION

The City of Hidden Hills is nestled in between the western foothills of the San Fernando Valley in Los Angeles County, California.

City Council



ENIKO GOLD
MAYOR



LARRY G. WEBER
MAYOR PRO TEM



LAURA MCCORKINDALE
COUNCIL MEMBER

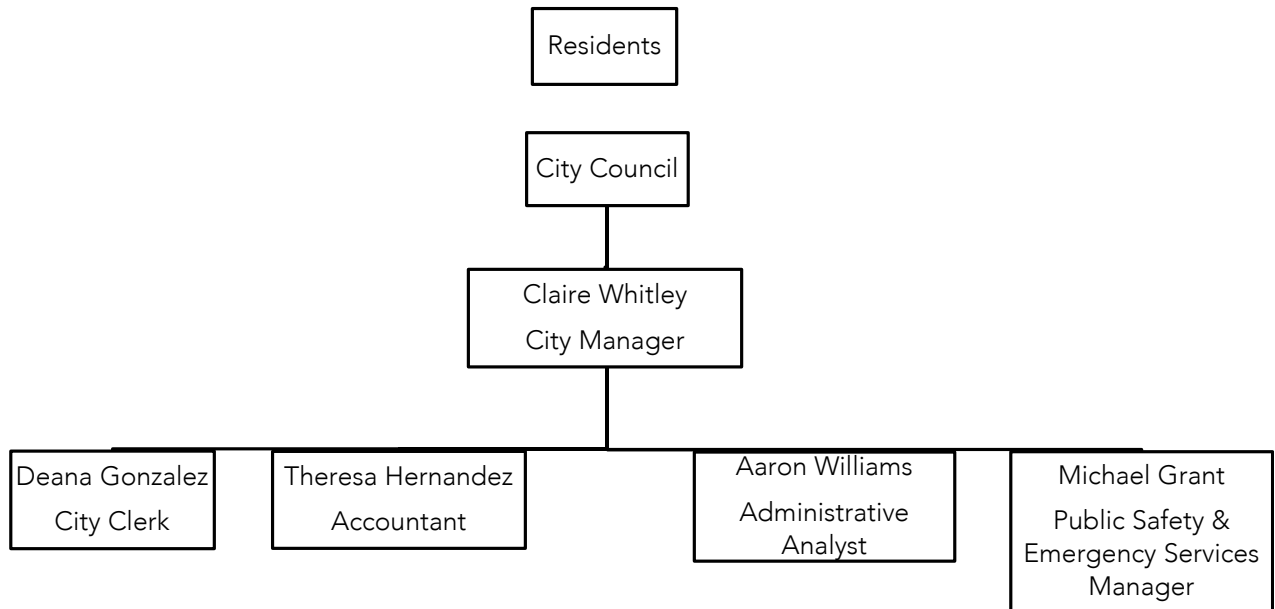


JOE LOGGIA
COUNCIL MEMBER



ADAM WASSERMAN
COUNCIL MEMBER

Organizational Chart



Contract City Attorney Services Provided By:

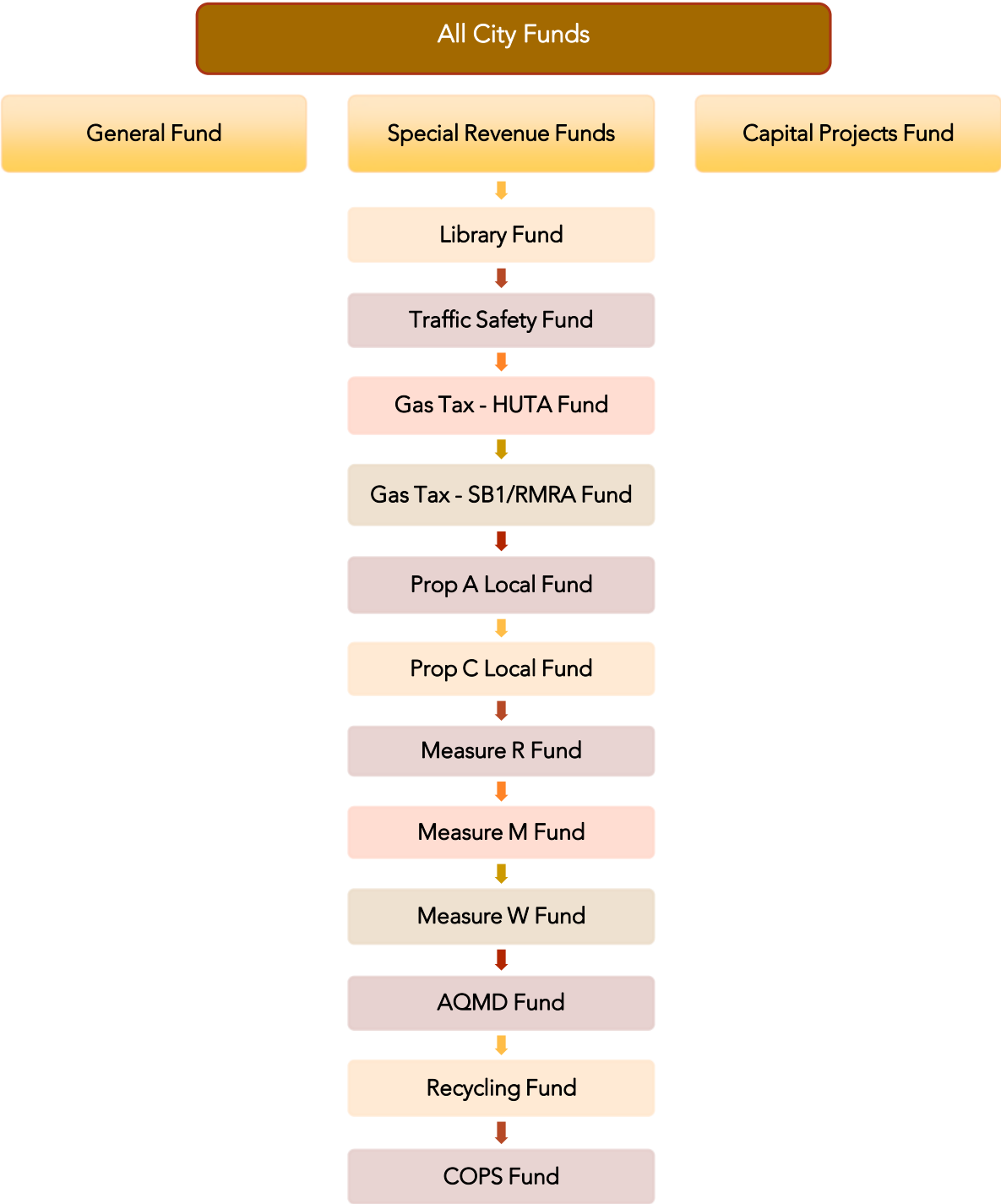
Michael Jenkins, Interim City Attorney, Best Best & Krieger, LLP

Additional Contract Services Provided By:

Charles Abbott Associates

- Dirk Lovett, City Engineer
- George Yacoub, Associate Engineer
- Tom Juzwiak, Building Official
- Steve O’Hara, Building Inspector

Fund Structure



Fund Descriptions

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 and maintenance, community services, building and safety and public safety.

Special or Restricted Revenue Funds are used to account for the proceeds from specific revenue sources (other than trusts or major capital projects) that are legally restricted to expenditures for specific purposes. These restricted funds, by law, are designed to finance particular functions or activities of government and which therefore cannot be diverted to other uses. A more detailed description of each fund is outlined below.

Fund Account	Fund Description
<u>Library (Fund 12)</u>	A newly created fund used to account for library resources and expenditures. The primary revenue source comes from property tax and is used to fund library services.
<u>Traffic Safety (Fund 20)</u>	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.
<u>Gas Tax-HUTA (Fund 40-1)</u>	The Gasoline Tax (Motor Vehicle Fuel License Tax) is allocated to cities based on population. HUTA stands for Highway User Tax Account. It is where the State Controller deposits gas tax before it is apportioned to cities and counties. The use of revenue is restricted to the construction, improvement, and maintenance of public streets or roads.
<u>Gas Tax-SB1/RMRA (Fund 40-2)</u>	SB1 or RMRA (Road Maintenance and Rehabilitation Account) is a separate restricted fund created to account for the gas tax apportionment and can be used for basic maintenance and rehabilitation on public streets and roads.
<u>Prop A Local (Fund 50)</u>	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.

