



CITY OF HIDDEN HILLS
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ANNUAL BUDGET

FISCAL YEAR 2025-26

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June 9, 2025

Honorable Mayor, City Council, and Hidden Hills Residents:

I am pleased to present the City of Hidden Hills' Proposed Budget for Fiscal Year 2025-26, including the Capital Improvement Budget. This document serves as our financial roadmap for the coming year and underscores the City's ongoing commitment to prudent fiscal management and strategic investment.

The development of this proposed budget began with the Mid-Year Budget Review for Fiscal Year 2024-25, completed on March 10, 2025. That review provided a comprehensive evaluation of the City's revenue and expenditure performance for the first half of the fiscal year, along with projections for year-end outcomes. This analysis also identified key budgetary trends and emerging issues that informed the formulation of the FY 2025-26 proposal.

On May 8 and June 3, the City Council's Budget Ad-Hoc Committee convened to review the draft budget, raise questions, and offer thoughtful input. Many of their suggestions have been incorporated into the final proposal, and I am grateful for their constructive engagement and collaborative spirit throughout the process.

The FY 2025-26 Budget represents the City's official financial plan for the coming year. It reflects the goals and priorities previously established by the City Council and will guide our resource allocation and policy decisions. Any adjustments to this plan during the fiscal year will require formal approval by the City Council.

Budget Overview

The City of Hidden Hills continues to benefit from a long-standing tradition of conservative fiscal management, strategic investment, and disciplined savings. This prudent approach has fostered long-term financial stability while enabling the City to pursue thoughtful enhancements that enrich the community.

A summary of the Fund Balance over recent years is provided below, highlighting the City's consistently strong financial position and sustained fiscal health.

GENERAL FUND BALANCE SUMMARY				
	FY2022-23	FY2023-24	FY2024-25	FY2025-26
	ACTUAL	ACTUAL	PROJECTED	PROPOSED
Beginning Fund Balance	10,751,633	12,161,090	13,167,097	13,904,751
Revenues	4,284,763	4,501,305	4,872,727	4,790,957
Operating Expenditures	2,875,646	3,381,863	4,023,235	4,566,228
Over/(Under)	1,409,117	1,119,442	849,492	224,729
Transfers In	240,581	303,100	402,576	303,883
Capital Expenditures	(240,240)	(416,535)	(514,414)	(930,000)
Ending Fund Balance	12,161,090	13,167,097	13,904,751	13,503,363

Budget Highlights

The proposed Fiscal Year 2025–26 Budget totals \$5.5 million. This includes:

- \$4.79 million in projected General Fund revenues, and
- \$303,883 in transfers from various restricted and special funds.

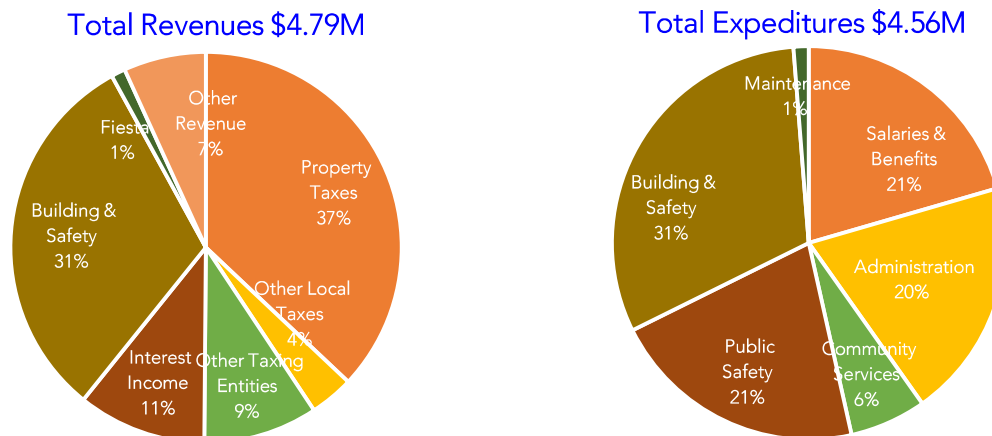
These transfers are designated to support a proportionate share of key services and initiatives, including:

- Sheriff's motor services
- Traffic and school crossing guard programs
- Stormwater management and environmental compliance efforts

The General Fund Operating Budget is proposed at \$4.56 million, representing an 13% increase over projected year-end expenditures for FY 2024–25. This increase is primarily driven by:

- The addition of new staff positions to meet evolving service demands
- Rising costs for contracted services, reflecting both inflationary pressure and expanded project activity

Additionally, the proposed budget includes a \$930,000 allocation of General Fund resources specifically earmarked to support ongoing capital improvement efforts.



Revenues

The General Fund is the City's primary discretionary fund, which may be used for any municipal purpose and is not restricted to a specific service or program. For Fiscal Year 2025–26, total General Fund revenues are projected at \$4.79 million, derived from the following seven key categories:

Property Tax

Property tax remains the City's largest revenue source, accounting for over 37% of total General Fund revenues. Continued increases in assessed home valuations are expected to result in a 6% increase in property tax revenue compared to FY 2024–25.

Other Local Taxes

This category includes Real Property Transfer Taxes and a modest share of sales tax revenues. These sources are expected to remain stable during the upcoming fiscal year.

Other Taxing Entities

This revenue comes primarily from the Property Tax in Lieu of Vehicle License Fees (VLF)—a state-local fiscal structure in which VLF revenue is replaced by equivalent property tax allocations. Revenue in this category is projected to increase by 6%, consistent with rising assessed valuations.

Interest Income

Interest income is earned from the City's investments in the Local Agency Investment Fund (LAIF) and Charles Schwab accounts. These earnings contribute to the General Fund and are influenced by both market interest rates and the City's cash balances.

Building and Safety

Revenues in this category include building permits, planning applications, and other development-related fees. It is the City's second-largest General Fund revenue source, contributing approximately 31% of total revenues.

Fiesta

This category reflects revenue from ticket sales and other activities related to the annual Hidden Hills Fiesta.

Other Revenue

This catch-all category includes a variety of miscellaneous sources such as franchise fees, alarm registration fees, and grant revenues.

Expenditures

Total appropriations for Fiscal Year 2025–26 are projected at \$4.56 million. Notably, Public Safety and Building and Safety together account for approximately \$2.38 million, or roughly 52% of total City expenditures.

The City's expenditures are organized into the following categories:

Salaries and Benefits

Personnel-related appropriations are projected to increase by 37% over the previous year. This growth is driven by:

- Cost-of-living adjustments (COLA),
- Contractual increases in benefit programs, including CalPERS retirement, health insurance, and workers' compensation, and
- Funding allocations for newly added staff positions to support expanding service demands.

Administration

This category is expected to see a modest increase compared to the prior year, largely due to higher administrative costs needed to support the City's general operations.

Community Services

Community Services, including the Hidden Hills Fiesta and other civic events, represent 6% of the total budget. This category reflects the City's ongoing investment in resident engagement and quality-of-life programming.

Public Safety

Public Safety expenditures are projected to increase by 2.9% compared to the prior fiscal year. This is primarily due to the addition of new staff to support Emergency Services.

Importantly: \$154,000 in Supplemental Public Safety costs, and \$150,689 in Sheriff's Department services are offset by grants and other restricted funding sources.

Building and Safety

This category includes both fee-related and non-fee-related expenditures:

- Fee-related costs (e.g., plan checks and building permits) are fully offset by corresponding revenues.
- Non-fee-related expenses include department administration, special projects, public outreach, and support for capital improvement efforts.

The year-over-year increase in this category is primarily due to funding for the General Plan Update and Housing Element.

Maintenance

Maintenance expenses, which cover the upkeep of City Hall and other City-owned facilities, comprise approximately 1% of the total budget. A 3% increase over FY 2024–25 is projected, mainly due to rising costs for contracted maintenance services.

Transfers

To enhance clarity and transparency, all fund transfers are budgeted separately from revenues and expenditures. This approach offers a more accurate view of operational and capital funding flows. Transfers include allocations to and from both restricted and unrestricted funds, supporting day-to-day operations as well as Capital Improvement Projects (CIPs).

Transfer from COPS Fund

The City receives annual funding through the Citizens' Option for Public Safety (COPS) program, provided by the State's General Fund to support front-line law enforcement services. For FY 2025–26, the City is projected to receive \$100,000, recorded as revenue in the restricted COPS Fund. These funds will be transferred to the General Fund to help offset COPS-related expenditures in the Public Safety Department.

