



## SUPPLEMENTAL INFORMATION

---

### City Profile

Established on January 28, 1914, as a general law city under the State of California, Beverly Hills is a premier, full-service community. The City operates under a Council-Manager form of government with five elected City Councilmembers, who serve overlapping four-year terms. The Mayor is appointed each year on a rotational basis by the members of the City Council and serves for one year. The City Treasurer is also elected and serves a four-year term. The City Council appoints the City Manager, City Attorney, and City Clerk. In addition, the City Council appoints the members of all advisory Commissions, Boards, and committees. Police, fire, water treatment, refuse collection, and building inspections, among other services, are provided directly by the leadership of the Council and management for the City of Beverly Hills.

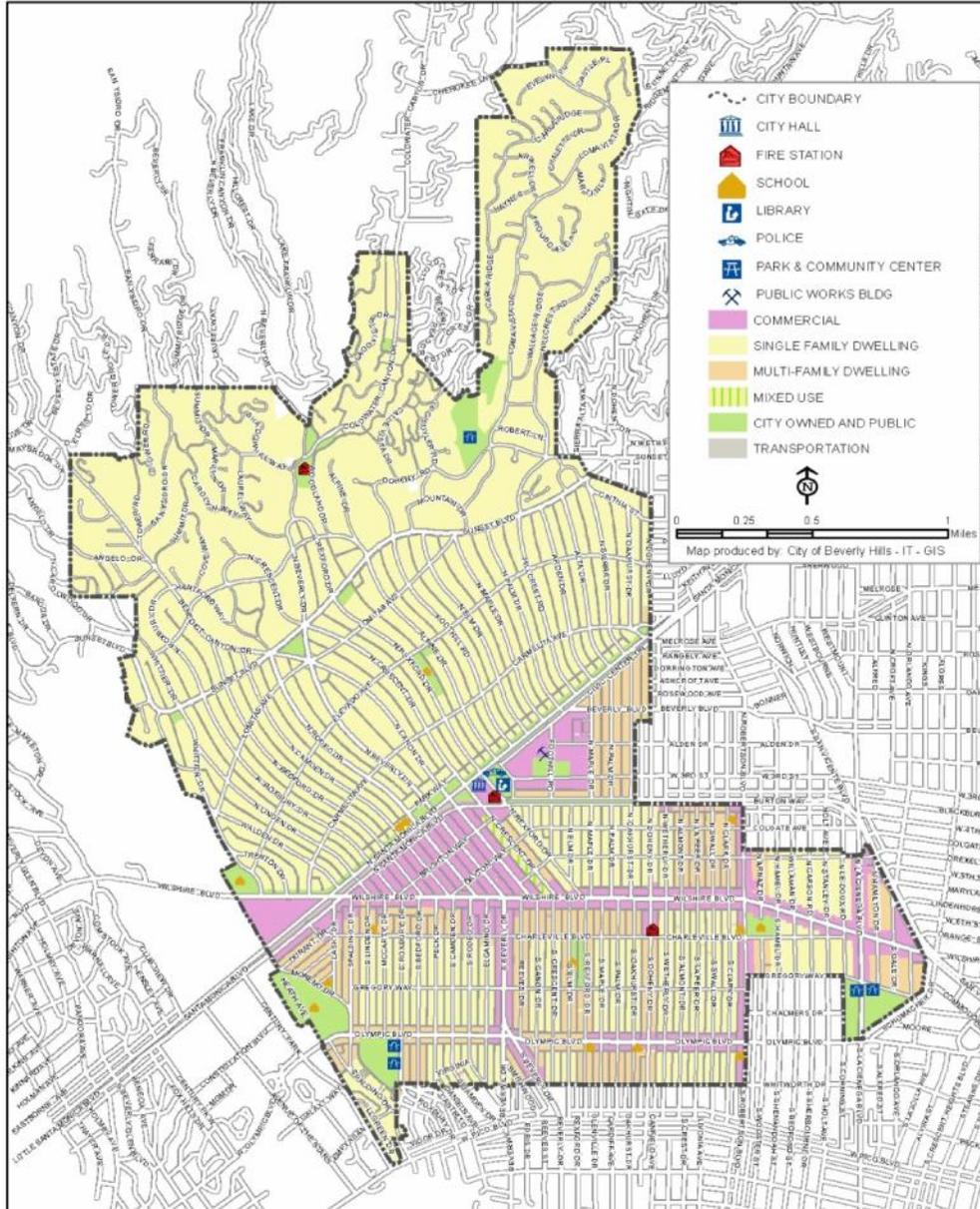
Located in the middle of Los Angeles County, Beverly Hills is surrounded by the cities of Los Angeles, West Hollywood, Santa Monica, and Culver City. Beverly Hills recognizes that the economic vitality and stability of the City and the region are inter-dependent. It is only through cooperative programs and developing mechanisms for funding with other local cities and the State that regional and community quality of life issues can be effectively addressed now and for generations to come. An excellent example of partnering for the future is the highly regarded reputation of the Beverly Hills Unified School District. It has some of the best schools in the nation.



Within its 5.7 square mile radius, Beverly Hills has 34,677 residents, as estimated by the California Department of Finance in 2014, with a business and commercial base that ranks next to cities with a population of several hundred thousand. As a result, the daytime population is estimated to be 150,000 to 200,000. Beverly Hills has demonstrated a strong interest in meeting the needs of its dynamic community as well as the region on such issues as housing, transportation, and infrastructure. Additionally, education, public safety, and water are of specific importance.

# SUPPLEMENTAL INFORMATION

## Map of the City



## SUPPLEMENTAL INFORMATION

---

### Population and Housing Data

#### 2010 U.S. Census of Population and Housing Data

Male	45.73%
Female	54.27%
2000 - 2010 change in population	+1.0%
1990 - 2010 change in population	+6.7%
1980 - 2010 change in population	+5.4%
<b>Median household income (2007-2011):</b>	<b>\$ 85,560</b>
<b>Number of Households:</b>	
Family Households	8,461
Non-Family Households	6,408
Total Households	14,869
Average Household Size	2.29 persons
<b>Age:</b>	
0-17 years	19.4%
18-24 years	7.4%
25-44 years	25.0%
45-64 years	29.0%
65+ years	19.1%
Median Age	43.6
<b>Total Housing Units</b>	<b>16,394</b>
Total occupied housing units	14,869
Owner occupied units	6,561
Renter occupied units	8,308
<b>Ethnicity:</b>	
White	82.4%
Asian	8.9%
Two or more races	4.9%
African American	2.2%
Other	1.6%
Total	100%
Hispanic (all races)	5.7% of population

## SUPPLEMENTAL INFORMATION

---

### Beverly Hills Unified School District Data:

#### School Enrollment:

BHUSD (K-12): 4,187

All schools (Nursery - 12)

Private school enrollment source : California Department of Education, Title II Leadership Office 5,041



### Los Angeles County Assessor, 2014 Annual Report:

Year	Assessed Valuation*
2014	\$25,469,417,853
2013	\$24,205,326,665
2012	\$22,706,392,375
2011	\$21,327,093,846
2010	\$21,075,453,429
2009	\$21,634,556,745
2008	\$20,382,000,000
2007	\$18,233,831,728

\*The assessed values do not include Board of Equalization valued properties (primarily public utilities) or exempt properties (such as churches, schools, and museums) for which there is no State reimbursement. These values do include the homeowners' exemptions which are reimbursed by the State.