<u>Prop C Local (Fund 55)</u>	Similar to Prop A Local 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.
<u>AQMD (Fund 60)</u>	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.
<u>Measure R (Fund 65)</u>	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.
<u>Measure M (Fund 67)</u>	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.
<u>Measure W (Fund 68)</u>	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.
<u>Recycling (Fund 70)</u>	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.
<u>COPS (Fund 80)</u>	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 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.

Staffing Levels

Listing of Budgeted Regular Positions Fiscal Year 2024-25

Position	Time Base	Positions Authorized
City Manager	Full-Time	1
City Clerk	Full-Time	1
Accountant	Full-Time	1
Administrative Analyst	Full-Time	1
Public Safety & Emergency Services Manager	Part-Time	1

Salary ranges are set by separate legislative action of the City Council.

Fund Balance Summaries

Fund Account	Estimated Beginning Fund Balance as of 07/1/2024	Year to Date Revenues	Year to Date Expenditures	Transfers In/(Out)	Estimated Ending Fund Balance as of 06/30/2025
10 General Fund	12,782,808	4,221,171	3,848,009	(858,243)	12,297,727
12 Library Fund	548,403	633,136	-	(100,000)	1,081,540
20 Traffic Safety Fund	16,594	10,000	5,000	-	21,594
40-1 Gas Tax Fund - HUTA	336,507	52,653	11,860	(101,396)	275,904
40-2 Gas Tax Fund - SB1	189,471	44,300	-	(190,000)	43,771
50 Prop A Fund	123,598	48,687	130,000	-	42,285
55 Prop C Fund	292,914	48,687	5,000	(310,000)	26,601
60 AQMD Fund	13,130	2,400	-	-	15,530
65 Measure R Fund	162,614	30,289	-	(100,000)	92,903
67 Measure M Fund	180,510	34,327	-	(170,000)	44,837
68 Measure W Fund	93,159	85,000	-	(120,000)	58,159
70 Recycling Fund	66,138	5,000	5,000	-	66,138
80 COPS Fund	101,964	100,000	-	(146,309)	55,654
	14,907,810	5,315,650	4,004,869	(2,095,948)	14,122,643
	Estimated Beginning Fund Balance as of 07/1/2024	Year to Date Revenues	Year to Date Expenditures	Transfers In/(Out)	Estimated Ending Fund Balance as of 06/30/2025
15 Capital Projects Fund	0	4,292,052	6,388,000	2,095,948	0
TOTAL	14,907,810	9,607,702	10,392,869	-	14,122,643

General Fund – Budget Summary

	Prior Year Actual	Approved Budget	Current Year Projected	Proposed Budget	\$ Change from Prior Budget	% Change from Prior Budget
	FY2022-23	FY2023-24	FY2023-24	FY2024-25		
REVENUES						
Property Taxes	1,528,819.83	1,579,352	1,579,967.95	1,674,766	95,414	6.0%
Other Local Taxes	154,003.77	164,000	171,600.83	164,000	-	0.0%
Other Taxing Entities	372,854.59	400,705	401,360.00	425,534	24,829	6.2%
Interest Income	355,178.54	421,000	421,796.70	432,131	11,131	2.6%
Building & Safety	1,261,313.79	1,187,600	1,187,176.14	1,087,200	(100,400)	-8.5%
Fiesta Revenue	57,574.00	57,500	52,549.86	57,000	(500)	-0.9%
Other Revenue	555,018.50	324,999	337,555.93	380,540	55,541	17.1%
TOTAL REVENUES	4,284,763.02	4,135,156	4,152,007.41	4,221,171	86,015	2.1%
EXPENDITURES						
Salaries & Benefits	615,097.18	690,505	693,796.77	748,152	57,647	8.3%
Administration	420,738.79	672,632	649,278.75	866,485	193,853	28.8%
Community Services	194,076.65	293,895	240,997.62	340,000	46,105	15.7%
Public Safety	637,173.57	788,000	784,101.77	845,961	57,961	7.4%
Building & Safety	918,954.33	1,037,426	1,038,851.11	994,432	(42,994)	-4.1%
Maintenance	70,344.15	88,000	86,613.86	52,979	(35,021)	-39.8%
TOTAL EXPENDITURES	2,856,384.67	3,570,458	3,493,639.88	3,848,009	277,551	7.8%
TRANSFERS						
Transfers In	240,580.91	285,580	322,317.20	386,705	101,125	35.4%
Transfers Out	259,501.55	2,433,548	358,967.00	1,244,948	(1,188,600)	-48.8%
TOTAL NET TRANSFERS	(18,920.64)	(2,147,968)	(36,649.80)	(858,243)	1,289,725	-60.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFER:	1,409,457.71	(1,583,270)	621,717.73	(485,081)	1,098,189	-69.4%
Beginning Fund Balance 07/01	10,751,632.58	12,161,090	12,161,090.29	12,782,808		
Ending Fund Balance 06/30	12,161,090.29	10,577,820	12,782,808.02	12,297,727		

General Fund – Budget Detail

	Prior Year Actual	Approved Budget	Current Year Projected	Proposed Budget	\$ Change from Prior Budget	% Change from Prior Budget
	FY2022-23	FY2023-24	FY2023-24	FY2024-25		
REVENUES						
Property Taxes						
4100-10 Property Taxes	1,528,819.83	1,579,352	1,579,967.95	1,674,766	95,414	6.0%
Total Property Taxes	1,528,819.83	1,579,352	1,579,967.95	1,674,766	95,414	6.0%
Other Local Taxes						
4210-10 Real Property Transfer Tax	133,995.13	149,000	149,000.00	147,000	(2,000)	-1.3%
4220-10 Sales & Use Tax	20,008.64	15,000	22,600.83	17,000	2,000	13.3%
Total Other Local Taxes	154,003.77	164,000	171,600.83	164,000	0	0.0%
Other Taxing Entities						
4120-10 Property Tax in Lieu of VLF	371,073.00	398,905	399,560.00	423,534	24,629	6.2%
4245-10 Motor Vehicle In Lieu	1,781.59	1,800	1,800.00	2,000	200	11.1%
Total Other Taxing Entities	372,854.59	400,705	401,360.00	425,534	24,829	6.2%
Interest Income						
4400-10 Interest - LAIF & Banks	70,855.73	125,000	125,477.45	132,131	7,131	5.7%
4401-10 Interest - Charles Schwab	284,322.81	296,000	296,319.25	300,000	4,000	1.4%
Total Interest Income	355,178.54	421,000	421,796.70	432,131	11,131	2.6%
Building & Safety						
4613-10 Building & Safety Permits	1,204,354.11	1,097,000	1,097,365.69	960,000	(137,000)	-12.5%
4614-10 Planning Fees	18,978.79	10,600	10,388.00	94,200	83,600	788.7%
4615-10 Engineering Fees	6,473.20	58,000	57,381.06	6,000	(52,000)	-89.7%
4616-10 Environmental Fees	31,507.69	22,000	22,041.39	27,000	5,000	22.7%
Total Building & Safety	1,261,313.79	1,187,600	1,187,176.14	1,087,200	(100,400)	-8.5%
Fiesta						
4830-10 Fiesta Revenue	57,574.00	57,500	52,549.86	57,000	(500)	-0.9%
Total Fiesta	57,574.00	57,500	52,549.86	57,000	(500)	-0.9%
Other Revenue						
4105-10 PSAF Revenue	29,136.97	26,000	26,000.00	28,000	2,000	7.7%
4215-10 Schwab Market Revenue	(16,789.07)	0	0.00	0	0	0.0%
4216-10 LAIF Market Revenue	(51,043.73)	0	0.00	0	0	0.0%
4230-10 Fund Exchange	0.00	0	0.00	93,750	93,750	100.0%

General Fund – Budget Detail (cont.)