Transfer from Gas Tax Fund

Transfers from the Gas Tax Fund are used to offset costs related to Supplemental Public Safety services, including school crossing guard and traffic guard programs.

Transfer from Measure W Fund

Since 2021, the City has received annual funding from the Los Angeles County Safe, Clean Water Program (Measure W). These revenues are deposited into a dedicated Measure W Fund and are used to support eligible stormwater and environmental compliance projects. Transfers from this fund help cover costs associated with Environmental Programs and NPDES (National Pollutant Discharge Elimination System) compliance.

Transfer to Capital Projects

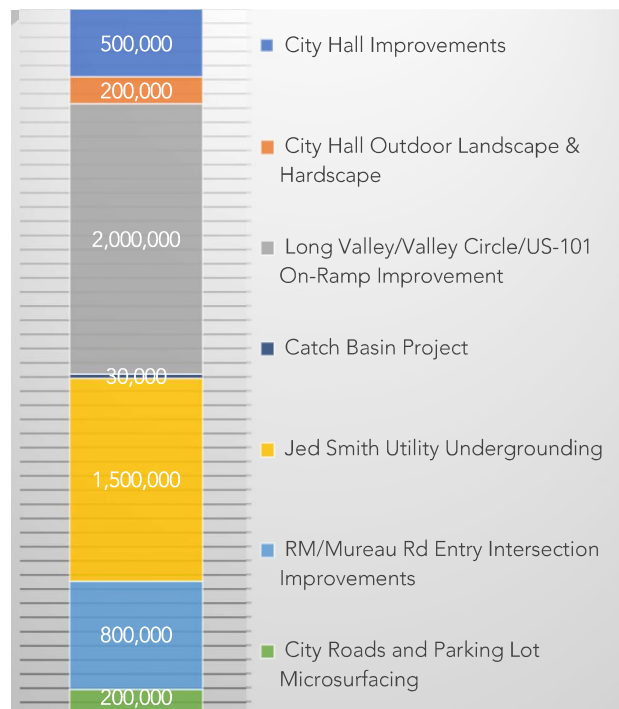
Transfers to Capital Projects represent General Fund contributions designated for major infrastructure and facility upgrades. These include a planned drawdown from the City's Reserve Fund Balance to fund high-priority Capital Improvement Projects in FY 2025–26.

Capital Improvements

Through strategic fiscal planning, budgetary savings, aggressive grant solicitation, and a disciplined investment strategy, the City of Hidden Hills is well-positioned to reinvest in projects that enhance community infrastructure and public facilities. These efforts reflect the City's continued commitment to long-term sustainability, safety, and quality of life.

The Fiscal Year 2025–26 Proposed Budget includes funding for the following Capital Improvement Projects:

- City Council Chamber Improvements
- City Hall Outdoor Landscape and Hardscape Enhancements
- Long Valley / Valley Circle / US-101 On-Ramp Improvements
- Catch Basin Project (stormwater management and drainage)
- Jed Smith Utility Undergrounding (aesthetic and safety improvements)
- Round Meadow / Mureau Entry Landscaping (gateway beautification)
- City Roads and Parking Lot Microsurfacing (road surface preservation)



These projects were selected based on infrastructure needs, community feedback, and alignment with the City's strategic goals.

Grants/Restricted Fund Use

The City of Hidden Hills continues to actively pursue and leverage a range of external funding sources, including state and federal grants, to reduce pressure on the General Fund and support key Capital Improvement Projects.

In the Fiscal Year 2025–26 Budget, these external funds are projected to offset approximately:

- \$303,883 in General Fund operating costs, and
- \$4.3 million in Capital Improvement Project expenses.

This strategic use of outside funding allows the City to stretch its resources further, reinvest in critical infrastructure, and maintain a high standard of service delivery without overburdening local revenues.

Library Fund

In 2023, the City of Hidden Hills established a dedicated Library Fund to track property tax revenues earmarked for library services and their associated expenditures. This fund ensures transparency and accountability in managing resources allocated specifically for library development.

For Fiscal Year 2025–26, the City has allocated funding to support the continued planning, implementation, and expansion of the library project. These efforts will focus on advancing facility improvements, enhancing programming, and laying the groundwork for long-term service delivery to meet community needs.

Proposed General Fund Fiscal Reserve Policy

The City of Hidden Hills maintains a prudent General Fund Reserve Policy designed to ensure financial stability and flexibility. The policy establishes two primary reserve categories:

Stabilization Reserve

The Stabilization Reserve is maintained at a minimum level equal to 100% of annual General Fund expenditures, which for FY 2025–26 equates to \$4.5 million. This reserve is intended to safeguard the City's essential services and financial obligations during periods of:

- Economic downturns
- Natural disasters
- Unexpected fiscal disruptions

The City Council may authorize the use of this reserve for extraordinary or one-time expenditures, provided that a plan is in place to replenish the reserve to its minimum required level in a timely manner.

Capital Improvement Reserve

The Capital Improvement Reserve is set at \$2 million and serves as a contingency to fund unanticipated capital needs that may arise due to unforeseen conditions or emergencies.

Any funds held by the City in excess of these reserve requirements are considered part of the Undesignated Fund Balance. These funds may be allocated for any lawful purpose at the City Council's discretion.

However, as these revenues are non-recurring in nature, they should be used primarily for one-time purposes, such as capital expenditures, special projects, or debt reduction.

A more detailed explanation of the Proposed General Fund Reserve Policy is included in the FY 2025–26 Budget Book.

Conclusion

Pursuing priorities outlined by the Mayor and City Council, and guided by conservative fiscal strategies, the City of Hidden Hills has continued to deliver the high-quality services our residents expect and deserve. The City remains strong in key areas and is well-positioned compared to many municipalities. Sustaining this level of excellence will require continued discipline, innovative resource management, and strategic planning.

The FY 2025-26 Proposed Budget reflects our ongoing commitment to exceptional municipal services, public safety, preservation of our unique community character, and responsible investment in both current operations and long-term infrastructure. It is a forward-looking plan that ensures Hidden Hills remains a vibrant, resilient, and well-managed community for years to come.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "S. Bayliss", is positioned above the printed name.