## SUPPLEMENTAL INFORMATION

---

### City Council FY 2015/16 Priorities

The Beverly Hills City Council established priorities for the City's work efforts for Fiscal Year 2015/16. The three levels of priorities are: "A" priorities include initiatives for the completion of a major milestone; "B" priorities include initiatives to be completed in the next 2-5 years; and, "C" priorities include initiatives to be added to work plans as resources become available. These priorities are listed below. A full description of the City Council priorities can be accessed through the City's website at the following address [http://www.beverlyhills.org/cbhfiles/storage/files/1256298209573466476/FY15-16FinalCityCouncilPriorities\(1-13-15\).pdf](http://www.beverlyhills.org/cbhfiles/storage/files/1256298209573466476/FY15-16FinalCityCouncilPriorities(1-13-15).pdf). These priorities were used by departments to establish workplans for FY 2015/16.

#### Priority "A" Items

- Support for Beverly Gardens Park Restoration Project
- Technology
- Santa Monica Blvd. Reconstruction & Traffic Mitigation Plan
- Small Business Task Force
- Southeast Task Force Implementation
- Community Visioning and Strategic Planning
- Unfunded Liabilities
- Public Safety
- Open Space
- Subway Coordination
- Advance Capital Investment in the Community
- Dog Park
- La Cienega Park & Community Center Master Plan
- Property Acquisition

- Water Enterprise Master Plan
- City Sustainability Plan
- Moreno Traffic Mitigation

#### Priority "B" Items

- Gateways
- R-1 Hillside Development Standards
- Sign Code
- Zero Waste Strategic Plan Diversion
- Seismic Retrofit Program
- Coldwater park Master Plan
- Homelessness & Panhandling
- Taxi, Valet, Preferential Parking Process
- L.E.D. Streetlights

#### Priority "C" Items

- Development of BHUSD Oil Revenue Replacement Projects

### Comprehensive Financial Policies

Financial policies shall be adopted by the City Council during the annual budget approval and will establish the framework for the overall fiscal planning and management of the City of Beverly Hills. These policies set forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. The financial policies also improve the City's fiscal stability by helping City officials plan fiscal strategy with a consistent approach. Adherence to adopted financial policies promotes sound financial management, which can lead to improvement in bond ratings, a lower cost of capital, provide assurance to the tax payers that tax dollars are being collected and spent

## SUPPLEMENTAL INFORMATION

---

per City Council direction, and provide a minimum of unexpected impacts upon taxpayers and users of public services. The Chief Financial Officer shall be responsible for developing, implementing, and managing these policies as well as subsidiary policies that execute these comprehensive financial policies. The City's comprehensive financial policies shall be in conformance with all state and federal laws, generally accepted accounting principles (GAAP), standards of the Governmental Accounting Standards Board (GASB), and the Government Finance Officers Association (GFOA).

### **Financial Reporting Entity**

#### **City of Beverly Hills**

The City (primary government) was incorporated in 1914 under the general laws of the State of California. The City provides the full range of municipal services as contemplated by statute. Services provided include public safety (police and fire), street construction and maintenance, sanitation, refuse collection, water and sewer utilities, culture-recreation, public improvements, planning and zoning, and general administrative and support services.



The City operates under a Council-Manager form of government. The City Council consists of five members elected at large for overlapping four-year terms. The Mayor is selected from the City Council members and serves a one-year term. The City's only other elected official is the City Treasurer whose term of office is four years. The City Council appoints the City Manager, City Attorney, and City Clerk. In addition, the City Council appoints the members of all advisory Commissions, Boards, and committees.

## SUPPLEMENTAL INFORMATION

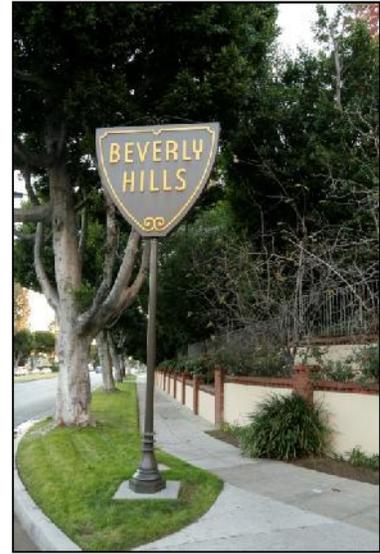
---

In addition to sitting as the legislative board of the City, the City Council also acts as the Board of Directors of the Parking Authority of the City of Beverly Hills, and the Beverly Hills Public Financing Authority.

### **Parking Authority of the City of Beverly Hills**

The Parking Authority of the City of Beverly Hills is a public financing agency established by the City under the State of California Parking Law of 1949 to provide public parking facilities on a citywide basis. The Parking Authority provides for the acquisition, construction and/or operation of parking facilities in the City for the general benefit of its citizens.

The City Manager is the Executive Officer of the Parking Authority and the Chief Financial Officer is the Chief Financial Officer of the Parking Authority.



### **Beverly Hills Public Financing Authority**

The City of Beverly Hills Public Financing Authority (Public Financing Authority) is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated November 10, 1992 between the City and the Public Financing Authority. The Joint Powers Agreement was entered into pursuant to the provisions of Article 1 of Chapter 5 of the California Government Code (the Act). The Public Financing Authority was created for the purpose of providing financing for public capital improvements for the City through the acquisition by the Public Financing Authority of such public capital improvements and/or the purchase by the Public Financing Authority of local obligations within the meaning of the Act. Under the Act, the Public Financing Authority has the power to issue bonds to pay the costs of public capital improvements.

Required lease payments between the City and the Public Financing Authority exactly match debt service requirements of the underlying debt. Accordingly, the leases between the City and the Public Financing Authority are eliminated and the underlying debt is reported as debt of the City. Separate financial statements are not prepared for the Public Financing Authority.

The City Manager is the Executive Officer of the Public Financing Authority and the Chief Financial Officer is the Treasurer of the Public Financing Authority.

### **Financial Reporting Policies**

The City's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP), and the Government Finance Officers Association (GFOA). Further, the City will make every attempt to implement all changes to governmental accounting practices at the earliest practicable time.

## SUPPLEMENTAL INFORMATION

---

The City's CAFR will be submitted to the GFOA Certification of Achievement for Excellence in Financial Reporting Program. The financial report should be in conformity with GAAP, demonstrate compliance with finance related legal and contractual provisions, disclose thoroughness and detail sufficiency, and minimize ambiguities and potentials for misleading inference.

The City's CAFR will also be submitted to national repositories identified by the City's bond trust agent as a continuing commitment to disclose thoroughness to enable investors to make informed decisions.