		Prior Year Actual	Approved Budget	Current Year Projected	Proposed Budget	\$ Change from Prior Budget	% Change from Prior Budget
		FY2022-23	FY2023-24	FY2023-24	FY2024-25		
4605-10	Franchise Fees - AT&T	2,818.89	3,000	2,760.78	2,800	(200)	-6.7%
4610-10	Franchise Fees - Edison	71,872.33	72,000	72,000.00	72,500	500	0.7%
4620-10	Franchise Fees - Gas	20,997.79	21,000	21,000.00	25,000	4,000	19.0%
4621-10	Franchise Fees - Waste Hauler	59,737.93	56,000	56,436.21	60,000	4,000	7.1%
4622-10	Franchise Fees - Cable	11,646.26	11,500	11,600.37	11,760	260	2.3%
4623-10	Waste Management Fee	7,796.00	8,000	7,953.00	8,000	0	0.0%
4625-10	Alarm Registration	9,260.00	9,000	8,400.00	8,100	(900)	-10.0%
4850-10	Miscellaneous Income	23,235.86	30,000	57,267.82	25,200	(4,800)	-16.0%
6560-10	Grant Revenue	386,349.27	88,499	74,137.75	45,430	(43,069)	-48.7%
Total Other Revenue		555,018.50	324,999	337,555.93	380,540	55,541	17.1%
TOTAL REVENUES		4,284,763.02	4,135,156	4,152,007.41	4,221,171	86,015	2.1%
EXPENDITURES							
Salaries & Benefits							
5100-10	City Manager Salary	215,496.07	258,068	257,627.48	258,000	(68)	0.0%
5101-10	Staff Salary	256,402.26	275,037	275,074.72	299,696	24,659	9.0%
5105-10	Car Allowance - City Manager	0.00	0	2,100.00	6,000	6,000	100.0%
5115-10	Cell Phone Allowance	900.00	900	449.94	1,200	300	33.3%
5150-10	Payroll Taxes	13,887.11	15,500	16,127.98	17,568	2,068	13.3%
5160-10	Workers Comp	5,087.50	6,000	6,061.05	7,366	1,366	22.8%
5170-10	CalPERS Retirement	60,742.91	70,000	71,288.97	73,619	3,619	5.2%
5175-10	CalPERS Unfunded Liability	4,994.00	0	0.00	8,913	8,913	100.0%
5180-10	Group Health Insurance	52,828.62	60,000	60,142.41	69,790	9,790	16.3%
5190-10	Dental & Vision Insurance	4,758.71	5,000	4,924.22	6,000	1,000	20.0%
Total Salaries & Benefits		615,097.18	690,505	693,796.77	748,152	57,647	8.3%
Administration							
5200-10	Legal Services	103,854.79	173,000	173,743.11	258,000	85,000	49.1%
5205-10	City Auditor	31,545.00	51,500	51,522.50	26,000	(25,500)	-49.5%
5206-10	Financial Services	0.00	0	0.00	55,000	55,000	100.0%
5210-10	Dues - LVMCOG	28,000.00	25,000	25,000.00	25,000	0	0.0%
5215-10	Dues & Subscriptions	22,741.12	27,000	29,648.59	10,000	(17,000)	-63.0%

General Fund – Budget Detail (cont.)

	Prior Year Actual	Approved Budget	Current Year Projected	Proposed Budget	\$ Change from Prior Budget	% Change from Prior Budget
	FY2022-23	FY2023-24	FY2023-24	FY2024-25		
5220-10 Liability Insurance	19,407.00	25,000	24,623.00	19,963	(5,037)	-20.1%
5225-10 Blanket Fidelity Bond	868.00	911	912.00	958	47	5.2%
5230-10 Property Insurance	5,899.00	7,221	7,221.00	7,708	487	6.7%
5250-10 Election & Legislation	19,982.84	90,000	60,000.00	92,000	2,000	2.2%
5255-10 Miscellaneous Expense	0.00	45,000	45,000.00	45,000	0	0.0%
5260-10 Public Information	22,581.10	25,000	25,000.00	95,325	70,325	281.3%
5270-10 Office Expense	51,183.54	55,000	54,554.96	40,000	(15,000)	-27.3%
5275-10 Data Processing/IT Support	33,010.98	50,000	48,786.02	58,797	8,797	17.6%
5280-10 Telephone	4,240.09	6,000	5,995.33	7,360	1,360	22.7%
5285-10 Utilities	20,735.28	33,000	26,584.52	43,000	10,000	30.3%
5290-10 Travel & Meetings	8,747.38	19,000	15,542.29	26,375	7,375	38.8%
5295-10 Investment Management	47,942.67	40,000	55,145.43	56,000	16,000	40.0%
Total Administration	420,738.79	672,632	649,278.75	866,485	193,853	28.8%
Community Services						
5240-10 Community Assistance	2,995.00	15,000	6,500.00	10,000	(5,000)	-33.3%
5500-10 Fiesta	191,081.65	220,000	203,982.56	220,000	0	0.0%
5501-10 Other Events	0.00	10,000	5,685.06	10,000	0	0.0%
5510-10 Library	0.00	48,895	24,830.00	100,000	51,105	104.5%
Total Community Services	194,076.65	293,895	240,997.62	340,000	46,105	15.7%
Public Safety						
5600-10 Police Protection/STAR	471,541.61	540,000	525,461.67	557,838	17,838	3.3%
5610-10 Supplemental P.S. Support	134,734.47	176,000	166,789.18	171,754	(4,246)	-2.4%
5620-10 Emergency Svcs Coordinator	8,400.00	30,000	55,850.00	74,269	44,269	147.6%
5625-10 Disaster Preparedness	11,953.02	30,000	30,000.00	30,100	100	0.3%
5640-10 Animal Control	10,544.47	12,000	6,000.92	12,000	0	0.0%
Total Public Safety	637,173.57	788,000	784,101.77	845,961	57,961	7.4%
Building & Safety						
5700-10 Engineering	197,009.41	216,000	215,755.75	228,000	12,000	5.6%
5710-10 Building and Safety	489,276.08	520,000	520,895.89	492,000	(28,000)	-5.4%
5720-10 Planning	90,868.85	134,400	134,581.77	100,100	(34,300)	-25.5%
5730-10 NPDES/Environmental	141,799.99	167,026	167,617.70	174,332	7,306	4.4%
Total Building & Safety	918,954.33	1,037,426	1,038,851.11	994,432	(42,994)	-4.1%

General Fund – Budget Detail (cont.)

	Prior Year Actual	Approved Budget	Current Year Projected	Proposed Budget	\$ Change from Prior Budget	% Change from Prior Budget
	FY2022-23	FY2023-24	FY2023-24	FY2024-25		
Maintenance						
5800-10 Janitorial	18,000.00	20,000	19,585.00	19,360	(640)	-3.2%
5805-10 Street Cleaning	2,762.00	4,000	3,061.17	3,432	(568)	-14.2%
5810-10 Garden Service	30,089.66	38,000	38,516.64	4,187	(33,813)	-89.0%
5820-10 Repairs & Maintenance	19,492.49	26,000	25,451.05	26,000	0	0.0%
Total Maintenance	70,344.15	88,000	86,613.86	52,979	(35,021)	-39.8%
TOTAL EXPENDITURES	2,856,384.67	3,570,458	3,493,639.88	3,848,009	277,551	7.8%
TRANSFERS						
Transfers In						
4901-10 Transfer from COPS Fund	126,429.60	100,000	136,737.60	146,309	46,309	46.3%
4905-10 Transfer from Gas Tax	79,654.47	94,685	94,684.60	101,396	6,711	7.1%
4907-10 Transfer from Measure W	34,496.84	42,000	42,000.00	39,000	(3,000)	-7.1%
4911-10 Transfer from Library	0.00	48,895	48,895.00	100,000	51,105	104.5%
Total Transfers In	240,580.91	285,580	322,317.20	386,705	101,125	35.4%
Transfers Out						
7610-10 Transfer to Capital Projects						
City Hall Improvements	19,261.80	80,000	80,000.00	1,080,000	1,000,000	1250.0%
City Hall Outdoor Landscape	14,127.00	97,948	0.00	97,948	0	0.0%
Council Chamber Remodel	0.00	1,000,000	0.00	0	(1,000,000)	-100.0%
Undergrounding Project	5,600.00	1,255,600	0.00	67,000	(1,188,600)	-94.7%
Broadband Project	220,512.75	0	278,967.00	0	0	0.0%
Total Transfers Out	259,501.55	2,433,548	358,967.00	1,244,948	(1,188,600)	-48.8%
TOTAL NET TRANSFERS	(18,920.64)	(2,147,968)	(36,649.80)	(858,243)	1,289,725	-60.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	1,409,457.71	(1,583,270)	621,717.73	(485,081)	1,098,189	-69.4%
Beginning Fund Balance 07/01	10,751,632.58	12,161,090	12,161,090.29	12,782,808		
Ending Fund Balance 06/30	12,161,090.29	10,577,820	12,782,808.02	12,297,727		