Shawn Bayliss
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

1,746

SIZE

Under 2 square miles in area

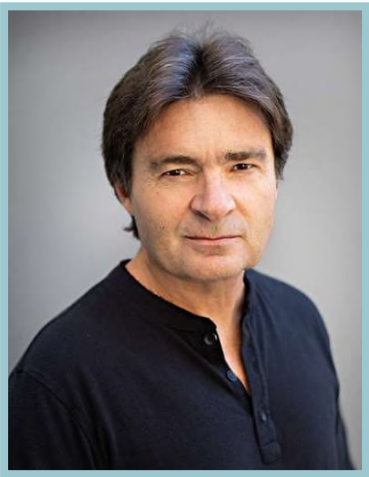
LOCATION

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

City Council



LARRY G. WEBER
MAYOR



JOE LOGGIA
MAYOR PRO TEM



ENIKO GOLD
COUNCIL MEMBER

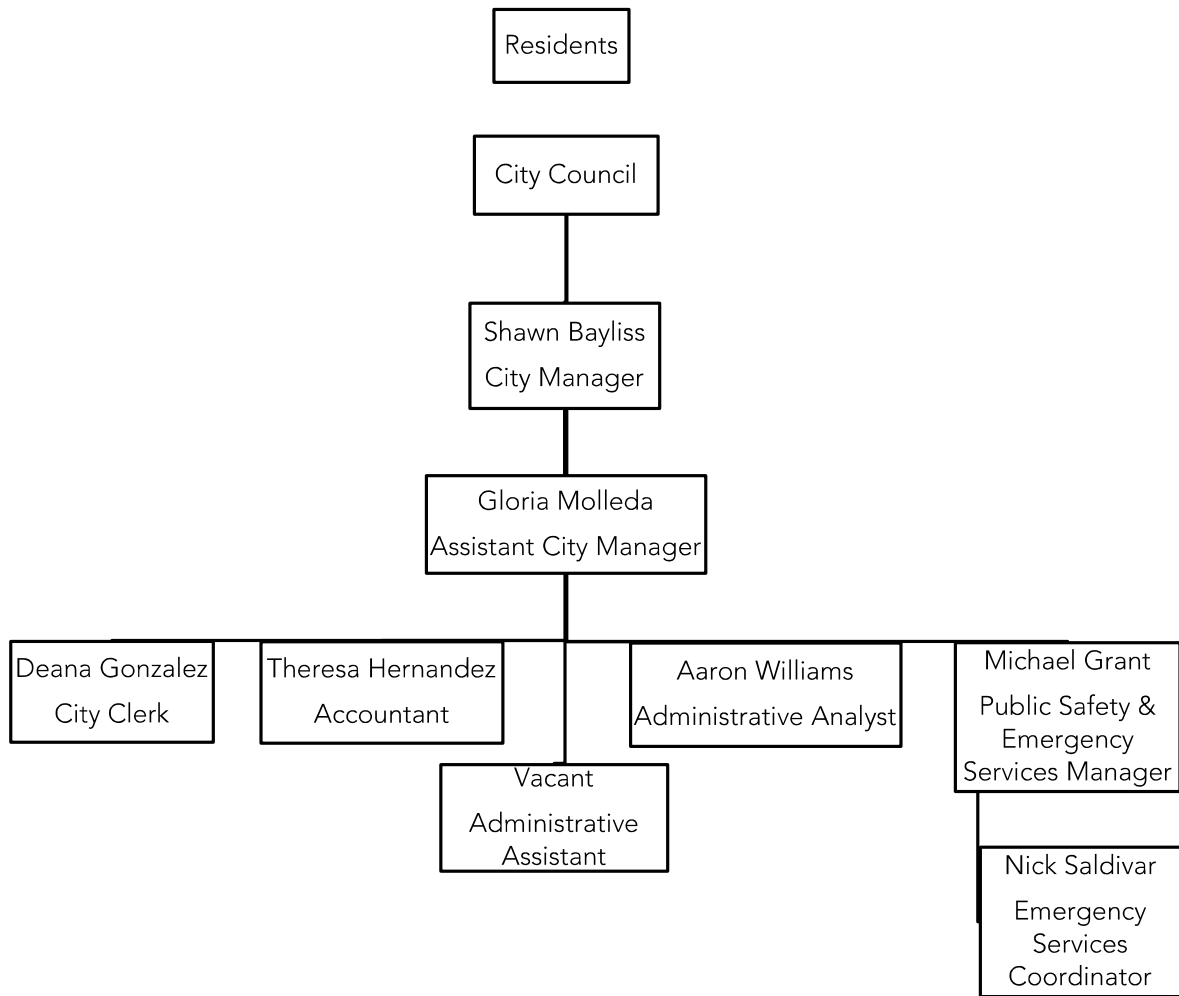


LAURA MCCORKINDALE
COUNCIL MEMBER



STUART SIEGEL
COUNCIL MEMBER

Organizational Chart



Contract City Attorney Services Provided By:

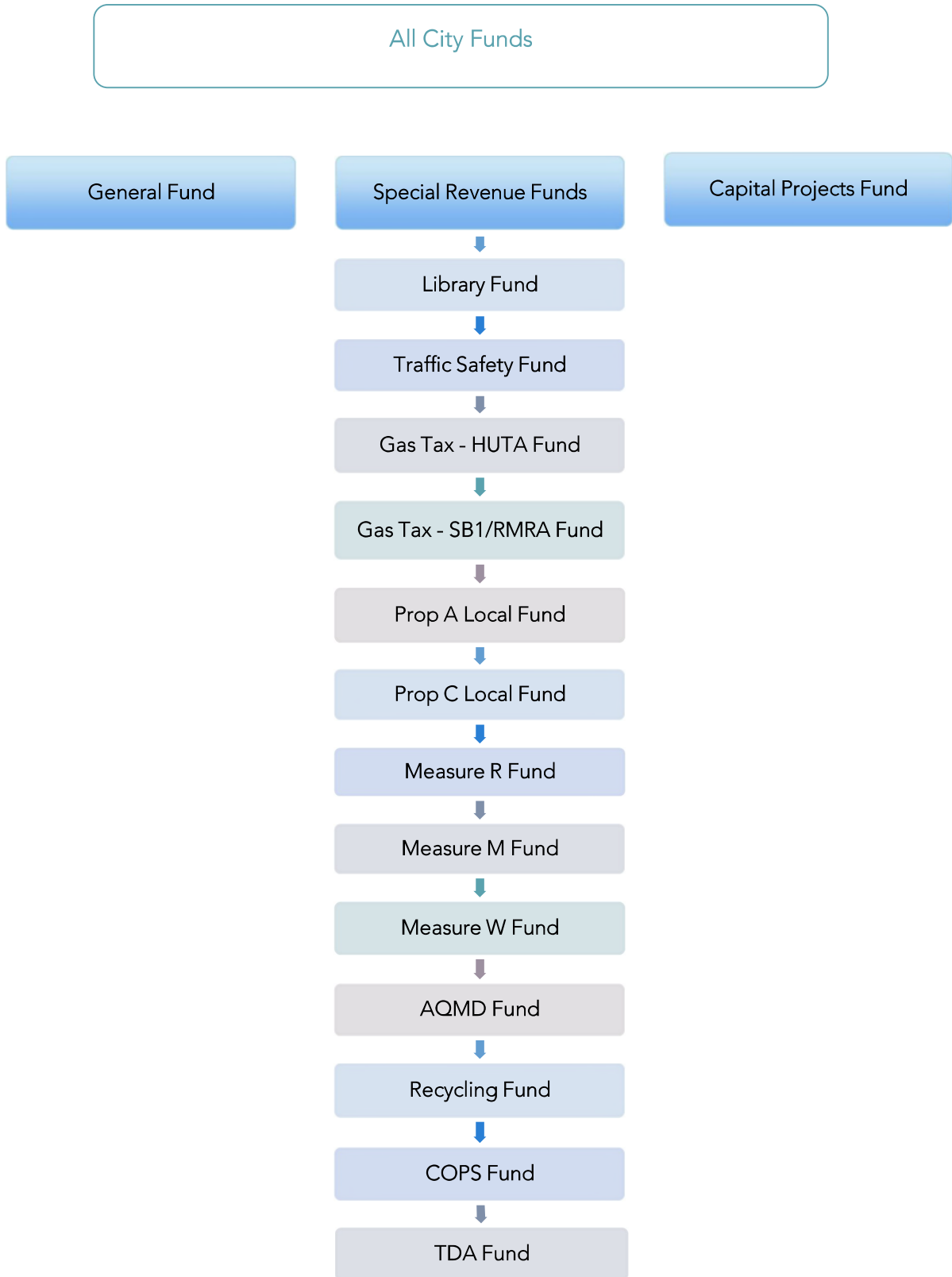
Lauren Langer, City Attorney, Best Best & Krieger, LLP

Additional Contract Services Provided By:

Charles Abbott Associates

- Dirk Lovett, City Engineer
- Vacant, 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.
<u>TDA (Fund 90)</u>	TDA Article 3 local funds are allocated to local agencies on a per-capita basis. This fund can be used to fund activities relating to pedestrian and bicycle facilities.

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 2025-26

Position	Time Base	Positions Authorized
City Manager	Full-Time	1
Assistant City Manager	Full-Time	1
City Clerk	Full-Time	1
Accountant	Full-Time	1
Administrative Analyst	Full-Time	1
Administrative Assistant	Full-Time	1
Public Safety & Emergency Services Manager	Part-Time	1
Emergency Services Coordinator	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 07/1/2025	Proposed Revenues	Proposed Expenditures	Net Transfers Transfer In/(Out)	Estimated Ending Fund Balance as of 06/30/2026
10	General Fund	13,904,751	4,790,957	4,566,228	(626,117)	13,503,363
12	Library Fund	1,624,436	671,124	403,000	-	1,892,560
20	Traffic Safety Fund	19,268	10,000	5,000	-	24,268
40-1	Gas Tax Fund - HUTA	335,523	53,663	13,860	(107,994)	267,333
40-2	Gas Tax Fund - SB1	207,159	45,311	-	(200,000)	52,470
50	Prop A Fund	46,200	44,673	5,000	-	85,873
55	Prop C Fund	319,348	37,055	15,781	(324,000)	16,623
60	AQMD Fund	2,970	2,400	-	-	5,370
65	* Measure R Fund	(107,601)	1,927,791	-	(1,900,000)	(79,810)
67	Measure M Fund	190,321	31,497	14,400	(176,000)	31,418
68	Measure W Fund	158,500	85,000	-	(45,200)	198,300
70	Recycling Fund	125,950	5,000	5,000	-	125,950
80	COPS Fund	154,863	100,000	-	(150,689)	104,174
90	TDA Fund	0	-	-	-	0
		16,981,689	7,804,471	5,028,269	(3,530,000)	16,227,891