The City's Budget should satisfy criteria as a financial and programmatic policy document, as a comprehensive financial plan, as an operations guide for all organizational units, and as a communications device for all significant budgetary issues, trends, and resource choices.



To provide a reasonable basis for making the Chief Financial Officer's (management's) required representations concerning the finances of the City of Beverly Hills, the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. The Chief Financial Officer is given the responsibility and authority to develop and maintain proper internal controls on all financial aspects of the City and maintain all the books of the City for inspection. Because the cost of internal controls should not significantly outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

The Chief Financial Officer shall evaluate the fiscal impact of proposed changes in all salaries or retirement benefits to be provided to any employee or employee association and present to the City Council.

## SUPPLEMENTAL INFORMATION

---

The Chief Financial Officer shall endeavor to maintain cash reserves sufficient to fully fund the net present value of accruing liabilities including self-insurance provisions, obligations to employees for vested payroll and benefits, and similar obligations as they are incurred, and to maintain the highest credit rating possible for the City.

The Chief Financial Officer shall prepare and present to the City Council interim revenue and expenditure trends to allow evaluation of potential discrepancies from budget assumptions.

The City Council shall avoid committing to new spending for operating or capital improvement purposes until an analysis of all current and future cost implications is completed and presented to it by the Chief Financial Officer.

### **Operating Management Policies**

The Chief Financial Officer is primarily responsible for the development, implementation, and evaluation of all financial and human resource management policies and procedures. However, all departments will participate in the responsibility of meeting policy goals, budget goals, and ensuring the long-term financial health of the City. Future work plans, program initiatives, and performance measures will be developed to reflect current policy directives, projected resources, and future service requirements.



The budget process is intended to weigh all competing requests for City resources within expected fiscal constraints. Requests for new, ongoing programs made outside the budget process will be discouraged.

The City will endeavor to avoid budgetary and accounting procedures that balance the current budget at the expense of future budgets.

Budget development will use strategic multi-year fiscal planning, conservative revenue forecasts, and program-based cost accounting that require every program to be justified annually in terms of meeting

## SUPPLEMENTAL INFORMATION

---

intended objectives (“effectiveness criteria”). The process will include a diligent review of programs by staff, the Chief Financial Officer, and City Council.

Utilization of a program budget format will provide a basis for evaluation of service and other impacts of potential increases or decreases in funding.

Revenues will not be dedicated for specific purposes, unless required by law or generally accepted accounting practices (GAAP). All non-restricted revenues will be deposited in the General Fund (or other designated fund as approved by the Chief Financial Officer) and appropriated by the City Council.

Current revenues will fund current expenditures and a diversified and stable revenue system will be developed and maintained to protect programs from short-term fluctuations in any single revenue source.

Current operating expenditures for all fund types will include all allowable overhead operating costs. For the most part, these expenses will be charged to individual budget program elements as internal service fund charges. Included within the allocated service charges to Governmental Fund types will be funding adequate to maintain the approved capital program (unless financed through other debt instruments).

City staff shall strive to identify entrepreneurial solutions to recover costs of operating programs.

The City shall strive to avoid returning to the City Council for new or expanded appropriations. Exceptions may include emergencies, unforeseen impacts, mid-year adjustments or new opportunities.



Addition of personnel will only be requested to meet program initiatives and policy directives: after service needs have been thoroughly examined and it is substantiated that additional staffing will result in increased revenue or enhanced operating efficiencies. To the extent feasible, personnel cost reductions will be achieved through attrition or transfer.

All non-enterprise user fees and charges will be examined or adjusted every year and undergo a thorough review to determine the 100% direct and indirect cost of service recovery rate at least every four years.

## SUPPLEMENTAL INFORMATION

---

The Council will strive to obtain 100% cost recovery rates, but will reserve the right to recover less, as appropriate. The acceptable recovery rate and any associated changes to user fees and charges will be approved by the City Council following public review, each year.

Development impact fees, as permitted by state law, for capital expenses attributable to new development will be reviewed annually to ensure that fees recover 100% of direct and indirect development-related expenses and be approved by City Council. Any unfavorable balances in cost recovery will be brought to the City Council's attention by the Chief Financial Officer and affected Department Head, and evaluated from a departmental, program, and goals perspective.

Capital equipment replacement will be accomplished through a life cycle of funding mechanism and in some instances the use of a "rental" rate structure. The rates will be revised annually to ensure that charges to operating departments are sufficient for operation and replacement of vehicles and other capital equipment (fleet, computers, phones, and copier systems). The City shall endeavor to maintain adequate cash reserves to fund 100% replacement of certain capital equipment. Replacement costs will be based upon equipment lifecycle financial analysis developed by each department and approved by the Chief Financial Officer. Non-capital equipment replacement will be set up in a separate fund and will be accomplished through a life cycle funding mechanism developed by each department and implemented and approved by the Chief Financial Officer.

Grant funding will be considered to leverage City funds. Inconsistent and/or fluctuating grants should not be used to fund ongoing programs. Programs financed with grant monies will be budgeted in separate cost centers, and the service program will be adjusted to reflect the level of available funding. In the event of reduced grant funding, City resources will be substituted only after all program priorities and alternatives are considered.

Balanced revenue and expenditure forecasts will be prepared by the Chief Financial Officer to examine the City's ability to absorb operating costs due to changes in the economy, service demands, and capital improvements. The forecast will be updated annually and include a four or five-year outlook. The Chief Financial Officer will prepare and present these estimates to the City Council at least once a year.

Alternative means of service delivery will be evaluated by the Chief Financial Officer to ensure that quality services are provided to our citizens at the most competitive and economical cost. Departments, in cooperation with the City Manager and Chief Financial Officer, will identify all activities that could be provided by another source and review options/alternatives to current service delivery. The review of service delivery alternatives and the need for the service will be performed annually or on an "opportunity" basis.

Cash and Investment programs will be maintained in accordance with the Government Code and the adopted investment policy and will ensure that proper controls and safeguards are maintained. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order. Pursuant to State law, the City Treasurer and the Chief Financial Officer, at least annually, shall recommend necessary revisions to the City Council of a detailed

## SUPPLEMENTAL INFORMATION

---

investment policy. In addition to liquidity requirements, the City Treasurer and Chief Financial Officer will also consider the appropriateness of investment decisions vis-à-vis debt management.

The City, through the Chief Financial Officer and the Administrative Services Department, will follow an aggressive, consistent, but sensitive policy of collecting revenues, with proper internal controls, to meet the needs of the City and follow all applicable state and federal laws.



### **Capital Management Policies**

A five-year Capital Improvement Plan (CIP) will be developed and updated annually, including anticipated funding sources. Capital improvement projects are defined as infrastructure or equipment purchases or construction which results in a capitalized asset and having a useful (depreciable life) of two years or more.

The CIP will attempt to include adequate funding to support repair and replacement of deteriorating infrastructure and avoidance of a significant unfunded liability.