Special Revenue/Restricted Funds

	Prior Year Actual FY2022-23	Approved Budget FY2023-24	Current Year Projected FY2023-24	Proposed Budget FY2024-25	% Change from Prior Budget
<u>12-Library Fund</u>					
REVENUES					
4115-00 Property Taxes	576,347.28	587,636	597,298.31	633,136	7.7%
TOTAL REVENUES	576,347.28	587,636	597,298.31	633,136	7.7%
EXPENDITURES					
5510-00 Library	576,347.28	538,741	0.00	0	-100.0%
TOTAL EXPENDITURES	576,347.28	538,741	0.00	0	-100.0%
TRANSFERS					
Transfers Out					
7601-00 Transfer to General Fund	0.00	48,895	48,895.00	100,000	104.5%
TOTAL NET TRANSFERS	0.00	48,895	48,895.00	100,000	104.5%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	0.00	(0)	548,403.31	533,136	-166605166%
Beginning Fund Balance 07/01	0.00	0	0.00	548,403	
Ending Fund Balance 06/30	0.00	(0)	548,403.31	1,081,540	
<u>20-Traffic Safety</u>					
REVENUES					
6560-00 Intergovernmental Revenue	11,762.34	10,000	9,614.84	10,000	0.0%
TOTAL REVENUES	11,762.34	10,000	9,614.84	10,000	0.0%
EXPENDITURES					
7590-00 Fund Expenses	19,581.03	5,000	3,000.00	5,000	0.0%
TOTAL EXPENDITURES	19,581.03	5,000	3,000.00	5,000	0.0%
TRANSFERS					
Transfers Out					
7601-00 Transfer to General Fund	0.00	0	0.00	0	0.0%
TOTAL NET TRANSFERS	0.00	0	0.00	0	0.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	(7,818.69)	5,000	6,614.84	5,000	0.0%
Beginning Fund Balance 07/01	17,798.02	9,979	9,979.33	16,594	
Ending Fund Balance 06/30	9,979.33	14,979	16,594.17	21,594	

Special Revenue/Restricted Funds (cont.)

	Prior Year Actual FY2022-23	Approved Budget FY2023-24	Current Year Projected FY2023-24	Proposed Budget FY2024-25	% Change from Prior Budget
<u>40-1-Gas Tax-HUTA</u>					
REVENUES					
6560-00 Intergovernmental Revenue	49,020.72	54,593	9,614.84	52,653	-3.6%
6400-00 Interest Income	7,697.06	0	0.00	0	0.0%
TOTAL REVENUES	56,717.78	54,593	9,614.84	52,653	-3.6%
EXPENDITURES					
7590-00 Fund Expenses	5,301.59	11,500	3,000.00	11,860	3.1%
TOTAL EXPENDITURES	5,301.59	11,500	3,000.00	11,860	3.1%
TRANSFERS					
Transfers Out					
7601-00 Transfer to General Fund	79,654.47	94,685	94,684.60	101,396	7.1%
TOTAL NET TRANSFERS	79,654.47	94,685	94,684.60	101,396	7.1%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	(28,238.28)	(51,592)	(88,069.76)	(60,603)	17.5%
Beginning Fund Balance 07/01	452,814.95	424,577	424,576.67	336,507	
Ending Fund Balance 06/30	424,576.67	372,985	336,506.91	275,904	
<u>40-2-Gas Tax-SB1/RMRA</u>					
REVENUES					
6560-00 Intergovernmental Revenue	44,829.14	42,964	42,964.00	44,300	3.1%
6400-00 Interest Income	3,047.65	0	0.00	0	0.0%
TOTAL REVENUES	47,876.79	42,964	42,964.00	44,300	3.1%
EXPENDITURES					
7590-00 Fund Expenses	0.00	0	0.00	0	0.0%
TOTAL EXPENDITURES	0.00	0	0.00	0	0.0%
TRANSFERS					
Transfers Out					
7610-00 Transfer to Capital Projects	10,166.01	140,000	0.00	190,000	35.7%
TOTAL NET TRANSFERS	10,166.01	140,000	0.00	190,000	35.7%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	37,710.78	(97,036)	42,964.00	(145,700)	50.2%
Beginning Fund Balance 07/01	108,795.93	146,507	146,506.71	189,471	
Ending Fund Balance 06/30	146,506.71	49,471	189,470.71	43,771	

Special Revenue/Restricted Funds (cont.)

	Prior Year Actual FY2022-23	Approved Budget FY2023-24	Current Year Projected FY2023-24	Proposed Budget FY2024-25	% Change from Prior Budget
<u>50-Transit/Prop A</u>					
REVENUES					
6560-00 Intergovernmental Revenue	50,282.62	50,230	50,230.00	48,687	-3.1%
6400-00 Interest Income	1,202.73	0	0.00	0	0.0%
TOTAL REVENUES	51,485.35	50,230	50,230.00	48,687	-3.1%
EXPENDITURES					
7590-00 Fund Expenses	0.00	5,000	0.00	5,000	0.0%
7590-00 Prop A Exchange	0.00	0	0.00	125,000	100.0%
TOTAL EXPENDITURES	0.00	5,000	0.00	130,000	2500.0%
TRANSFERS					
Transfers Out					
7610-00 Transfer to Capital Projects	0.00	0	0.00	0	0.0%
TOTAL NET TRANSFERS	0.00	0	0.00	0	0.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	51,485.35	45,230	50,230.00	(81,313)	-279.8%
Beginning Fund Balance 07/01	21,882.44	73,368	73,367.79	123,598	
Ending Fund Balance 06/30	73,367.79	118,598	123,597.79	42,285	
<u>55-Prop C</u>					
REVENUES					
6560-00 Intergovernmental Revenue	41,707.99	41,665	41,655.00	48,687	16.9%
6400-00 Interest Income	6,162.60	0	0.00	0	0.0%
TOTAL REVENUES	47,870.59	41,665	41,655.00	48,687	16.9%
EXPENDITURES					
7590-00 Fund Expenses	11,916.58	12,000	21,206.36	5,000	-58.3%
TOTAL EXPENDITURES	11,916.58	12,000	21,206.36	5,000	-58.3%
TRANSFERS					
Transfers Out					
7610-00 Transfer to Capital Projects	1,529.50	260,000	0.00	310,000	19.2%
TOTAL NET TRANSFERS	1,529.50	260,000	0.00	310,000	19.2%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	34,424.51	(230,335)	20,448.64	(266,313)	15.6%
Beginning Fund Balance 07/01	238,041.31	272,466	272,465.82	292,914	
Ending Fund Balance 06/30	272,465.82	42,131	292,914.46	26,601	

Special Revenue/Restricted Funds (cont.)