**The negative balance in the Measure R Fund is due to the retention amount withheld by Metro for the Long Valley project grant, which will be released upon project completion.*

General Fund – Budget Summary

	Prior Year Actual FY2023-24	Approved Budget FY2024-25	Current Year Projected FY2024-25	Proposed Budget FY2025-26	% Change from Prior Year
REVENUES					
Property Taxes	1,562,492.53	1,674,766	1,674,766.03	1,775,252	6.0%
Other Local Taxes	169,065.12	164,000	160,024.68	174,224	8.9%
Other Taxing Entities	401,698.02	425,534	427,403.01	452,661	5.9%
Interest Income	490,496.99	447,131	448,702.68	510,000	13.7%
Building & Safety	1,148,437.41	1,532,200	1,512,057.94	1,496,000	-1.1%
Fiesta Revenue	52,549.86	57,000	54,288.00	55,350	2.0%
Other Revenue	676,565.01	421,540	595,485.11	327,470	-45.0%
TOTAL REVENUES	4,501,304.94	4,722,171	4,872,727.45	4,790,957	-1.7%
EXPENDITURES					
Salaries & Benefits	695,547.22	748,152	681,793.06	935,997	37.3%
Administration	650,051.98	886,485	716,934.16	900,034	25.5%
Community Services	241,140.58	340,000	339,759.10	287,318	-15.4%
Public Safety	671,955.12	1,022,461	940,405.57	967,550	2.9%
Building & Safety	1,044,789.70	1,288,432	1,289,624.74	1,418,954	10.0%
Maintenance	78,378.05	52,979	54,718.57	56,376	3.0%
TOTAL EXPENDITURES	3,381,862.65	4,338,509	4,023,235.20	4,566,228	13.5%
TRANSFERS					
Transfers In	303,100.14	404,541	402,575.58	303,883	-24.5%
Transfers Out	416,535.44	1,244,948	514,413.99	930,000	80.8%
TOTAL NET TRANSFERS	(113,435.30)	(840,407)	(111,838.41)	(626,117)	459.8%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	1,006,006.99	(456,745)	737,653.84	(401,388)	-154.4%
Beginning Fund Balance 07/01	12,161,090.29	13,167,097	13,167,097.28	13,904,751	
Ending Fund Balance 06/30	13,167,097.28	12,710,352	13,904,751.12	13,503,363	

General Fund – Budget Detail

	Prior Year Actual	Approved Budget	Current Year Projected	Proposed Budget	% Change from Prior Year
	FY2023-24	FY2024-25	FY2024-25	FY2025-26	
REVENUES					
Property Taxes					
4100-10 Property Taxes	1,562,492.53	1,674,766	1,674,766.03	1,775,252	6.0%
Total Property Taxes	1,562,492.53	1,674,766	1,674,766.03	1,775,252	6.0%
Other Local Taxes					
4210-10 Real Property Transfer Tax	146,438.60	147,000	145,000.00	153,628	6.0%
4220-10 Sales & Use Tax	22,626.52	17,000	15,024.68	20,596	37.1%
Total Other Local Taxes	169,065.12	164,000	160,024.68	174,224	8.9%
Other Taxing Entities					
4120-10 Property Tax in Lieu of VLF	399,560.00	423,534	424,680.00	450,161	6.0%
4245-10 Motor Vehicle In Lieu	2,138.02	2,000	2,723.01	2,500	-8.2%
Total Other Taxing Entities	401,698.02	425,534	427,403.01	452,661	5.9%
Interest Income					
4400-10 Interest - LAIF & Banks	123,046.53	147,131	148,121.40	150,000	1.3%
4401-10 Interest - Charles Schwab	367,450.46	300,000	300,581.28	360,000	19.8%
Total Interest Income	490,496.99	447,131	448,702.68	510,000	13.7%
Building & Safety					
4613-10 Building & Safety Permits	1,109,070.91	1,405,000	1,405,574.29	1,400,000	-0.4%
4614-10 Planning Fees	17,460.12	94,200	75,265.00	27,000	-64.1%
4615-10 Engineering Fees	6,578.75	6,000	13,000.00	41,000	215.4%
4616-10 Environmental Fees	15,327.63	27,000	18,218.65	28,000	53.7%
Total Building & Safety	1,148,437.41	1,532,200	1,512,057.94	1,496,000	-1.1%
Fiesta					
4830-10 Fiesta Revenue	52,549.86	57,000	54,288.00	55,350	2.0%
Total Fiesta	52,549.86	57,000	54,288.00	55,350	2.0%
Other Revenue					
4105-10 PSAF Revenue	28,758.44	28,000	27,998.43	28,000	0.0%
4215-10 Schwab Market Revenue	254,030.86	0	168,736.45	0	-100.0%
4216-10 LAIF Market Revenue	39,299.37	0	0.00	0	0.0%
4230-10 Fund Exchange	0.00	93,750	93,750.00	0	-100.0%
4605-10 Franchise Fees - AT&T	2,575.29	2,800	2,241.41	2,240	-0.1%
4610-10 Franchise Fees - Edison	72,182.84	72,500	72,500.00	73,000	0.7%
4620-10 Franchise Fees - Gas	26,065.58	25,000	26,000.00	20,000	-23.1%
4621-10 Franchise Fees - Waste Hauler	64,459.95	60,000	63,431.68	64,000	0.9%
4622-10 Franchise Fees - Cable	11,661.64	11,760	11,666.03	11,670	0.0%
4623-10 Waste Management Fee	8,080.00	8,000	8,028.00	8,000	-0.3%
4625-10 Alarm Registration	12,850.00	8,100	8,100.00	9,360	15.6%
4850-10 Miscellaneous Income	82,876.55	66,200	66,644.03	65,000	-2.5%
6560-10 Grant Revenue	73,724.49	45,430	46,389.08	46,200	-0.4%
Total Other Revenue	676,565.01	421,540	595,485.11	327,470	-45.0%
TOTAL REVENUES	4,501,304.94	4,722,171	4,872,727.45	4,790,957	-1.7%

General Fund – Budget Detail (cont.)

	Prior Year Actual FY2023-24	Approved Budget FY2024-25	Current Year Projected FY2024-25	Proposed Budget FY2025-26	% Change from Prior Year
EXPENDITURES					
Salaries & Benefits					
5100-10 City Manager Salary	253,492.87	258,000	217,789.82	200,000	-8.2%
5101-10 Staff Salary	282,386.15	299,696	299,696.33	482,719	61.1%
5105-10 Car Allowance - City Manager	2,100.00	6,000	3,576.90	6,000	67.7%
5115-10 Cell Phone Allowance	449.94	1,200	1,100.00	0	-100.0%
5150-10 Payroll Taxes	17,371.30	17,568	17,504.89	23,768	35.8%
5160-10 Workers Comp	5,811.70	7,366	10,502.77	10,964	4.4%
5170-10 CalPERS Retirement	69,054.05	73,619	50,461.13	68,811	36.4%
5175-10 CalPERS Unfunded Liability	0.00	8,913	8,625.00	18,966	119.9%
5180-10 Group Health Insurance	60,147.83	69,790	67,779.18	117,476	73.3%
5190-10 Dental & Vision Insurance	4,733.38	6,000	4,757.04	7,294	53.3%
Total Salaries & Benefits	695,547.22	748,152	681,793.06	935,997	37.3%
Administration					
5200-10 Legal Services	186,273.69	258,000	158,076.00	258,000	63.2%
5205-10 City Auditor	41,716.25	26,000	26,135.00	27,190	4.0%
5206-10 Financial Services	0.00	55,000	54,425.00	55,000	1.1%
5210-10 Dues - LVMCOG	25,000.00	25,000	25,000.00	25,000	0.0%
5215-10 Dues & Subscriptions	27,196.21	10,000	10,000.48	11,000	10.0%
5220-10 Liability Insurance	24,623.00	19,963	20,006.00	19,041	-4.8%
5225-10 Blanket Fidelity Bond	912.00	958	897.00	1,053	17.4%
5230-10 Property Insurance	7,221.00	7,708	7,708.00	7,809	1.3%
5250-10 Election & Legislation	60,051.67	92,000	81,935.81	77,000	-6.0%
5255-10 Miscellaneous Expense	62,388.01	45,000	15,200.00	57,500	278.3%
5260-10 Public Information	20,420.22	95,325	64,916.35	95,370	46.9%
5270-10 Office Expense	52,960.41	40,000	43,838.11	43,745	-0.2%
5275-10 Data Processing/IT Support	48,348.95	78,797	78,799.81	79,814	1.3%
5280-10 Telephone	5,058.60	7,360	7,365.59	8,685	17.9%
5285-10 Utilities	25,175.26	43,000	43,708.96	47,302	8.2%
5290-10 Travel & Meetings	7,214.45	26,375	20,021.05	26,525	32.5%
5295-10 Investment Management	55,492.26	56,000	58,901.00	60,000	1.9%
Total Administration	650,051.98	886,485	716,934.16	900,034	25.5%
Community Services					
5240-10 Community Assistance	0.00	10,000	3,000.00	10,000	233.3%
5500-10 Fiesta	203,982.56	220,000	230,474.10	267,318	16.0%
5501-10 Other Events	185.06	10,000	6,285.00	10,000	59.1%
5510-10 Library	36,972.96	100,000	100,000.00	0	-100.0%
Total Community Services	241,140.58	340,000	339,759.10	287,318	-15.4%