Proposed capital projects will be considered through the City budget development process and reviewed and prioritized by a cross-departmental team regarding accurate costing (design, capital, and operating) as well as the Chief Financial Officer for overall consistency with the City's goals and objectives. The City's Chief Financial Officer will then identify financing sources for the highest-ranking projects. Prior to adoption by the City Council, the CIP will be reviewed by the Planning Commission for conformity with the General Plan.

## SUPPLEMENTAL INFORMATION

---



Capital project contract awards will include a fiscal impact statement disclosing the expected operating impact of the project and when such cost is expected to occur.

Pay-as-you-go Capital Improvement Plan financing should account for a minimum of 50% of all capital improvement projects for each five-year planning period. Pay-as-you-go financing is defined as all sources of revenue other than City debt issuance, i.e., fund balance contributions, developer contributions, grants, endowments, etc. Pay-as-you-go financing should generally be considered as the preferred option. However, the potential for debt issuance that provides additional economic and/or strategic values could be considered as recommended by the Chief Financial Officer.



The City shall endeavor to apply restricted funds (i.e., In-lieu Parking, Gas Tax Funds or existing Bond proceeds) to capital projects before using “unrestricted” funds.

## SUPPLEMENTAL INFORMATION

---

### **Debt Management Policies**

The Chief Financial Officer will seek to maintain and, if possible, improve the current bond rating(s) in order to minimize borrowing costs and preserve access to credit.

New debt issues, and refinancing of existing debt, must be analyzed for compatibility within the City's overall financial planning and approved by the Chief Financial Officer. The review shall not be limited to cash flow analysis, potential for unexpected revenue surprises, and the maintenance of the City's bond ratings. Annual debt service shall not produce an inordinate impact upon future operations.

The Chief Financial Officer will ensure that City Debt Service costs within the General Fund should not exceed 15% of the City's operating revenue in order to control fixed costs and ensure expenditure flexibility. Improvement District, Enterprise Fund, and general obligation debt service is not included in this calculation because it is paid by district property owners, service users or taxpayers and is not an obligation of future general fund revenues.

General Obligation debt, which is supported by property tax revenue which grows in proportion to the City's assessed valuation and/or property tax rate increases, may be utilized if/when authorized by voters. Other types of debt (e.g., water, sewer, and parking) may also be utilized when they are supported by dedicated revenue sources (e.g., fees and user charges) and recommended by the Chief Financial Officer.

Debt financing should not exceed the useful life of the infrastructure improvement with the average (weighted) bond maturities at or below thirty years, unless otherwise authorized by Council.

A ratio of current assets to current liabilities of at least 2/1 will be maintained to ensure the City's ability to pay short-term obligations.

Utility rates will be set, at a minimum, to ensure the ratio of revenue to debt service meets our bond indenture requirement (generally a minimum of 125% of debt service). In addition, higher revenue to expense ratios may be needed to secure the City's bond rating, as determined by the Chief Financial Officer. When calculating debt services coverage for internal purposes, the minimum pay-as-you-go capital expense for each enterprise fund will be considered a part of the operating costs to be covered by pre-debt service revenues. The City goal will be to maintain the required debt service coverage with this additional cost factored into the equation. Use of a 5-year budget projection, including capital project requirements, will provide assurance that all needs are considered by the Chief Financial Officer, the Public Works Commission and City Council as revenue requirements are considered.



### Reserve Policies

#### General Fund

All fund designations and reserves will be evaluated annually by the Chief Financial Officer for long-term adequacy and use requirements in conjunction with development of the City's balanced five year financial plan. In adhering to GAAP, the City follows appropriate Governmental Accounting Standards Board (GASB) Statements, one of which No. 54 (GASB 54) addresses Fund Balance Reporting. Compliance with GASB 54 requires use of the terms below to define various components of fund balance. For future reporting of City reserves these terms shall be used to define what comprises the reserve.

- a) **Non-spendable fund balance** (inherently non-spendable) include the :
  - Portion of net resources that cannot be spent because of their form, and
  - Portion of net resources that cannot be spent because they must be maintained intact
- b) **Restricted fund balance** (externally enforceable limitations on use) include amounts subject to:
  - Limitations imposed by creditors, grantors, contributors, or laws and regulations of other government
  - Limitations imposed by law through constitutional provision or enabling legislation
- c) **Committed fund balance** (self-imposed limitation set in place prior to the end of the period):
  - Limitation imposed at the highest level of decision making that requires formal action at the same level to remove. For the City, the City Council is the highest level of decision making.
  - Resources accumulated pursuant to stabilization arrangements would fit in this category only if the arrangement is specific regarding the circumstances when spending would be permitted, and those circumstances would need to be of a non-routine nature.

## SUPPLEMENTAL INFORMATION

---

- d) **Assigned fund balance** (limitation resulting from intended use) consists of amounts where the:
- Intended use is established by the body designated for that purpose (City Council),
  - Intended use is established by official designated for that purpose. For the City, the City Manager is the designated official
- e) **Unassigned fund balance** (residual net resources) is the:
- Total fund balance in the general fund in excess of non-spendable, restricted, committed, and assigned fund balance
  - Excess of non-spendable, restricted, and committed fund balance over total fund balance

It is a goal of the City to obtain and maintain a general operating reserve in the form of cash, of at least 40% of operating revenues. The first 25% of operating revenues shall be considered a contingency reserve to cover normal seasonal cash flow variations, as well as unforeseen emergency or catastrophic impacts upon the City. Reserve funds in excess of 25% of operating revenues may be used for short term economic investment in the community when justified by projected financial return to the City and specifically authorized by the City Council, upon recommendation of the Chief Financial Officer.

In addition to cash specifically maintained in the General Fund, we recognize the following cash reserve resources as being available to meet sudden negative fiscal impacts in the short term:

- Equipment Replacement Fund (Fund 400)
- Capital Assets Fund (Fund 405)
- Information Technology Fund (Fund 410)
- Cable Television Fund (Fund 420)
- Reprographics/Graphics Fund (Fund 430)
- Employee Benefits Fund (Fund 440)
- Liability Self-Insurance Fund (Fund 450) (only in excess of required reserves)
- Worker's Compensation Self-Insurance Fund (Fund 460) (only in excess of required reserves)
- Vehicle Replacement Fund (Fund 490)

One-time revenue windfalls should be designated as a reserve or used for one-time expenditures. The funds are not to be used for on-going operations. To the extent such funds are not required for current expenditures, one-time expenditures and/or capital improvements such funds should be maintained as operating reserves or used to reduce debt.

## SUPPLEMENTAL INFORMATION

---

For purposes of this policy, one-time revenue windfalls shall include:

- Lump sum (net present value) savings from debt restructuring
- CalPERS Rebates
- Tax Revenue growth in excess of 5% in a single year
- Sale of city-owned real estate
- Pure unexpected revenues (i.e. litigation settlement)
- Receipts from approved Development Agreements
- Contributions and Gifts
- Any other revenues the City Council may elect to designate as extraordinary

Sufficient reserves shall be maintained in internal service funds to prevent extended disruption of service in the event of natural disasters or other interruptions of revenue collections. Determination of adequate reserves will be reviewed annually by the Chief Financial Officer and guided by the following:

Self-Insurance Reserves (liability, workers' compensation, other) will be maintained at a level, which, together with purchased insurance policies, will adequately cover the City's property, liability, and health benefit risk. A qualified actuarial firm shall be retained and report on a bi-annual basis recommended appropriate funding levels. The City shall endeavor to maintain reserves equal to 90% of the estimated net present value of such liabilities.