	Prior Year Actual FY2022-23	Approved Budget FY2023-24	Current Year Projected FY2023-24	Proposed Budget FY2024-25	% Change from Prior Budget
60-AQMD					
REVENUES					
6560-00 Intergovernmental Revenue	2,923.42	2,400	2,400.00	2,400	0.0%
6400-00 Interest Income	210.66	0	0.00	0	0.0%
TOTAL REVENUES	3,134.08	2,400	2,400.00	2,400	0.0%
EXPENDITURES					
7590-00 Fund Expenses	0.00	0	0.00	0	0.0%
TOTAL EXPENDITURES	0.00	0	0.00	0	0.0%
TRANSFERS					
Transfers Out					
7610-00 Transfer to Capital Projects	0.00	0	0.00	0	0.0%
TOTAL NET TRANSFERS	0.00	0	0.00	0	0.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	3,134.08	2,400	2,400.00	2,400	0.0%
Beginning Fund Balance 07/01	7,595.95	10,730	10,730.03	13,130	
Ending Fund Balance 06/30	10,730.03	13,130	13,130.03	15,530	
65-Measure R					
REVENUES					
6560-00 Intergovernmental Revenue	36,923.20	31,248	31,248.00	30,289	-3.1%
6560-00 Measure R Grant	31,271.98	0	0.00	0	0.0%
6400-00 Interest Income	2,481.94	0	0.00	0	0.0%
TOTAL REVENUES	70,677.12	31,248	31,248.00	30,289	-3.1%
EXPENDITURES					
7590-00 Fund Expenses	13,575.00	0	0.00	0	0.0%
TOTAL EXPENDITURES	13,575.00	0	0.00	0	0.0%
TRANSFERS					
7610-00 Transfer to CP - RM/Mureau Rc	0.00	100,000	0.00	100,000	0.0%
7610-00 Transfer to CP - Long Valley	38,964.02	0	0.00	0	0.0%
TOTAL NET TRANSFERS	38,964.02	100,000	0.00	100,000	0.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	18,138.10	(68,752)	31,248.00	(69,711)	1.4%
Beginning Fund Balance 07/01	113,228.00	131,366	131,366.10	162,614	
Ending Fund Balance 06/30	131,366.10	62,614	162,614.10	92,903	

Special Revenue/Restricted Funds (cont.)

	Prior Year Actual FY2022-23	Approved Budget FY2023-24	Current Year Projected FY2023-24	Proposed Budget FY2024-25	% Change from Prior Budget
<u>67-Measure M</u>					
REVENUES					
6560-00 Intergovernmental Revenue	35,375.31	32,415	32,415	34,327	5.9%
6400-00 Interest Income	3,129.86	0	0.00	0	0.0%
TOTAL REVENUES	38,505.17	32,415	32,415.00	34,327	5.9%
EXPENDITURES					
7590-00 Fund Expenses	0.00	0	0.00	0	0.0%
TOTAL EXPENDITURES	0.00	0	0.00	0	0.0%
TRANSFERS					
Transfers Out					
7610-00 Transfer to CP - RM/Mureau Rc	0.00	100,000	0.00	170,000	70.0%
TOTAL NET TRANSFERS	0.00	100,000	0.00	170,000	70.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	38,505.17	(67,585)	32,415.00	(135,673)	100.7%
Beginning Fund Balance 07/01	109,590.31	148,095	148,095.48	180,510	
Ending Fund Balance 06/30	148,095.48	80,510	180,510.48	44,837	
<u>68-Measure W</u>					
REVENUES					
6560-00 Intergovernmental Revenue	84,260.87	85,000	84,273.08	85,000	0.0%
6400-00 Interest Income	1,121.94	0	0.00	0	0.0%
TOTAL REVENUES	85,382.81	85,000	84,273.08	85,000	0.0%
EXPENDITURES					
7590-00 Fund Expenses	0.00	0	0.00	0	0.0%
TOTAL EXPENDITURES	0.00	0	0.00	0	0.0%
TRANSFERS					
7601-00 Transfer to General Fund	34,496.84	42,000	42,000.00	39,000	-7.1%
7610-00 Transfer to CP - City Hall Imp	0.00	81,000	0.00	81,000	0.0%
TOTAL NET TRANSFERS	34,496.84	123,000	42,000.00	120,000	-2.4%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	50,885.97	(38,000)	42,273.08	(35,000)	-7.9%
Beginning Fund Balance 07/01	0.00	50,886	50,885.97	93,159	
Ending Fund Balance 06/30	50,885.97	12,886	93,159.05	58,159	

Special Revenue/Restricted Funds (cont.)

	Prior Year Actual FY2022-23	Approved Budget FY2023-24	Current Year Projected FY2023-24	Proposed Budget FY2024-25	% Change from Prior Budget
<u>70-Recycling</u>					
REVENUES					
6560-00 Intergovernmental Revenue	5,000.00	5,000	5,000.00	5,000	0.0%
6400-00 Interest Income	0.00	0	0.00	0	0.0%
TOTAL REVENUES	5,000.00	5,000	5,000.00	5,000	0.0%
EXPENDITURES					
7590-00 Fund Expenses	13,404.38	5,000	5,000.00	5,000	0.0%
TOTAL EXPENDITURES	13,404.38	5,000	5,000.00	5,000	0.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	(8,404.38)	0	0.00	0	0.0%
Beginning Fund Balance 07/01	74,542.09	66,138	66,137.71	66,138	
Ending Fund Balance 06/30	66,137.71	66,138	66,137.71	66,138	
<u>80-COPS</u>					
REVENUES					
6560-00 Intergovernmental Revenue	165,271.25	100,000	186,158.96	100,000	0.0%
6400-00 Interest Income	0.00	0	0.00	0	0.0%
TOTAL REVENUES	165,271.25	100,000	186,158.96	100,000	0.0%
EXPENDITURES					
7590-00 Fund Expenses	0.00	0	0.00	0	0.0%
TOTAL EXPENDITURES	0.00	0	0.00	0	0.0%
TRANSFERS					
7601-00 Transfer to General Fund	126,429.60	100,000	136,737.60	146,309	46.3%
TOTAL NET TRANSFERS	126,429.60	100,000	136,737.60	146,309	46.3%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	38,841.65	0	49,421.36	(46,309)	0.0%
Beginning Fund Balance 07/01	13,700.56	52,542	52,542.21	101,964	
Ending Fund Balance 06/30	52,542.21	52,542	101,963.57	55,654	

Capital Improvement Projects Summary - 5-year projection

	Year End Projected FY 2023-24	Proposed Budget FY 2024-25	Projected		
			FY 2025-26	FY 2026-27	FY 2027-28
Funding Sources					
Grants	1,001,700	4,292,052			
Transfers from Restricted Funds	-	851,000			
Transfers from General Fund	80,000	1,244,948			
Total Funding	1,081,700	6,388,000	-	-	-
Capital Improvement Projects					
City Hall Improvements	80,000	1,490,000			
Long Valley/ US-101 On-Ramp Improvement	1,000,000	1,835,000			
Citywide Utility Undergrounding - Jed Smith	1,700	1,493,000			
Citywide Utility Undergrounding - Little Hollow	-	800,000			
RM/Mureau Rd Entry Intersection Improvements	-	600,000			
City Roads and Parking Lot Microsurfacing	-	170,000			
Total Capital Improvement Projects	1,081,700	6,388,000	-	-	-
Variance	-	-	-	-	-

See Capital Improvement Project Information Sheets for details

Capital Improvement Projects Funding Sources

Account	Project Name	Fund Sources/Grants	General Fund	Other Sources	Total
5901-02	City Hall Outdoor Landscape & Hardscape	State Parks & Recreation - Per Capita Grant		179,052	410,000
		LA County RPOSD - Measure A		52,000	
		Measure W Fund (Cistern)		81,000	
		General Fund	97,948		
5901-02	City Hall Upgrades/Improvements	General Fund	1,080,000		1,080,000
5903	Long Valley/Valley Circle/US-101 On-Ramp Improvement	Measure M Grant		1,215,652	1,835,000
		Measure R Highway Grant		619,348	
5909-02	Citywide Utility Undergrounding - Jed Smith	SB 85 Grant (SMMC)		843,000	2,293,000
		FEMA/HMGP Undergrounding Grant		650,000	
5909-03	Citywide Utility Undergrounding - Little Hollow	General Fund Reserve	67,000		
		FEMA/HMGP Undergrounding Grant		733,000	
5912	RM/Mureau Rd Entry Intersection Improvements	Gas Tax Fund - SB1/RMRA		140,000	600,000
		Prop C Fund		260,000	
		Measure M (Local)		100,000	
		Measure R (Local)		100,000	
5913	City Roads and Parking Lot Microsurfacing	Prop C Fund		50,000	170,000
		Gas Tax Fund - SB1/RMRA		50,000	
		Measure M (Local)		70,000	
TOTAL			1,244,948	5,143,052	6,388,000

Capital Improvement Projects – Information Sheet

Account #	Project Name:
5901	City Hall Improvements

Specific Project:	Council Chamber	Outdoor Space
Projected Total Cost:	\$ 1,000,000.00	\$ 450,000.00
Initial Commencement Date:	October 2019	July 2022
Projected Completion Date:	TBD	TBD
Status:	Continued	New

Project Description

This project began back in 2017 as part of the City Council goal to consider various external and internal upgrades and/or improvements to the City Hall Building and complex. In 2018, completed projects include improvement and installation of new furnitures for the first-floor administration area, second-floor City Manager's office and the new City Engineer's office. Last year in 2022, Building and Safety office has been remodeled and upgraded the permit system using SB2 Planning Grant fund. Various equipment upgrades has also been completed in the past years including AVR and Security Systems upgrades. Proposed project to continue on the interior and exterior improvements to City Hall focusing on the Council Chambers and Outdoor Space landscape and hardcape.

