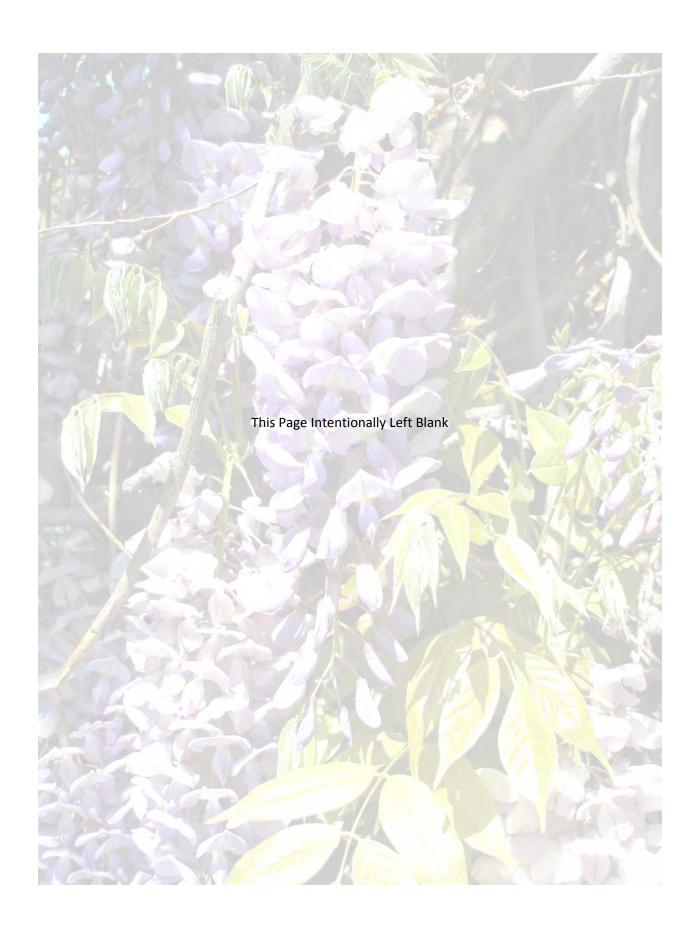
City of Sierra Madre, California

Village of the Foothills



City Overview FY 2013-2015





CITY OF SIERRA MADRE

STRATEGIC PLAN

April 4, 2013 (held biannually)

MISSION STATEMENT

The City of Sierra Madre provides quality, cost-effective public services that preserve the small town character and enhance the health, safety and welfare of the community.

VISION STATEMENT

The All-America City of Sierra Madre will be recognized as a thriving, civically engaged community that honors its past, lives in the present and plans for the future.

CORE VALUES

The City of Sierra Madre values . . .

- efficiency and effectiveness
 - honesty and integrity
- financial accountability
 - teamwork
- community participation
 - small town character

THREE-YEAR GOALS

2012-2015 • not in priority order

Maintain and improve the City infrastructure

Maintain financial stability and sustainability

Attract, develop and retain quality staff

Preserve our small town character with a vibrant downtown

Make Sierra Madre an economically and environmentally sustainable community, especially regarding water



City Overview

Council-Manager Form of Government

Under the council-manager form of government, the elected governing body, City Council, is responsible for establishing policy, passing local ordinances, voting appropriations, and developing an overall vision for the City of Sierra Madre. Under such a government, the Mayor performs primarily ceremonial duties and is the presiding officer of the City Council. Selection of the Mayor and Mayor Pro-Tem is done annually in April through a Council nomination and vote.

The City Council then appoints a City Manager to oversee the daily operations of the government and implement the policies established by the governing body. The City Manager serves the governing body, often with an employment agreement or contract that specifies his or her duties and responsibilities.

A City Manager can be seen as a similar role to that of corporate chief executive officer (CEO) in providing professional management to an organization. Council-manager government is much like a publicly-traded corporation. In a corporation, the board of directors appoints a CEO, makes major decisions and wields representative power on behalf of shareholders. In council-manager government, the city council appoints a city manager, makes major decisions, and wields representative power on behalf of the citizens.

The Budget Process

The City of Sierra Madre budgets on a biennial basis. The next two year budget cycle begins on July 1, 2013 and ends on June 20, 2015. On September 25, 2012, staff presented the budget preparation process and schedule. Normally, the budget process would begin in early 2013 spring and conclude in June. It was recommended that the budget process begin much earlier than usual to achieve as much Council, Commission and community input as possible.