Fleet Management, Building, Equipment, and Information Technology reserves will be maintained based upon lifecycle replacement plans to ensure adequate fund balance required for systematic replacement of fleet vehicles, building components and systems, computers and related equipment, and operational contingencies. Operating departments will be charged over the useful life of the asset used. The City shall endeavor to stabilize funding by building reserves equal to the anticipated replacement cost of each asset class at end of useful life.

Enterprise Fund (Water, Parking Operations, Solid Waste, Wastewater, and Clean Water) user fees and charges will be examined annually to ensure that they recover all direct and indirect costs of service, provide for capital improvements and maintenance, and maintain adequate reserves. Secondly, maintenance of cash reserves will provide a de facto rate stabilization plan. Rate increases shall be approved by the City Council following formal noticing and public hearing. Rate adjustments for enterprise operations will be based on five-year financial plans unless a conscious decision is made to the contrary. The target level of operating cash reserves shall be 50% of gross annual user revenues.

Contingency Reserves, to be determined annually by the Chief Financial Officer, will be maintained to offset unanticipated revenue shortfalls and/or unexpected expenditure increases. Contingency reserves may also be used for unanticipated and/or inadequately budgeted events threatening the public health or safety. Use of contingency funds shall be approved at recommendation of the Chief Financial Officer.

## SUPPLEMENTAL INFORMATION

---

Budget Reserves are presented in the Comprehensive Annual Financial Report (CAFR) in the Financial Statement section designated as unreserved fund balance. The City's CAFR is available on the City's website at [www.beverlyhills.org](http://www.beverlyhills.org).

### **Audit Policies**

An annual audit will be performed by an independent public accounting firm with an audit opinion to be included with the City's published Comprehensive Annual Financial Report (CAFR).

The City Council will maintain a standing committee of its members to serve as the Audit Committee to provide oversight and review of the annual and special audits of the City. The Committee will meet at least twice annually with the City's independent auditor, once for a pre-audit meeting, and once for a review of the final audit results.

Internal audit activities are typically identified as work plan items in the operating budget and are approved by the City Council through the annual budget process. The results of these audits are then presented to the City Council Audit Committee for consideration and later reported to the full City Council for its review and consideration. Should conditions necessitate an urgent internal audit of a particular area not included as a work plan item, the Audit Committee will be advised and the results of the audit will be reviewed with the Committee.



### **Debt Administration**

The City has a number of debt issues outstanding. These issues, net of unamortized original issue discounts, premiums and deferred amounts on refunding, include \$262,715,132 of revenue bonds as of June 30, 2014. The City's bonds were issued primarily to finance or refinance capital facilities.

Under current State statutes, the City's general obligation bonded debts are subject to a legal limitation based on 3.75% of total assessed value of real and personal property. The City has no general obligation debt applicable to the debt limit. In addition to the restriction of the legal debt limitations, California's

## SUPPLEMENTAL INFORMATION

---

Constitution requires that a two-thirds majority vote be obtained for California cities to issue general obligation debt.

A description of individual bond issues follows:

### **Revenue Bonds**

2008 Refunding Water Revenue Bonds - \$30,735,000 Public Financing Authority, Water Revenue Bonds, issued March 2008, are due in annual installments ranging from \$670,000 to \$2,360,000 through June 1, 2024, with interest rates ranging from 3.00% to 5.00% payable semiannually June 1 and December 1. The Bonds are special limited obligations of the Public Financing Authority and are primarily payable from installment payments from the City pursuant to an installment sale agreement dated April 1, 2008. The City's obligation to make installment payments is solely payable from and secured by a pledge of net revenues of the Water Enterprise Fund. The advance refunding resulted in an economic gain (difference between the present value of the debt services payments on the old and new debt) of \$ 389,918 and a reduction of total debt service payments of \$601,184. The 2008 WRBs were issued in part to advance refunding of the 1998 WRBs, which were in turn issued for multiple purposes. The non-refunding portion was issued for acquiring an existing water treatment plant.

2008 Refunding Wastewater Revenue Bonds - \$17,035,000. Public Financing Authority, Wastewater Revenue Bonds, issued April 2009, are due in annual installments ranging from \$910,000 to \$1,555,000 through June 1, 2022, with interest rates ranging from 2.40% to 5.00% payable semiannually June 1 and December 1. The Bonds are special limited obligations of the Public Financing Authority and are primarily payable from installment payments from the City pursuant to an installment sale agreement dated May 1, 2008. The City's obligation to make installment payments is solely payable from and secured by a pledge of net revenues of the Wastewater Enterprise Fund. The advance refunding resulted in an economic gain (difference between the present value of the debt services payments on the old and new debt) of \$ 793,750 and a reduction of total debt service payments of \$1,161,564. The 2008 WWRBs were issued to advance refunding of the 1998 WWRBs, which were in turn issued for multiple purposes.

2009 Lease Revenue Bonds – \$72,015,000 Public Financing Authority, 2009 Lease Revenue Bonds, issued December 2009, are due in annual installments ranging from \$210,000 to \$8,445,000 through June 1, 2039, with interest rates ranging from 0.65% to 5.00% payable semiannually June 1 and December 1. The Bonds are special limited obligations of the Public Financing Authority and are payable solely from rent payments from the City pursuant to a lease agreement. The advance refunding resulted in an economic gain (difference between the present value of the debt services payments on the old and new debt) of \$ 6,690,454 and a reduction of total debt service payments of \$8,885,308. The 2009 LRBs were issued in part to advance refunding of the 1999 and 2001 LRBs, which were in turn issued for multiple purposes. The non-refunding portion was issued for multiple purposes as well. Thus the principal has been allocated and is accounted for in the appropriate City funds (enterprise, internal service funds, and general government). During FY2011-12, the City issued the 2012 Lease Revenue Bonds as well as the 2012 Water Revenue Bonds. These bonds transactions included a transfer of ownership of the 2009

## SUPPLEMENTAL INFORMATION

---

LRB liability from the Water Enterprise Fund to the Capital Assets Funds. The total amount of bonds outstanding was unaffected.