Project Funding and Expenditure Detail

	Prior Years Actual	Current Yr Projected FY 2023-24	Proposed Budget FY 2024-25	Projected			Total
				FY 2025-26	FY 2026-27	FY 2027-28	
Revenues							
State Parks & Rec - Per Capita Grant	-	-	179,052	-	-	-	179,052
LA County RPOSD - Measure A	-	-	52,000	-	-	-	52,000
HCD - SB2 Planning Grant	51,957	-	-	-	-	-	51,957
Total Revenues	51,957	-	231,052	-	-	-	283,009
Expenditures							
1st & 2nd Floor City Hall Improvements	114,912	-	-	-	-	-	114,912
Building & Safety Remodel	24,957	-	-	-	-	-	24,957
Building & Safety Online Permit System	27,000	-	-	-	-	-	27,000
Various Systems Upgrade	55,891	-	-	-	-	-	55,891
Various City Hall Improvements	24,184	80,000	1,080,000	-	-	-	1,184,184
Council Chamber Remodel	12,870	-	-	-	-	-	12,870
Outdoor Space Landscape & Hardscape	14,127	-	410,000	-	-	-	424,127
Total Expenditures	273,942	80,000	1,490,000	-	-	-	1,843,942
Transfers							
Transfer In from General Fund	221,985	80,000	1,177,948	-	-	-	1,479,933
Transfer In from Measure W	-	-	81,000	-	-	-	81,000
Total Transfers	221,985	80,000	1,258,948	-	-	-	1,560,933
Beginning Fund Balance 07/01	-	-	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-	-	-
Ending Fund Balance 06/30	-	-	-	-	-	-	-

Capital Improvement Projects – Information Sheet (cont.)

Account #	Project Name:
5903	Long Valley/US101 On Ramp Improvement

Projected Total Cost:	\$ 6,915,652.00
Initial Commencement Date:	April 2016
Projected Completion Date:	TBD
Status:	Continued

Project Description

To improve traffic congestion and pedestrian access on the Long Valley Road on-ramp, the City of Hidden Hills proposes to install sidewalk and remove traffic that currently contributes to congestion. This would be accomplished by constructing a right turnout lane on Long Valley Road at the Long Valley Road intersection with the stop-controlled NB U.S. 101 on-ramp, the purchase of land and construction of a parking lot and staging area for vehicles waiting to enter Hidden Hills, and the construction of sidewalk and retaining wall on the Long Valley Road corridor/on-ramp and on Valley Circle Blvd.

Project Funding and Expenditure Detail

	Prior Years Actual	Current Yr Projected FY 2023-24	Proposed Budget FY 2024-25	Projected FY 2025-26	Projected FY 2026-27	Projected FY 2027-28	Total
Revenues							
Measure R Highway Grant	2,620,947	1,000,000	619,348	1,280,659	-	-	5,520,954
Measure M Grant	-	-	1,215,652	-	-	-	1,215,652
Total Revenues	<u>2,620,947</u>	<u>1,000,000</u>	<u>1,835,000</u>	<u>1,280,659</u>	<u>-</u>	<u>-</u>	<u>6,736,606</u>
Expenditures							
Long Valley/US101 project	2,758,892	1,000,000	1,835,000	1,280,659	-	-	6,874,551
Total Expenditures	<u>2,758,892</u>	<u>1,000,000</u>	<u>1,835,000</u>	<u>1,280,659</u>	<u>-</u>	<u>-</u>	<u>6,874,551</u>
Transfers							
Transfer In from General Fund	137,945	-	-	-	-	-	137,945
Total Transfers	<u>137,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,945</u>
Beginning Fund Balance 07/01	-	-	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-	-	-
Ending Fund Balance 06/30	-	-	-	-	-	-	-

Capital Improvement Projects – Information Sheet (cont.)

Account #	Project Name:
5909-02	Citywide Utility Undergrounding - Jed Smith

Projected Total Cost:	\$ 1,500,000.00
Initial Commencement Date:	May 2021
Projected Completion Date:	TBD
Status:	Continued

Project Description

The City is currently working on the Jed Smith Utility Undergrounding project. Design work is expected to be completed next fiscal year. The project will remove 9 utility poles and underground all utilities on Jed Smith Road between Fitzpatrick Road and Kit Carson Road. Fiber conduit will be included.

Project Funding and Expenditure Detail

	Prior Years Actual	Current Yr Projected FY 2023-24	Proposed Budget FY 2024-25	Projected FY 2025-26	Projected FY 2026-27	Projected FY 2027-28	Total
Revenues							
SMMC - SB85 Grant	5,600	1,700	843,000	-	-	-	850,300
FEMA/HMGP Undergrounding Grant	-	-	650,000	-	-	-	650,000
Total Revenues	5,600	1,700	1,493,000	-	-	-	1,500,300
Expenditures							
Jed Smith Undergrounding	5,600	1,700	1,493,000	-	-	-	1,500,300
Total Expenditures	5,600	1,700	1,493,000	-	-	-	1,500,300
Transfers							
Transfer In from General Fund	-	-	-	-	-	-	-
Total Transfers	-	-	-	-	-	-	-
Beginning Fund Balance 07/01	-	-	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-	-	-
Ending Fund Balance 06/30	-	-	-	-	-	-	-

Account #	Project Name:
5909-03	Citywide Utility Undergrounding - Little Hollow

Projected Total Cost:	\$ 800,000.00
Initial Commencement Date:	December 2021
Projected Completion Date:	TBD
Status:	Continued

Project Description

Plans have been completed for the Little Hollow Utility Undergrounding project. Construction is scheduled for next fiscal year. The project will remove 4 utility poles and underground all utilities on Little Hollow Road. Fiber conduit will be included.

Project Funding and Expenditure Detail

	Prior Years Actual	Current Yr Projected FY 2023-24	Proposed Budget FY 2024-25	Projected FY 2025-26	Projected FY 2026-27	Projected FY 2027-28	Total
Revenues							
FEMA/HMGP Undergrounding Grant	-	-	733,000	-	-	-	733,000
Total Revenues	-	-	733,000	-	-	-	733,000
Expenditures							
Little Hollow Undergrounding	-	-	800,000	-	-	-	800,000
Total Expenditures	-	-	800,000	-	-	-	800,000
Transfers							
Transfer In from General Fund	-	-	67,000	-	-	-	67,000
Total Transfers	-	-	67,000	-	-	-	67,000
Beginning Fund Balance 07/01	-	-	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-	-	-
Ending Fund Balance 06/30	-	-	-	-	-	-	-

Capital Improvement Projects – Information Sheet (cont.)

Account #	Project Name:
5912	RM/Mureau Road Entry Intersection Improvements

Projected Total Cost:	\$ 600,000.00
Initial Commencement Date:	June 2020
Projected Completion Date:	TBD
Status:	Continued

Project Description

Improvements include 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. Work is considered road maintenance and rehabilitation as major portions of the improvements will be within in the street right of way. Improvements to the landscaping and bicycle/pedestrian facilities will increase safety by improving site distances and protecting street shoulders and parkways while providing complete street components.

Project Funding and Expenditure Detail

	Prior Years	Current Yr	Proposed	Projected			Total
	Actual	Projected	Budget	FY 2025-26	FY 2026-27	FY 2027-28	
		FY 2023-24	FY 2024-25				
Expenditures							
RM/Mureau Road Entry Intersection Imp	46,926	-	600,000	-	-	-	646,926
Total Expenditures	<u>46,926</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>646,926</u>
Transfers							
Transfer In from Gas Tax - SB2/RMRA	23,858	-	140,000	-	-	-	163,858
Transfer In from Prop C Local	23,068	-	260,000	-	-	-	283,068
Transfer In from Measure R Local	-	-	100,000	-	-	-	100,000
Transfer In from Measure M Local	-	-	100,000	-	-	-	100,000
Total Transfers	<u>46,926</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>646,926</u>
Beginning Fund Balance 07/01	-	-	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-	-	-
Ending Fund Balance 06/30	-	-	-	-	-	-	-

Gann Appropriation Limit

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

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
2022-23	1.0755	x	1.0012	=	1.0768	2,272,843
2023-24	1.0444	x	0.992	=	1.0360	2,354,767
2024-25	1.0362	x	1.0017	=	1.0380	2,444,158

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.