General Fund – Budget Detail (cont.)

	Prior Year Actual FY2023-24	Approved Budget FY2024-25	Current Year Projected FY2024-25	Proposed Budget FY2025-26	% Change from Prior Year
Public Safety					
5600-10 Police Protection/STAR	505,461.67	557,838	532,845.54	584,587	9.7%
5610-10 Supplemental P.S. Support	132,771.14	171,754	170,479.75	171,694	0.7%
5620-10 Emergency Services	15,551.25	74,269	37,666.16	99,269	163.6%
5625-10 Disaster Preparedness	17,164.63	206,600	187,436.12	100,000	-46.6%
5640-10 Animal Control	1,006.43	12,000	11,978.00	12,000	0.2%
Total Public Safety	671,955.12	1,022,461	940,405.57	967,550	2.9%
Building & Safety					
5700-10 Engineering	174,853.00	244,000	244,417.50	252,000	3.1%
5710-10 Building and Safety	508,502.76	635,000	635,181.86	627,000	-1.3%
5720-10 Planning	130,512.75	163,100	163,676.83	353,000	115.7%
5730-10 NPDES/Environmental	230,921.19	246,332	246,348.55	186,954	-24.1%
Total Building & Safety	1,044,789.70	1,288,432	1,289,624.74	1,418,954	10.0%
Maintenance					
5800-10 Janitorial	18,785.00	19,360	19,260.00	20,760	7.8%
5805-10 Street Cleaning	2,981.72	3,432	2,936.22	3,432	16.9%
5810-10 Garden Service	35,572.52	4,187	7,131.32	6,079	-14.8%
5820-10 Repairs & Maintenance	21,038.81	26,000	25,391.03	26,105	2.8%
Total Maintenance	78,378.05	52,979	54,718.57	56,376	3.0%
TOTAL EXPENDITURES	3,381,862.65	4,338,509	4,023,235.20	4,566,228	13.5%
TRANSFERS					
Transfers In					
4901-10 Transfer from COPS Fund	136,737.60	146,309	141,763.68	150,689	6.3%
4905-10 Transfer from Gas Tax	83,701.58	101,396	103,976.10	107,994	3.9%
4906-10 Transfer from AQMD	0.00	17,836	17,835.80	0	-100.0%
4907-10 Transfer from Measure W	25,500.00	39,000	39,000.00	45,200	15.9%
4909-10 Transfer from Recycling	20,188.00	0	0.00	0	0.0%
4911-10 Transfer from Library	36,972.96	100,000	100,000.00	0	-100.0%
Total Transfers In	303,100.14	404,541	402,575.58	303,883	-24.5%
Transfers Out					
7604-10 Transfer to MR Highway	39,209.00	0	0.00	100,000	100.0%
7610-10 Transfer to Capital Projects	377,326.44	1,244,948	514,413.99	830,000	61.3%
Total Transfers Out	416,535.44	1,244,948	514,413.99	930,000	80.8%
TOTAL NET TRANSFERS	(113,435.30)	(840,407)	(111,838.41)	(626,117)	459.8%
REVENUES OVER/ (UNDER)					
EXPENDITURES & TRANSFERS	1,006,006.99	(456,745)	737,653.84	(401,388)	-154.4%
Beginning Fund Balance 07/01	12,161,090.29	13,167,097	13,167,097.28	13,904,751	
Ending Fund Balance 06/30	13,167,097.28	12,710,352	13,904,751.12	13,503,363	

Special Revenue/Restricted Funds

	Prior Year Actual FY2023-24	Approved Budget FY2024-25	Current Year Projected FY2024-25	Proposed Budget FY2025-26	% Change from Prior Year
<u>12-Library Fund</u>					
REVENUES					
4115-00 Property Taxes	589,422.74	633,136	633,136.00	671,124	6.0%
4850-00 Miscellaneous Income	0.00	0	538,850.00	0	-100.0%
TOTAL REVENUES	589,422.74	633,136	1,171,986.00	671,124	-42.7%
EXPENDITURES					
5510-00 Library	0.00	538,741	0.00	403,000	100.0%
TOTAL EXPENDITURES	0.00	538,741	0.00	403,000	100.0%
TRANSFERS					
Transfers Out					
7601-00 Transfer to General Fund	36,972.96	100,000	100,000.00	0	-100.0%
TOTAL NET TRANSFERS	36,972.96	100,000	100,000.00	0	-100.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	552,449.78	(5,605)	1,071,986.00	268,124	-75%
Beginning Fund Balance 07/01	0.00	552,450	552,449.78	1,624,436	
Ending Fund Balance 06/30	552,449.78	546,845	1,624,435.78	1,892,560	
<u>20-Traffic Safety</u>					
REVENUES					
6560-00 Intergovernmental Revenue	5,809.47	10,000	8,478.72	10,000	17.9%
TOTAL REVENUES	5,809.47	10,000	8,478.72	10,000	17.9%
EXPENDITURES					
7590-00 Fund Expenses	0.00	5,000	5,000.00	5,000	0.0%
TOTAL EXPENDITURES	0.00	5,000	5,000.00	5,000	0.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	5,809.47	5,000	3,478.72	5,000	44%
Beginning Fund Balance 07/01	9,979.33	15,789	15,788.80	19,268	
Ending Fund Balance 06/30	15,788.80	20,789	19,267.52	24,268	
<u>40-1-Gas Tax-HUTA</u>					
REVENUES					
6560-00 Intergovernmental Revenue	52,230.01	52,653	52,653.00	53,663	1.9%
6400-00 Interest Income	8,703.27	0	0.00	0	0.0%
TOTAL REVENUES	60,933.28	52,653	52,653.00	53,663	1.9%
EXPENDITURES					
7590-00 Fund Expenses	5,686.23	11,860	10,936.07	13,860	26.7%
TOTAL EXPENDITURES	5,686.23	11,860	10,936.07	13,860	26.7%
TRANSFERS					
Transfers Out					
7601-00 Transfer to General Fund	83,701.58	101,396	102,315.67	107,994	5.5%
TOTAL NET TRANSFERS	83,701.58	101,396	102,315.67	107,994	5.5%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	(28,454.53)	(60,603)	(60,598.74)	(68,191)	13%
Beginning Fund Balance 07/01	424,576.67	396,122	396,122.14	335,523	
Ending Fund Balance 06/30	396,122.14	335,519	335,523.40	267,333	

Special Revenue/Restricted Funds (cont.)