2010 Lease Revenue Bonds - \$62,565,000 Public Financing Authority, 2010 Lease Revenue Bonds, issued August 2010, are due in annual installments ranging from \$930,000 to \$5,825,000 through June 1, 2040, with interest rates ranging from 0.52% to 6.774% payable semiannually June 1 and December 1. The Bonds are special limited obligations of the Public Financing Authority and are payable solely from rent payments from the City pursuant to a lease agreement. The 2010 LRBs were issued in three distinct series. Series A bonds had a value of \$13,705,000; Series B bonds had a value of \$28,940,000, and Series C Build America Bonds had a value of \$19,920,000. The Series A bonds and the Series C Build America Bonds were issued primarily to finance the acquisition and construction of certain capital improvements to be owned and operated by the City. The taxable Series B bonds were issued primarily to finance a portion of the acquisition and construction costs of the improvements previously mentioned, and to fund the City's alternative retiree medical program (ARMP).

2012 Water Revenue Bonds - \$38,925,000 Public Financing Authority, Water Revenue Bonds, issued April 2012, are due in annual installments ranging from \$215,000 to \$2,520,000 through June 1, 2037, with interest rates ranging from 3.00% to 5.00% payable semiannually June 1 and December 1. The Bonds issued are (i) to refund on a current basis an outstanding issue of the Authority's bonds captioned "City of Beverly Hills Public Financing Authority, 2007 Water Revenue Bonds", (ii) to prepay certain obligations of the Water Enterprise in order to contribute funds toward the refunding of an outstanding lease revenue bond issue of the Authority, and (iii) to pay the costs of issuing the Bond. The Bonds are special limited obligations of the Public Financing Authority and are primarily payable from installment payments from the City pursuant to an installment sale agreement dated April 11, 2002. The advance refunding resulted in an economic gain (difference between the present value of the debt services payments on the old and new debt) of \$4,090,450 and a reduction of total debt service payments of \$9,849,432. The City's obligation to make installment payments is solely payable from and secured by a pledge of net revenues of the Water Enterprise Fund.

2012 Lease Revenue Bonds - \$58,140,000 Public Financing Authority, 2012 Lease Revenue Bonds, issued April 2012, are due in annual installments ranging from \$90,000 to \$6,115,000 through June 1, 2037, with interest rates ranging from 2.00% to 5.00% payable semiannually June 1 and December 1. The Bonds issued are primarily to refund on a current basis the outstanding bonds of the Authority captioned "City of Beverly Hills Public Financing Authority 2007 Lease Revenue bonds (Capital Improvements Projects)." In addition, the proceeds of the Bonds will pay the costs of issuing the Bond. The principal has been allocated and is accounted for in the appropriate City funds (enterprise, internal service funds, and general government). The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$6,900,883 and a reduction of total debt service payments of \$19,518,863.

## SUPPLEMENTAL INFORMATION

2013 Lease Revenue Bonds - \$19,020,000 Public Financing Authority, 2013 Lease Revenue Refunding Bonds, Series A (2003 Refunding Project) issued June 2013, are due in annual installments ranging from \$9,755,000 to \$9,265,000 through June 1, 2015, with an interest rate of 3.00% payable semiannually June 1 and December 1. The Bonds issued are primarily to refund on a current basis the outstanding bonds of the Authority captioned "City of Beverly Hills Public Financing Authority 2003 Lease Revenue bonds, Series A." In addition, the proceeds of the Bonds will pay the costs of issuing the Bond. The principal has been allocated and is accounted for in the appropriate City funds (enterprise and general government). The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,188,504 and a reduction of total debt service payments of \$1,193,245.

### Note Payable

On January 26th, 2009 the City of Beverly Hills Public Financing Authority entered into an agreement with City National Bank to borrow against a line of credit up to an amount of \$32,000,000 for the construction of a 72,460 sq. ft. four story office building at 331 N. Foothill Road, Beverly Hills, CA 90210. The line of credit was drawn down through December of 2010, at which time, the City converted the line of credit into a long term obligation. The obligation has a term of 15 years and an interest rate of 5.72%. Interest and principal are payable in the amount of \$265,217 per month on the first day of the month after the loan closing. This translates to an annual repayment amount of \$3,185,604. As of June 30, 2014, the amount borrowed against the line of credit is \$32,000,000. The asset pledged as security for the loan is the constructed 72,460 sq. ft. four story office building at 331 N. Foothill Road, Beverly Hills, CA 90210. As of June 30, 2014, the balance of the note payable was \$26,881,191.

Fiscal Year	Revenue Bonds				Note Payable		Total		Total Debt Service
	Governmental Activities		Business-type Activities		Governmental Activities		Principal	Interest	
	Principal	Interest	Principal	Interest	Principal	Interest			
2015	7,894,405	5,260,374	7,825,595	6,053,914	1,667,144	1,515,465	17,387,144	12,829,754	30,216,898
2016	10,104,161	5,018,267	7,275,839	5,778,679	1,762,520	1,420,089	19,142,520	12,217,035	31,359,555
2017	10,528,127	4,586,531	7,591,873	5,476,495	1,871,419	1,311,191	19,991,419	11,374,216	31,365,635
2018	10,983,532	4,126,812	7,906,468	5,158,250	1,982,882	1,199,727	20,872,882	10,484,789	31,357,671
2019	11,467,617	3,636,899	8,257,383	4,812,754	2,100,984	1,081,625	21,825,984	9,531,278	31,357,262
2020-2024	34,022,917	11,651,758	33,172,083	18,961,257	12,533,549	3,379,498	79,728,549	33,992,513	113,721,062
2025-2029	20,458,332	5,323,080	18,681,668	12,743,061	4,962,693	241,377	44,102,693	18,307,517	62,410,210
2030-2034	6,800,779	2,178,551	17,384,221	8,053,525	-	-	24,185,000	10,232,076	34,417,076
2035-2039	5,920,906	671,820	15,669,094	2,938,181	-	-	21,590,000	3,610,001	25,200,001
2040-2044	-	-	1,685,000	114,142	-	-	1,685,000	114,142	1,799,142
Total minimum debt service payments	\$ 118,180,776	42,454,091	125,449,224	70,090,258	26,881,191	10,148,972	270,511,191	122,693,321	393,204,512
Unamortized portion of: Original issue premium	9,629,251	-	9,455,881	-	-	-	19,085,132	-	19,085,132
Net total debt outstanding	\$ 127,810,027	-	134,905,105	-	26,881,191	-	289,596,323	-	412,289,644

## SUPPLEMENTAL INFORMATION

---

### **Employee Benefits**

#### **Retirement Benefits**

Through two defined benefit pension plans, one for its safety employees and one for its miscellaneous employees, the City provides its full-time and certain part-time employees retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. The benefit is payable monthly for life, based on formulae that range from 2.7% at age 57 to a 3% at age 50 applied to the final salary and multiplied by the years of service for safety employees, and a range of 2.0% at age 62 to 2.5% at age 55 applied to the final salary and multiplied by the years of service for non-safety employees. These plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), agent-multiple employer plans administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. The City makes contributions to the plans based on amounts determined by CalPERS actuaries. As a result of the 2001 and 2005 Plan Amendments and the poor performance of CalPERS' investments during the recession, the safety plan and miscellaneous plans are no longer over-funded. As of the latest plan valuation date, June 30, 2013, the funded status of the safety employees plan improved from 65.9% to 69.5% based the market value of assets. Similarly, the funded status of the Miscellaneous employees plan improved from 68.9% to 74% based on market value of assets. The City has negotiated a percentage of employee paid PERS costs for all Safety employees and miscellaneous employees.