General Fund Fiscal Reserve

Reserve Fund Categories	FY 2024-25 Proposed General Fund Reserve Allocation	Per the New Reserve Policy
Contingency Reserve	3,848,009	100% of FY24-25 Expenditures
Capital Improvement Reserve	2,000,000	Capital Improvement Projects
Unrestricted Fund Balance	6,934,799	* Balance after all other categories
Total General Fund Balance	12,782,808	

* Undesignated Reserve final number is subject to change depending on the actual FY 2023-24 surplus per audit.

GENERAL FUND FISCAL RESERVE POLICY

INTRODUCTION

A key attribute of a financially stable organization is the maintenance of appropriate reserves. Strong reserves position an organization to weather significant economic downturns more effectively, manage the consequences of outside agency actions that may result in revenue reductions, and address unexpected emergencies, such as natural disasters, catastrophic events caused by human activity, or excessive liabilities or legal judgments against the organization. As such, the Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund. Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period. In particular, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level prescribed.

Consistent with best practices, the City Council adopts this Fiscal Reserve Policy. Through the adoption of this Policy, two distinct reserve categories are hereby established: (1) the Stabilization Reserve; and (2) the Capital Improvement Reserve.

ESTABLISHMENT OF RESERVE CATEGORIES

Stabilization Reserve

A Stabilization Reserve will be maintained to mitigate financial and service delivery risk due to unexpected revenue shortfalls or unanticipated critical expenditures. The purpose of this reserve is to provide budgetary stabilization and not to serve as an alternative funding source for new programs. The Stabilization Reserve may be used as a source of one-time funding for critical operating or capital needs.

Recommendations to appropriate from the Stabilization Reserve will be brought forward by the City Manager and will require approval by a majority of the City Council. In the event this reserve is reduced below the amount established by this policy, the City Manager shall prepare a plan no later than one year from the reserve action to replenish the Stabilization Reserve balance to the policy level.

The target level of funding for the Stabilization Reserve is 100% of the annual operating budgeted appropriations of the General Fund.

Capital Improvement Reserve

A Capital Improvement Reserve will be established to fund planned and/or unplanned future capital improvement projects as well as to fund unexpected capital expenditures that may arise from time to time.

Recommendations to appropriate from the Capital Improvement Reserve will be brought forward by the City Manager and will require approval by a majority of the City Council. In the event this reserve is reduced below the amount established by this policy, the City Manager shall prepare a plan no later than one year from the reserve action to replenish the Capital Improvement Reserve balance to the policy level.

The target level of funding for the Capital Improvement Reserve is \$2 million.

CONCLUSION

While this policy is intended to establish minimum funding levels for the respective Reserves, there is nothing to preclude the City from exceeding these levels. Any revenue/balances above these targets become unrestricted "Unrestricted Net Position" also referred to as Fund Balance". These funds are free to be used by the City to at the City Council's discretion; however, should be considered one-time funding and should be used for one-time uses.

Finally, should either the Stabilization Reserve or Capital Improvement Reserve fall below the targeted level, it is understood that the plan to replenish these Reserves as presented by the City Manager could call for the restoration over more than one year.

Fiscal Health Report

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 2015 through 2023, and the latest year-end projections for revenues and expenditures account for the data reflected for 2024 (Fiscal Year 2023-24). 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 two factors were judged as favorable and five were stable as noted below:

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

IV. Conclusions

Based on the results of the fiscal health report cards, it is evident that the City's fiscal health remains strong as evidenced by the seven categories that are rated either "favorable" or "stable."

FACTOR 1 - REVENUE PER CAPITA



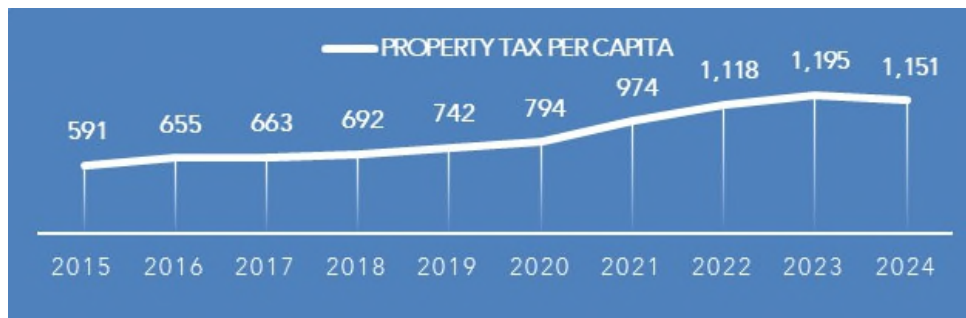
DESCRIPTION - This factor is designed to show whether revenues are keeping pace with expenditures, growth in the community, etc. For example, if revenues are decreasing, a municipality might not be able to maintain service levels unless new revenue sources are found. Revenue per capita should be examined in conjunction with expenditures per capita (see FACTOR 3) to provide a relevant comparison of performance. This factor should be watched closely in relation to FACTOR 3.

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

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

TREND - Favorable

FACTOR 2 – PROPERTY TAX PER CAPITA



DESCRIPTION - Since the property tax constitutes such a large percentage of the General Fund revenue, this factor is examined against City of Hidden Hills population. At a minimum, property revenue should not be decreasing when compared to population. In the case of Hidden Hills, property tax has increased an average of 6% over the last 10 years. 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

FACTOR 3 – EXPENDITURE PER CAPITA



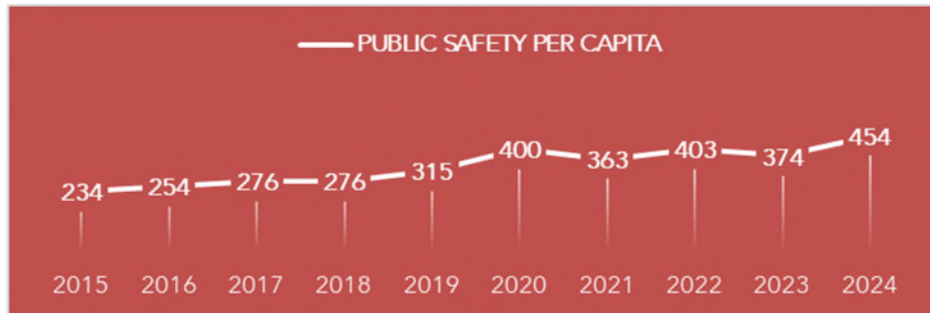
DESCRIPTION - This factor is designed to show the cost-per-person of providing City services. Increasing expenditures per capita are troublesome if revenues per capita are stable or declining. This factor should be monitored carefully especially in line with revenue per capita in the coming years. Expenditure per capita is anticipated to increase by 12% this year mainly due to increase in contracted services to support the City's ongoing projects.