	Prior Year Actual FY2023-24	Approved Budget FY2024-25	Current Year Projected FY2024-25	Proposed Budget FY2025-26	% Change from Prior Year
<u>40-2-Gas Tax-SB1/RMRA</u>					
REVENUES					
6560-00 Intergovernmental Revenue	44,670.25	44,300	44,300.00	45,311	2.3%
6400-00 Interest Income	5,048.22	0	0.00	0	0.0%
TOTAL REVENUES	49,718.47	44,300	44,300.00	45,311	2.3%
TRANSFERS					
Transfers Out					
7610-00 Transfer to Capital Projects	0.00	190,000	33,366.25	200,000	499.4%
TOTAL NET TRANSFERS	0.00	190,000	33,366.25	200,000	499.4%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	49,718.47	(145,700)	10,933.75	(154,689)	-1515%
Beginning Fund Balance 07/01	146,506.71	196,225	196,225.18	207,159	
Ending Fund Balance 06/30	196,225.18	50,525	207,158.93	52,470	
<u>50-Transit/Prop A</u>					
REVENUES					
6560-00 Intergovernmental Revenue	46,085.48	48,687	48,687.00	44,673	-8.2%
6400-00 Interest Income	3,059.81	0	0.00	0	0.0%
TOTAL REVENUES	49,145.29	48,687	48,687.00	44,673	-8.2%
EXPENDITURES					
7590-00 Fund Expenses	0.00	5,000	0.00	5,000	100.0%
7590-00 Prop A Exchange	0.00	125,000	125,000.00	0	0.0%
TOTAL EXPENDITURES	0.00	130,000	125,000.00	5,000	-96.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	49,145.29	(81,313)	(76,313.00)	39,673	-152%
Beginning Fund Balance 07/01	73,367.79	122,513	122,513.08	46,200	
Ending Fund Balance 06/30	122,513.08	41,200	46,200.08	85,873	
<u>55-Prop C</u>					
REVENUES					
6560-00 Intergovernmental Revenue	38,226.85	48,687	40,385.00	37,055	-8.2%
6400-00 Interest Income	8,691.42	0	0.00	0	0.0%
TOTAL REVENUES	46,918.27	48,687	40,385.00	37,055	-8.2%
EXPENDITURES					
7590-00 Fund Expenses	20,420.77	5,000	12,000.00	15,781	31.5%
TOTAL EXPENDITURES	20,420.77	5,000	12,000.00	15,781	31.5%
TRANSFERS					
Transfers Out					
7610-00 Transfer to Capital Projects	0.00	310,000	8,000.00	324,000	3950.0%
TOTAL NET TRANSFERS	0.00	310,000	8,000.00	324,000	3950.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	26,497.50	(266,313)	20,385.00	(302,726)	-1585%
Beginning Fund Balance 07/01	272,465.82	298,963	298,963.32	319,348	
Ending Fund Balance 06/30	298,963.32	32,650	319,348.32	16,623	

Special Revenue/Restricted Funds (cont.)

	Prior Year Actual FY2023-24	Approved Budget FY2024-25	Current Year Projected FY2024-25	Proposed Budget FY2025-26	% Change from Prior Year
<u>60-AQMD</u>					
REVENUES					
6560-00 Intergovernmental Revenue	2,328.41	2,400	2,387.21	2,400	0.5%
6560-00 Sale of Car	0.00	0	5,000.00	0	-100.0%
6400-00 Interest Income	359.73	0	0.00	0	0.0%
TOTAL REVENUES	2,688.14	2,400	7,387.21	2,400	-67.5%
TRANSFERS					
Transfers Out					
7601-00 Transfer to General Fund	0.00	0	17,835.80	0	-100.0%
TOTAL NET TRANSFERS	0.00	0	17,835.80	0	-100.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	2,688.14	2,400	(10,448.59)	2,400	-123%
Beginning Fund Balance 07/01	10,730.03	13,418	13,418.17	2,970	
Ending Fund Balance 06/30	13,418.17	15,818	2,969.58	5,370	
<u>65-Measure R</u>					
REVENUES					
6560-00 Intergovernmental Revenue	39,209.00	30,289	30,289.00	27,791	-8.2%
6560-00 Measure R Grant	453,215.27	0	1,474,931.56	1,900,000	28.8%
6400-00 Interest Income	0.00	0	0.00	0	0.0%
TOTAL REVENUES	492,424.27	30,289	1,505,220.56	1,927,791	28.1%
TRANSFERS					
4902-00 Transfer from General Fund	0.00	0.00	0.00	(100,000)	100.0%
7610-00 Transfer to CP - RM/Mureau Rc	0.00	100,000	0.00	100,000	100.0%
7610-00 Transfer to CP - Long Valley	1,501,095.61	0	735,515.82	1,900,000	158.3%
TOTAL NET TRANSFERS	1,501,095.61	100,000	735,515.82	1,900,000	158.3%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	(1,008,671.34)	(69,711)	769,704.74	27,791	-96%
Beginning Fund Balance 07/01	131,366.10	(877,305)	(877,305.24)	(107,601)	
Ending Fund Balance 06/30	(877,305.24)	(947,016)	(107,600.50)	(79,810)	
<u>67-Measure M</u>					
REVENUES					
6560-00 Intergovernmental Revenue	32,364.54	34,327	34,327	31,497	-8.2%
6400-00 Interest Income	5,134.39	0	0.00	0	0.0%
TOTAL REVENUES	37,498.93	34,327	34,327.00	31,497	-8.2%
EXPENDITURES					
7590-00 Fund Expenses	0.00	0	9,600.00	14,400	50.0%
TOTAL EXPENDITURES	0.00	0	9,600.00	14,400	50.0%
TRANSFERS					
Transfers Out					
7610-00 Transfer to CP - RM/Mureau Rc	0.00	170,000	20,000.00	176,000	780.0%
TOTAL NET TRANSFERS	0.00	170,000	20,000.00	176,000	780.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	37,498.93	(135,673)	4,727.00	(158,903)	-3462%
Beginning Fund Balance 07/01	148,095.48	185,594	185,594.41	190,321	
Ending Fund Balance 06/30	185,594.41	49,921	190,321.41	31,418	

Special Revenue/Restricted Funds (cont.)

	Prior Year Actual FY2023-24	Approved Budget FY2024-25	Current Year Projected FY2024-25	Proposed Budget FY2025-26	% Change from Prior Year
<u>68-Measure W</u>					
REVENUES					
6560-00 Intergovernmental Revenue	84,273.08	85,000	85,023.51	85,000	0.0%
6400-00 Interest Income	2,817.24	0	0.00	0	0.0%
TOTAL REVENUES	87,090.32	85,000	85,023.51	85,000	0.0%
TRANSFERS					
7601-00 Transfer to General Fund	25,500.00	39,000	39,000.00	45,200	15.9%
7610-00 Transfer to CP - City Hall Imp	0.00	81,000	0.00	0	0.0%
TOTAL NET TRANSFERS	25,500.00	120,000	39,000.00	45,200	15.9%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	61,590.32	(35,000)	46,023.51	39,800	-14%
Beginning Fund Balance 07/01	50,885.97	112,476	112,476.29	158,500	
Ending Fund Balance 06/30	112,476.29	77,476	158,499.80	198,300	
<u>70-Recycling</u>					
REVENUES					
6560-00 Intergovernmental Revenue	80,000.00	5,000	5,000.00	5,000	0.0%
6400-00 Interest Income	0.00	0	0.00	0	0.0%
TOTAL REVENUES	80,000.00	5,000	5,000.00	5,000	0.0%
EXPENDITURES					
7590-00 Fund Expenses	0.00	5,000	5,000.00	5,000	0.0%
TOTAL EXPENDITURES	0.00	5,000	5,000.00	5,000	0.0%
TRANSFERS					
7601-00 Transfer to General Fund	20,188.00	0	0.00	0	0.0%
TOTAL NET TRANSFERS	20,188.00	0	0.00	0	0.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	59,812.00	0	0.00	0	0%
Beginning Fund Balance 07/01	66,137.71	125,950	125,949.71	125,950	
Ending Fund Balance 06/30	125,949.71	125,950	125,949.71	125,950	
<u>80-COPS</u>					
REVENUES					
6560-00 Intergovernmental Revenue	186,158.96	100,000	194,663.46	100,000	-48.6%
6400-00 Interest Income	0.00	0	0.00	0	0.0%
TOTAL REVENUES	186,158.96	100,000	194,663.46	100,000	-48.6%
TRANSFERS					
7601-00 Transfer to General Fund	136,737.60	146,309	141,763.68	150,689	6.3%
TOTAL NET TRANSFERS	136,737.60	146,309	141,763.68	150,689	6.3%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	49,421.36	(46,309)	52,899.78	(50,689)	-196%
Beginning Fund Balance 07/01	52,542.21	101,964	101,963.57	154,863	
Ending Fund Balance 06/30	101,963.57	55,655	154,863.35	104,174	

Special Revenue/Restricted Funds (cont.)