#### **Health Insurance Benefits**

The City has negotiated a modified, cost-sharing program in most of the agreements with the bargaining units. The City is currently enrolled in various health care plans administered by CalPERS.

## SUPPLEMENTAL INFORMATION

---

### **Post-retirement Health Care Benefits**

The City also provides post-retirement health care benefits to its employees in accordance with agreements reached with the various employees bargaining groups. The City pays for retirees' health care premiums in these plans up to limits established in the agreements with the bargaining units. These payments are financed on a pay-as-you-go basis. In January 2010, the City changed this benefit to a defined contribution plan for all newly hired employees. In addition, the City offered a plan to all employees hired prior to January 1, 2010, to convert those employees from a defined benefit plan to a defined contribution plan. Approximately 280 employees opted for this conversion, which will result in a cap on the City's obligations in this area and result in a significant reduction in the City's unfunded liability for this benefit.

### **Dental and Vision Insurance Benefits**

The City pays the full premium for full time employees and dependents. Guardian provides dental insurance and Vision Service Plan (VSP) provides Vision insurance.

### **Term Life Insurance Policy Benefit**

The City pays the full premium of term life insurance for either \$50,000 or \$100,000 or \$300,000 of coverage in accordance with agreements reached with the various employees bargaining groups.

### **Deferred Compensation Benefit**

The City offers two deferred compensation plans: a 401(k) Profit Sharing Plan and a 457 Deferred Compensation Plan, administered by the ICMA Retirement Corp to all of its full time employees. These employees may contribute to neither plan, one or both plans. Both plans provide for pre-tax contributions through payroll deductions and tax-deferred growth on your account balance. The City's contribution is determined in accordance with agreements reached with the various employees bargaining groups.

## SUPPLEMENTAL INFORMATION

### Budget Calendar

Step #	TASK NAME	START	FINISH
1	<b>Budget Kickoff Meeting and Distribution of Budget Manual</b> Budget manuals are distributed, and requirements for FY 2015/16 budget process are discussed. Monday, December 1st, 10:30am - 11:30am, City Council Chambers	12/01/14	
2	<b>Budget Enhancements</b> Departments prepare Budget Enhancement forms to request additions to their base budget, including increases to personnel funding.	12/01/14	12/31/14
3	<b>Personnel Allocation Review by each Department</b> a) Review current position allocations and make needed changes. b) Review of Part-time hours / budgets	12/01/14	01/09/15
4	<b>Department Organization Chart</b> Departments prepare Organization Chart in Visio	12/01/14	01/16/15
5	<b>Prepare Department and Program Pages in Excel Spreadsheets</b> Update Department Mission Statement, update Program Descriptions and Program Goals, refine On-going Tasks, Work Plans, and Performance Measures.	12/01/14	01/16/15
6	<b>Budget Software / Application Training Session</b> Monday, December 8th, 11:00am - 1:00pm, HR Training Room <i>LUNCH WILL BE SERVED</i>	12/08/14	
7	<b>Munis Next Year Budget Entry Open for Departmental Input</b> Departments make changes to expenditures for FY 2015/16. Departments input revenue projections for FY 2015/16.	12/08/14	01/16/15
8	<b>Internal Service Fund Charges</b> ISF Charges spreadsheets are sent out to departments for updating.	12/09/14	01/10/15

## SUPPLEMENTAL INFORMATION

Step #	TASK NAME	START	FINISH
9	<b>City Council Goals / Priority Setting Session</b>	12/09/14	
10	<b>Departments Review CIP Spreadsheets &amp; Submit CIP Budget Enhancements</b> - CIP budget spreadsheets prepared by OMB and distributed to CIP project managers for review and projection of year-end completion dates and anticipated expenditures. - CIP budget enhancements for new CIP projects prepared by CIP project managers and submitted to OMB for review and possible inclusion into the CIP spreadsheets.	12/15/14	12/31/14
	<b>HOLIDAY - Passover (begins at sunset 12/16)</b>	12/16/14	12/24/14
	<b>HOLIDAY - Christmas (City Hall Closed)</b>	12/25/14	
	<b>HOLIDAY - New Year's Day (City Hall Closed)</b>	01/01/15	
	<b>Departments Prepare Mid-Year Status Reports</b> Update Work Plans, Performance Measures, and CIP Status in Daptiv	01/02/15	01/20/15
11	<b>Monthly Meeting with Budget Coordinators - Discuss Budget Process / Issues</b> HR Training Room - 10:00am - 11:00am	01/05/15	
12	<b>Equipment Replacement/Fund 40 - Departments Update Spreadsheets</b> OMB sends out Equipment Replacement spreadsheets to departments for updating.	01/05/15	02/05/15
13	<b>Fees and Charges annual increase proposal to Departments for Review</b> Departments to review increases to their fees and charges.	01/09/15	02/06/15
14	<b>1st CIP Planning Committee Meeting</b> Review existing FY 2014/15 CIP Projects, recap projection of year-end completion dates and expenditures, and CIP departments present list of project priorities. Tuesday, January 13, 2015 9:00am - 11:00am Municipal Gallery	01/13/15	
	<b>HOLIDAY - Martin Luther King, Jr. (City Hall Closed)</b>	01/19/15	

## SUPPLEMENTAL INFORMATION

Step #	TASK NAME	START	FINISH
15	<b>OMB Work and Analysis of Budget</b> OMB's Work on Revenue and Expenditure Schedules, Final Adjustments to ISF Charges, Review Budget Enhancements, and Format Department Program Pages.	01/20/15	02/27/15
16	<b>Commissions Review New Work Plans</b> Departments meet with their Commissions to review new Work Plans.	02/02/15	02/27/15
17	<b>Monthly Meeting with Budget Coordinators - Discuss Budget Process / Issues</b> HR Training Room - 4:00pm - 5:00pm	02/02/15	
18	<b>2nd CIP Planning Committee Meeting</b> Review FY 2015/16 CIPs (include both potential carryovers and proposed new projects) and meeting with Executive Subcommittee to determine critical need projects. Tuesday, February 10, 2015 2:00 - 4:00, 4th Floor Conf. Room 4A	02/10/15	
<b>HOLIDAY - President's Day (City Hall Closed)</b>		02/16/15	
19	<b>3rd CIP Planning Committee Meeting</b> Identify resources available and make recommendations (evaluate operating budget impact on fund balance, and make CIP recommendations with available resources) Tuesday, February 24, 2015 2:00 - 4:00, 4th Floor Conf. Room 4A	02/24/15	
20	<b>Monthly Meeting with Budget Coordinators - Discuss Budget Process / Issues</b> HR Training Room - 4:00pm - 5:00pm	03/02/15	
<b>CITY COUNCIL ELECTION DAY</b>		03/03/15	
21	<b>Preliminary Budget to City Manager, Asst. CM, CFO, and Dept. Heads</b> Preliminary Budget provided to City Manager, Asst. CM, and CFO for review.	03/05/15	
22	<b>4th CIP Planning Committee Meeting</b> Present City Manager with CIP priority projects. Tuesday, March 10, 2015 2:00 - 4:00, 4th Floor Conf. Room 4A	03/10/15	
23	<b>Department Budget Meetings with City Manager</b> Department Heads present budgets to City Manager.	03/16/15	03/27/15
<b>MAYOR AND CITY COUNCIL INSTALLATION / REORGANIZATION</b>		03/24/15	