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

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

TREND - Stable

FACTOR 4 - PUBLIC SAFETY EXPENDITURE PER CAPITA



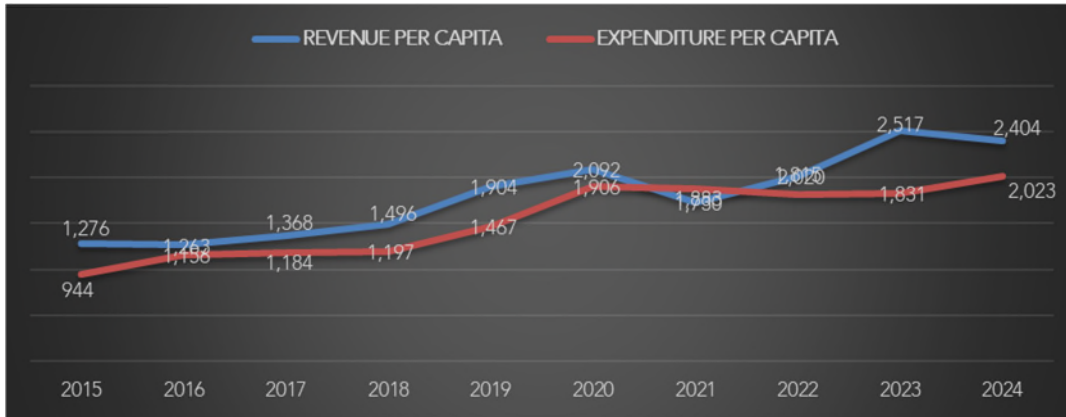
DESCRIPTION - Since public safety expenditures represent such a large portion of total operating expenditures, this item was examined separately. Public Safety Expenditures per capita include costs associated with emergency preparedness, disaster preparedness and other supplemental public safety (school crossing guards, fire brush clearance, etc), and animal care and control. The increase in per capita this year is due to the recruitment of a new Emergency Services staff.

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

WARNING SIGN - Significantly increasing per capita expenditures

TREND - Stable

FACTOR 5 - REVENUES AND EXPENDITURES PER CAPITA

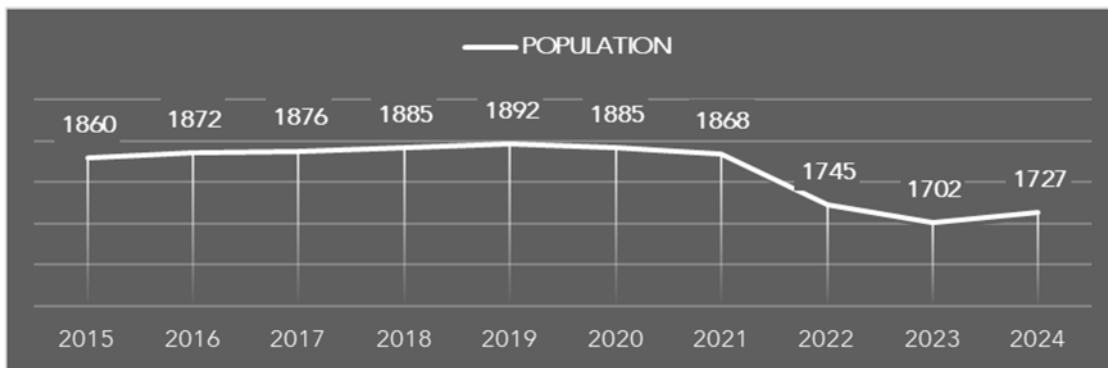


DESCRIPTION - This table shows Factors 1 and 3 combined and provides a graphic display of the relationship between the two. The increase in expenditure per capita in 2021 is mainly attributed to the ongoing Capital Improvement projects particularly the Utility Undergrounding project.

WARNING SIGN - Significantly increasing per capita expenditures combined with stable or declining per capita 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. Hidden Hill’s population growth has been essentially flat over the past years. However, since 2022 Hidden Hills’ population has been on a downward trend.

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

TREND - Stable

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 higher fees. This revenue source should be monitored carefully in spite of the fact that a high percentage of building-related expenses 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

Statement of Investment Policy

1.0 Policy:

This Statement of Investment Policy ("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 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 policy.

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

4.0 Objectives:

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

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

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

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

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

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

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 (containing such information as specified in Section 15.0).

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 policy, and the City Treasurer shall make a monthly report (containing such information as specified in Section 15.0) of those transactions to the City Council.

No person may engage in an investment transaction except as provided under the terms of this policy. The City Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of investment advisors. The City Treasurer is charged with responsibility for the conduct of all treasury functions, including the custody and investment of City funds, the development of procedures to implement this 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 California Government Code Section 81000 et seq. to disclose annually to the City Council any material financial interests in financial institutions that conduct business within the City and further to disclose any large personal financial/investment positions that could be related to the performance of the City, particularly with regard to the time of purchase and sales, as part of the City's conflict of interest reporting requirements.

7.0 Authorized Financial Dealers, Institutions and Portfolio Managers:

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

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

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

- Audited financial statements for the institutions three most recent fiscal years;
- Proof of Financial Industry Regulatory Authority (FINRA) registration;
- Proof of State registration; and
- Certification of having read and understood the investment policy and the depository contracts of the City.

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

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

8.0 Authorized and Suitable Investments:

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

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

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

8.2 Federal Agency Obligations or United States Government Sponsored Enterprise (GSE) Obligations – Federal agency or United States government-sponsored enterprise (GSE) obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. As to GSEs, there are numerous government-sponsored enterprises which issue debt instruments, but many lack the liquidity necessary to fit the

portfolio requirements of the City. Purchases of government-sponsored enterprise securities should be limited to the issues of the Government National Mortgage Association, the Federal Farm Credit Bank, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal Home Loan Bank.

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

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

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

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

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

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

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

b. The entity (i) is organized within the United States as a special purpose corporation, trust, or limited liability company; (ii) has program wide credit enhancements including, but not limited to,

overcollateralization, letters of credit, or a surety bond; and (iii) has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.13 Other Investment Guidelines:

Securities may be sold at a loss in order to improve the risk or return characteristics of the portfolio, to prevent anticipated further erosion of principal or when trading for securities that result in an expected net economic gain to the City. If securities owned by the City are downgraded by both Moody's and S&P to a level below the quality required by this 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 California Government Code. (E.g., repurchase agreements, and deposits exceeding the maximum amount insured by the FDIC.)

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

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

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

10.0 Safekeeping and Custody:

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

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

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

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

11.0 Maximum Maturities:

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Pursuant to Government Code Section 53601, if not otherwise specified herein, no investment shall be made in

any security, other than a security underlying a repurchase agreement authorized by Section 8.3, that at the time of the investment has a term remaining to maturity in excess of five (5) years from the date of purchase, unless the City Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the City Council no less than three months prior to the investment.

12.0 Internal Control and Audits:

The City Treasurer shall establish an annual process of independent review by an external auditor. This review may be part of the City's annual financial audit performed by an independent certified public accountant 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 policy annually and present the written, updated policy to the City Council, for consideration and adoption as provided in Government Code Section 53646 et al.

14.0 Interest Earnings:

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

15.0 Reporting and Reviews:

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

The City Treasurer shall review and render quarterly reports to the City Manager and City Council within 45 days following the end of the quarter covered by the report, 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 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>
1. General Instruments			
State Investment Fund (LAIF)	The maximum set by LAIF	On demand	Yes
U.S. Treasury Bonds, Notes & Bills	None	5 yrs.	Yes
Federal Agency or U.S. Government Sponsored-Enterprises	None (subject to Sections 8.2 and 8.6 (mortgage-backed securities) of the investment policy)	5 yrs.	Yes
Obligations of the State of California, any of the other 49 states, or any local agency of the State of California with a rating of "BBB" or above (or equivalent) before insurance.	5% of total portfolio with respect to obligations of a single local agency within the State of California or of a single state	5 yrs.	Yes
	15% of total portfolio with respect to obligations rated "BBB" or "BBB+" ("BBB-" is not eligible)		
2. Collateralized Investments			
Repurchase Agreements	20% of total portfolio	7 days	Yes
Deposit accounts	Amounts above FDIC-insurance must be collateralized	On demand	Yes
3. Uncollateralized Instruments			
Non-negotiable, FDIC-insured CDs or Time Deposits	30% of total portfolio*	5 years	No
Negotiable Certificates of Deposit (CDs)	30% of total portfolio*	5 years	Yes
Medium Term Corporate Notes* and Bonds*	30% of total portfolio**	5 years	Yes
Commercial Paper	25% of total portfolio	270 days	Yes

Investment Type:	<u>Dollar or Percent Limits</u> (calculated separately for each agency's portfolio)	<u>Maturity</u> (Not to Exceed)	<u>Liquid</u>
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 & Corporate Bonds, which are governed by Gov. Code Sec. 53601(k).</p>			
4. Other Instruments			
Shares of "money market funds" which are sold without any sales commission or sales charge of any kind (true no-load funds) and rated the highest ranking or highest letter and numerical rating provided by at least two NRSROs	20% of total portfolio	On demand	Yes
Shares of beneficial interest issued by a JPA	None	On demand	Yes