	Prior Year Actual FY2023-24	Approved Budget FY2024-25	Current Year Projected FY2024-25	Proposed Budget FY2025-26	% Change from Prior Year
90-TDA					
REVENUES					
6560-00 Intergovernmental Revenue	0.00	0	10,000.00	0	-100.0%
6400-00 Interest Income	0.00	0	0.00	0	0.0%
TOTAL REVENUES	0.00	0	10,000.00	0	-100.0%
EXPENDITURES					
7590-00 Fund Expenses	0.00	0	0.00	0	0.0%
TOTAL EXPENDITURES	0.00	0	0.00	0	0.0%
TRANSFERS					
7610-00 Transfer to CP - City Hall Imp	0.00	0	10,000.00	0	-100.0%
TOTAL NET TRANSFERS	0.00	0	10,000.00	0	-100.0%
REVENUES OVER/ (UNDER) EXPENDITURES & TRANSFERS	0.00	0	0.00	0	0%
Beginning Fund Balance 07/01	0.00	0	0.00	0	
Ending Fund Balance 06/30	0.00	0	0.00	0	

Capital Improvement Projects Summary - 5-year projection

	Year End Projected FY 2024-25	Proposed Budget FY 2025-26	Projected		
			FY 2026-27	FY 2027-28	FY 2028-29
Funding Sources					
Grants	786,851	3,500,000	446,242		
Transfers from Restricted Funds	43,366	800,000	-		
Transfers from General Fund	55,627	930,000	89,978	150,000	57,266
Total Funding	885,844	5,230,000	536,220	150,000	57,266
Capital Improvement Projects					
City Hall Improvements	34,530	700,000	364,071	150,000	57,266
Long Valley/ US-101 On-Ramp Improvement	735,516	2,000,000	172,149		
Catch Basin Project	-	30,000	-		
Citywide Utility Undergrounding - Jed Smith	1,700	1,500,000	-		
RM/Mureau Rd Entry Intersection Improvements	33,366	800,000	-		
City Roads and Parking Lot Microsurfacing	-	200,000	-		
Total Capital Improvement Projects	805,113	5,230,000	536,220	150,000	57,266
Carry Forward	80,731	-	-	-	-

See Capital Improvement Project Information Sheets for details

Capital Improvement Projects Funding Sources

Account	Project Name	Total Project Cost	Fund Sources	General Fund	Grants	Restricted Funds	FY2025-26 Proposed Budget
5901-01	City Hall Improvements	1,000,000	General Fund	500,000			700,000
5901-02	City Hall Outdoor Landscape & Hardscape	450,000	State Parks & Recreation - Per Capita Grant		50,000		
			LA County RPOSD - Measure A		50,000		
			General Fund	100,000			
5903	Long Valley/Valley Circle/US-101 On-Ramp Improvement	7,167,652	General Fund	100,000			2,000,000
			Measure M Grant		1,208,580		
			Measure R Highway Grant		691,420		
5906	Traffic Radar Upgrade	-	Measure R (Local)		-	-	
5907	Catch Basin Project	30,000	General Fund	30,000			30,000
5909-02	Citywide Utility Undergrounding - Jed Smith	1,500,000	SB 85 Grant (SMMC)		600,000		1,500,000
			FEMA/HMGP Undergrounding Grant		900,000		
5912	RM/Mureau Rd Entry Intersection Improvements	800,000	Gas Tax Fund - SB1/RMRA			200,000	800,000
			Prop C Fund			200,000	
			Measure M (Local)			100,000	
			Measure R (Local)			100,000	
			General Fund	200,000			
5913	City Roads and Parking Lot Microsurfacing	200,000	Prop C Fund			124,000	200,000
			Measure M (Local)			76,000	
TOTAL		11,147,652		930,000	3,500,000	800,000	5,230,000

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:	Ongoing	Ongoing

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. 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 hardscape.

Project Funding and Expenditure Detail

	Prior Years Actual	Current Yr Projected FY 2024-25	Proposed Budget FY 2025-26	FY 2026-27	Projected FY 2027-28	FY 2028-29	Total
Revenues							
State Parks & Rec - Per Capita Grant	11,302	5,679	50,000	112,071	-	-	179,052
LA County RPOSD - Measure A	-	-	50,000	2,000	-	-	52,000
Total Revenues	11,302	5,679	100,000	114,071	-	-	231,052
Expenditures							
Various City Hall Improvements	24,184	5,001	-	-	-	-	29,185
Council Chamber Remodel	103,723	13,533	500,000	150,000	150,000	57,266	974,522
Outdoor Space Landscape & Hardscape	16,227	15,997	200,000	214,071	-	-	446,294
Total Expenditures	144,133	34,530	700,000	364,071	150,000	57,266	1,450,000
Transfers							
Transfer In from General Fund	132,831	18,851	600,000	250,000	150,000	57,266	1,208,948
Transfer In from Measure W	-	-	-	-	-	-	-
Transfer In from TDA	-	10,000	-	-	-	-	10,000
Total Transfers	132,831	28,851	600,000	250,000	150,000	57,266	1,218,948
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:	\$ 7,167,652.00
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 2024-25	Proposed Budget FY 2025-26	FY 2026-27	Projected		Total
					FY 2027-28	FY 2028-29	
Revenues							
Measure R Highway Grant	3,981,071	698,740	1,208,580	297,600	-	-	6,185,990
Measure M Grant	-	80,731	691,420	34,571	-	-	806,723
Total Revenues	3,981,071	779,471	1,900,000	332,171	-	-	6,992,713
Expenditures							
Long Valley/US101 project	4,259,988	735,516	2,000,000	172,149	-	-	7,167,652
Total Expenditures	4,259,988	735,516	2,000,000	172,149	-	-	7,167,652
Transfers							
Transfer In from General Fund	198,186	36,776	100,000	(160,022)	-	-	174,940
Total Transfers	198,186	36,776	100,000	(160,022)	-	-	174,940
Beginning Fund Balance 07/01	-	(80,731)	-	-	-	-	-
Net Change in Fund Balance	(80,731)	80,731	-	-	-	-	-
Ending Fund Balance 06/30	(80,731)	-	-	-	-	-	-

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

In an effort to reduce the risks associated with downed power lines and wildfires, Jed Smith Undergrounding project was initiated. 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 2024-25	Proposed Budget FY 2025-26	Projected			Total
				FY 2026-27	FY 2027-28	FY 2028-29	
Revenues							
SMMC - SB85 Grant	5,600	1,700	600,000	-	-	-	607,300
FEMA/HMGP Undergrounding Grant	-	-	900,000	-	-	-	900,000
Total Revenues	5,600	1,700	1,500,000	-	-	-	1,507,300
Expenditures							
Jed Smith Undergrounding	5,600	1,700	1,500,000	-	-	-	1,507,300
Total Expenditures	5,600	1,700	1,500,000	-	-	-	1,507,300
Transfers							
Transfer In from General Fund	-	-	-	-	-	-	-
Total Transfers	-	-	-	-	-	-	-
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:	\$ 800,000.00
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 Actual	Current Yr Projected FY 2024-25	Proposed Budget FY 2025-26	FY 2026-27	Projected FY 2027-28	FY 2028-29	Total
Expenditures							
RM/Mureau Road Entry Intersection Imp	46,926	33,366	800,000	-	-	-	880,292
Total Expenditures	46,926	33,366	800,000	-	-	-	880,292
Transfers							
Transfer from General Fund	-	-	200,000	-	-	-	200,000
Transfer from Gas Tax - SB2/RMRA	23,858	33,366	200,000	-	-	-	257,224
Transfer from Prop C Local	23,068	-	200,000	-	-	-	223,068
Transfer from Measure R Local	-	-	100,000	-	-	-	100,000
Transfer from Measure M Local	-	-	100,000	-	-	-	100,000
Total Transfers	46,926	33,366	800,000	-	-	-	880,292
Beginning Fund Balance 07/01	-	-	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-	-	-
Ending Fund Balance 06/30	-	-	-	-	-	-	-

Capital Improvement Projects – Information Sheet (cont.)

Account #	Project Name:
5913	City Roads and Parking Lot Microsurfacing

Projected Total Cost:	\$ 200,000.00
Initial Commencement Date:	May 2025
Projected Completion Date:	TBD
Status:	Continued

Project Description

Improvements include pavement repairs, crack filling, microsurface (slurry seal), and traffic striping of the City owned roads outside the security gates (public access). Proposed resurfacing will increase safety, improve the riding surface for vehicles and bicycles, and extend the life of the asphalt. Work is considered road maintenance and rehabilitation as all improvements will be within the street right of way.