## SUPPLEMENTAL INFORMATION

Step #	TASK NAME	START	FINISH
24	<b>City Manager, Asst. City Manager, and CFO Review Budget Enhancements</b> City Manager, Assistant City Manager, and CFO review all budget enhancements.	03/31/15	
25	<b>Department Analysts Make Final Changes to Department Narratives</b> Dept. Analysts make final changes to Work Plans and Performance Measures.	04/01/15	
26	<b>City Manager Reviews Decisions on Enhancements with Department Heads</b> Wednesday after staff meeting from 12:00 noon - 3:00pm	04/01/15	
27	<b>OMB Budget Work</b> <ul style="list-style-type: none"> <li>• Changes to Equipment Replacements based on CM direction.</li> <li>• Recalculate ISF Charges &amp; Re-apply Charges to Departments.</li> <li>• Conduct final analysis on Expenditures and Revenues of Departments and Funds.</li> <li>• Recalculate Position Salaries and Benefits, Distribute, and Apply to Budget Module.</li> <li>• Download Department Pages and Validate all Expenditures and Revenues</li> <li>• Make Adjustments to Department Budget Expenditure and Revenue Tables.</li> <li>• Add Part-time Positions &amp; Hours to Budget Pages.</li> <li>• Format, Add Cover Pages &amp; Organization Charts, &amp; Footnotes.</li> <li>• If time permits, share narrative pages with departments for final review.</li> <li>• Draft City Manager's Budget Message</li> <li>• Introduction, Supplemental, Glossary &amp; Acronyms - Create Sections</li> </ul>	04/02/15	04/23/15
	<b>PASSOVER</b>	04/03/15	04/11/15
		04/05/15	
28	<b>Monthly Meeting with Budget Coordinators - Discuss Budget Process / Issues</b> HR Training Room - 2:00pm - 3:00pm	04/06/15	
29	<b>PowerPoint Template - OMB Create and Distribute to Departments</b>	04/13/15	04/17/15
30	<b>Public Hearing on Taxes, Fees, and Charges</b>	04/21/15	
31	<b>Distribute Budget to City Council</b> Deliver Budgets to City Council, CM, Department Heads, City Clerk, Press, Library, and Budget Review Committee	04/23/15	

## SUPPLEMENTAL INFORMATION

Step #	TASK NAME	START	FINISH
32	<b>Dry-run of Department Presentations to City Council</b> Departments go over their budget presentations in a practice dry-run Thursday, April 30th 1:00pm - 5:00pm, City Council Chambers	04/30/15	
33	<b>Monthly Meeting with Budget Coordinators - Discuss Budget Process / Issues</b> IT Training Room - 4:00pm - 5:00pm	05/04/15	
34	<b>City Council Budget Study Session #1</b>	05/05/15	tentative
35	<b>City Council Budget Study Session #2</b>	05/07/15	tentative
36	<b>City Council Budget and CIP Study Session #3</b>	05/12/15	tentative
<b>MEMORIAL DAY - MONDAY (City Hall Closed)</b>		5/25/15	
37	<b>Monthly Meeting with Budget Coordinators - Discuss Budget Process / Issues</b> HR Training Room - 2:00pm - 3:00pm	06/01/15	
38	<b>City Council approves Final Budget, CIP Budget, and GANN Limits</b>	06/08/15	
<b>Departments Prepare Year-End Status Reports</b> Update Work Plans and Performance Measures in Daptiv		07/01/15	07/20/15
39	<b>Schedule Budget Recap Meeting with MA's</b> Hold meeting the week of July 27th	07/27/15	07/30/15

## SUPPLEMENTAL INFORMATION

---

### **Budget Timeline**

The Budget is based upon an in-depth analysis of actual and projected fund balances, revenues, and expenditures. Each City department prepares program budget detail for each of their activities and recommends certain service levels and goals for the upcoming budget year. After the City Council has determined its priorities for the next fiscal year, departments finalize their budgetary requests to address these priorities. The Budget and Revenue Office prepares revenue projections based upon input from other departments. The City Manager then reviews individual departmental requests, prioritizes activities based upon City Council policy, and makes certain adjustments. At this point, the proposed budget is prepared and is submitted to the City Council for review.

In December 2014, each department was provided with a budget calendar, information packet and various financials. Departments submitted proposed revenues and expenditures for the 2015/16 fiscal year based on certain service levels and activity goals. The City Manager's recommended budget is presented to the City Council in April 2015. Following the City Council Study Sessions in May, the FY 2015/16 Budget will be presented to the City Council for adoption in June 2015.

### **Budget Appropriations**

Appropriations are the amounts approved for expenditure by the City Council with the adoption of the annual budget and subsequent budget amendments which are brought to the City Council for approval. Appropriations are separated by object categories within an activity budget. The object categories available are: 1) Employee Services; 2) Supplies and Services; 3) Internal Services; 4) Debt Service; 5) Capital Outlay; and 6) Transfers. The legal level of control is established as follows:

A Department Director has the authority to transfer between supply and services line items within his/her department to facilitate the functions of the activity in accordance with the directions, goals, and policies of the City Council.

The City Manager or his designee may transfer appropriations between and among all funds, as defined in the budget. A semi-annual report shall be made to the Council describing each transfer between funds and the reason therefore.

### **Budgetary Control**

Budgetary control is maintained through monthly reports of revenue and expenditure accounts. The detailed monthly reports are reviewed by the Office of Management and Budget, the Chief Financial Officer, the City Manager, and each Department. The City Council is provided a summary report semi-annually.

## SUPPLEMENTAL INFORMATION

---

### **Budget Amendments**

The budget, as adopted by the City Council, can be amended during the fiscal year. The need to amend or adjust the budget typically arises in response to unforeseen circumstances or events. For example, the City Council is required to formally recognize the receipt of unanticipated revenue before the City can legally accept and spend new money. In other cases, a department may need to transfer funds to cover an unexpected shortfall in another account.

The City Manager is authorized to amend Council-approved appropriations if such amendments are necessary and proper. The appropriation adjustment process consists of the following steps:

- 1) An “Appropriation Request/Transfer” is prepared through workflow in Munis by the department.
- 2) The request is flows to the Administrative Services Department for review
- 3) The request then flows to the City Manager for approval
- 4) Once approved, the request is posted in the Munis system.
- 5) The department receives authorization to use the adjusted appropriations.

In August/September, staff also coordinates the carryover of the prior year’s unexpended appropriations primarily for capital projects.