Project Funding and Expenditure Detail

	Prior Years Actual	Current Yr Projected FY 2024-25	Proposed Budget FY 2025-26	FY 2026-27	Projected FY 2027-28	FY 2028-29	Total
Expenditures							
City Roads and Parking Lot Microsurfacing	-	-	200,000	-	-	-	200,000
Total Expenditures	-	-	200,000	-	-	-	200,000
Transfers							
Transfer In from Prop C Local	-	-	124,000	-	-	-	124,000
Transfer In from Measure M Local	-	-	76,000	-	-	-	76,000
Total Transfers	-	-	200,000	-	-	-	200,000
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

Appropriation Limit for FY2024-25		2,444,158
Adjusted Appropriation Limit for FY2024-25		2,895,024 *
Adjustment Factors	(% Ratio)	
Population Factor	1.0028	
Growth Factor	1.0644	
Calculation of Factors for FY2025-26	1.0674	**
Appropriation Limit for FY2025-26		3,090,092

** Beginning FY2014, the City adjusted its revenue base subject to the Limit to include library tax.*

***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 2025-26 Proposed General Fund Reserve Allocation	Per Reserve Policy
Contingency Reserve	4,503,766	100% of FY25-26 Expenditures
Capital Improvement Reserve	2,000,000	* Capital Improvement Projects
Unrestricted Fund Balance	7,400,985	** Balance after all other categories
Total General Fund Balance	13,904,751	

***Additional transfer to Capital Improvement Reserve may occur by the end FY2024-25 in compliance with Gann Limit.*

***Undesignated Reserve final number is subject to change depending on the actual FY 2024-25 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

The “Fiscal Health Report” serves as a financial monitoring tool that evaluates a set of key indicators—referred to as “factors”—over a ten-year period. Its primary goal is to provide the City Council with a comprehensive assessment of the City’s financial condition and to support long-term fiscal stability. By identifying trends early, this report helps anticipate potential issues before they become significant challenges.

II. Methodology

The report evaluates selected financial and demographic factors using data extracted from the City’s audited financial statements from 2016 through 2024, along with projected year-end figures for Fiscal Year 2024–25. Population estimates from the Department of Finance are also used. Trends are analyzed over time and visually represented through graphs.

Factors are classified based on trend direction as:

- Favorable
- Stable
- Unfavorable

If no clear trend is present, a combined rating may be used (e.g., “stable/favorable”).

Several indicators use per capita calculations to assess whether revenues and expenditures are keeping pace with population changes, which influence service demand. While the City’s population has remained relatively stable, per capita metrics continue to provide a meaningful basis for comparison.

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. Summary of Findings

The review of the seven evaluated factors resulted in the following trend ratings:

	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

The results of the fiscal health report show that the City's overall financial condition remains strong. All seven key indicators are rated as either favorable or stable, reflecting continued fiscal stability.

FACTOR 1 - REVENUE PER CAPITA



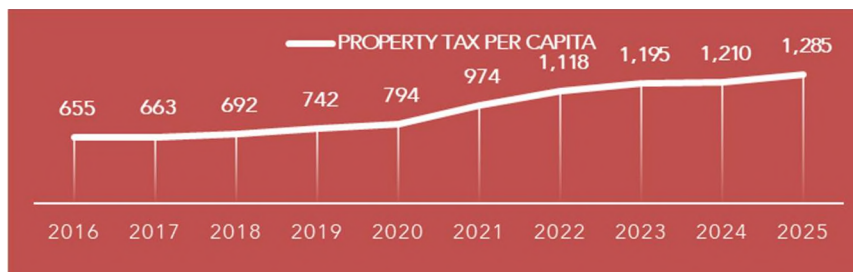
DESCRIPTION - This factor measures whether the City's revenues are keeping pace with overall growth and demand for services. A decline in revenue per capita may indicate that the City could struggle to maintain current service levels without identifying new revenue sources. To get a complete picture of financial performance, this factor should be reviewed alongside Expenditures Per Capita (Factor 3). Monitoring the relationship between these two indicators is key to understanding the City's fiscal balance and sustainability.

FORMULA - Total Operating Revenue ÷ Population

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

TREND - Favorable

FACTOR 2 – PROPERTY TAX PER CAPITA



DESCRIPTION - This factor evaluates property tax revenue in relation to the City's population. Given that property tax makes up a significant portion of the General Fund, it is important that this revenue source keeps pace with population growth. A decline could signal future budget constraints. Although trends for this factor have consistently been favorable, it remains important for staff to closely monitor this critical revenue source to ensure continued long-term fiscal stability.

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

WARNING SIGN - Significantly decreasing property tax revenue per capita

TREND - Favorable

FACTOR 3 – EXPENDITURE PER CAPITA



DESCRIPTION - This factor measures the cost of providing City services on a per-person basis. It helps evaluate whether spending is aligned with population size and revenue growth. Rising expenditures per capita can be a warning sign - especially if revenue per capita remains flat or declines. Sustained imbalance may lead to budgetary strain or reduced service levels.

FORMULA - Total Operating Expenditures ÷ 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 a large portion of total operating expenditures, this factor is examined separately. Public Safety Expenditures per capita include costs for Sheriff services, emergency preparedness, supplemental services (such as school crossing guards and fire brush clearance), and animal care and control. This year's increase is mainly due to the purchase of an emergency vehicle and recent fire events. It is important to note that part of these expenses will be reimbursed through FEMA grants and restricted funds.

FORMULA - Public Safety Expenditures ÷ Population

WARNING SIGN - Significantly increasing per capita expenditures

TREND - Stable

FACTOR 5 - REVENUES AND EXPENDITURES PER CAPITA



DESCRIPTION - This factor combines **Revenue Per Capita (Factor 1)** and **Expenditure Per Capita (Factor 3)** to visually show the relationship between the two. It helps assess whether revenue growth is keeping pace with spending. The notable increase in expenditures per capita in 2021 was primarily due to ongoing Capital Improvement Projects, particularly the Utility Undergrounding project.

WARNING SIGN - Significantly increasing per capita expenditures combined with stable or declining per capita revenues may indicate an unsustainable financial trend.

TREND - Stable

FACTOR 6 - POPULATION GROWTH



DESCRIPTION - This factor presents population trends using data from the State Department of Finance (Population Research Unit) and the U.S. Department of Commerce, Bureau of Census and Neighborhood Statistics Program. In growing cities, population increases typically lead to higher demand for public services and associated costs. In the case of Hidden Hills, population growth has remained largely flat over the years, with a slight downward trend beginning in 2022.

WARNING SIGN - Rising population levels coupled with static or declining General Fund revenues may strain the City's ability to meet service demands.

TREND - Stable

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



DESCRIPTION - This factor highlights the relationship between building permit revenue and total General Fund revenues, reflecting the impact of construction activity on City finances. After a post-recession rebound starting in 2012, building activity peaked in 2018. A decline began just before the 2020 pandemic and continued during it. However, revenue recovered in 2022, aided in part by the City Council's update to the building permit valuation tables, which is expected to result in increased permit fees. This revenue source should be monitored closely to ensure the City is fully recovering the costs associated with operating the Building & Safety Department.

☐

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

WARNING SIGN - Decreased building permit revenue without corresponding decreases in Building & Safety 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 15% of total portfolio with respect to obligations rated "BBB" or "BBB+" ("BBB-" is not eligible)	5 yrs.	Yes
2. Collateralized Investments			
Repurchase Agreements	20% of total portfolio	7 days	Yes
Deposit accounts	Amounts above FDIC-insurance must be collateralized	On demand	Yes
3. Uncollateralized Instruments			
Non-negotiable, FDIC-insured CDs or Time Deposits	30% of total portfolio*	5 years	No
Negotiable Certificates of Deposit (CDs)	30% of total portfolio*	5 years	Yes
Medium Term Corporate Notes* and Bonds*	30% of total portfolio**	5 years	Yes

Investment Type:	<u>Dollar or Percent Limits</u> (calculated separately for each agency's portfolio)	<u>Maturity</u> (Not to Exceed)	<u>Liquid</u>
Commercial Paper	25% of total portfolio	270 days	Yes
Mortgage-Backed Securities	Not to exceed 20%	5 yrs.	Yes
<p>*Percent Limit (30% of total portfolio) is a collective limit as to Time Deposits, non-negotiable FDIC-insured CDs, and negotiable CDs.</p> <p>** Percent Limit is a collective limit as to Medium Term Corporate Notes & 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