The four-phase process that was approved by the City Council is:

Phase I was an "All Commissions/Boards & City Council Budget Study Session," which was held on October 22, 2013. At this Special Meeting of the City Council and Commissions, staff provided information regarding the City's current and projected financial position. This was a big picture, general overview of the City's finances, current expenditure trends, and market increases that affected the City's ability to remain in balance while providing City services. The most significant challenge for staff, City Council and Commissions is that revenue increases for the last four years have increased less than 1% year-over-year; however, personnel and non-personnel costs have been increasing 3-5% year-over-year. This has resulted in a constant re-benchmarking of service levels so remain in balance with incoming revenues.



Phase II was an opportunity for each of the Commissions and Boards to present their budget priorities, and for the Council to provide direction regarding major budget policy issues. This occurred at the December 11, 2012 City Council meeting. In addition to receiving input from the Commissions/Boards, the City Council provided the following policy direction:

- To begin funding the JPIA aggregate retrospective balance for liability and workers' compensation, \$2.6 million liability
- To continue current allocations for deferred maintenance; fleet fund, facilities fund, administration, and information technology
- To reallocate approximately \$300,000 in internal service funds, because of the loss of the CRA
- To evaluate proposed capital improvement projects and purposes with the objective of funding maintenance projects that will have long term savings on operations
- To continue current funding of the City's Other Post-Employment Benefit (OPEB) liability.
- To identify resources for a cost of living increase for non-Police Associations employees.
- To continue to assess alternatives to reduce staffing through attrition.

Phase III was the actual budget preparation. Following the October 22, 2012 City Council meeting, the City Manager, working with Department Heads, discussed the proposed services in the upcoming budget cycle based upon the Councils' policy direction. During Phase III, Department Heads worked with their Commission or Boards to review and provide additional input into the department's budget proposal.

In addition to the above priorities, staff received City Council approval for:

- 1. Proposed staffing levels
- 2. Internal Service Fund Cost Allocation policy and rates used in the FY 2013-2015 biennial;
- 3. Authorization to reduce the "open to the public" hours for non-public safety offices, in order to efficiently operate with the proposed staffing levels.
- 4. Authorization to pursue non-monetary recruitment and retention strategies

The first public hearing was held May 14, 2013. This initiated Phase IV of the budget preparation process. The City Council adopted the City's GANN limit appropriations and fee schedule; thus approving the estimated revenue assumptions used in the biennial budget. In addition, the City Council discussed and approved the Capital Improvement Projects and Purchases included in the FY 2013-2015 budget.

At the direction of the City Council, staff completed the full draft of the FY 2013-2015 Proposed budget and posted it to the City's website allowing for public to review. The first full draft and department presentations were considered at the May 28, 2013 regular City Council meeting. During these meetings, the Council conducted the public hearings, considered individual department budgets, made their final modifications to adopt the FY 2013-2015 Biennial Budget.



Budgetary Control

The City Council is required to adopt an annual budget by June 30, prior to the beginning of the biennial budget cycle. The budgets are adopted on a basis that does not differ materially from Generally Accepted Accounting Priniciples (GAAP). An appropriated annual budget is legally adopted for the General and Special Revenue Governmental Funds. Annual appropriated budgets are not adopted for Debt Service Funds because bond indentures are used as the method for adequate budgetary control.

Capital Projects Funds do not have annual appropriated budgets. Instead, control over projects is maintained by means of a project-length capital improvement budget. This project-length budget authorizes total expenditures over the duration of a construction project, rather than year by year. Additionally, planned expenditures for the capital projects and purchases for the current budget cycle are reflected within the operating budgets of the appropriate fund whose resources are used to fund the project.

The City Manager maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the department level and within a single fund. The City Manager may authorize transfers of appropriations within a department so long as it is within a single fund. A department head may move funds within a single fund between divisions and categories (personnel and non-personnel) without City Manager approval. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds are each considered to be a single department. Supplemental appropriations during the year must be approved by the City Council. These appropriations, representing amendments to the budget during the year, could be significant in relationship to the original budget as adopted (see Budget Amendment Procedures).

The City uses an "encumbrance system". Under this procedure, commitments such as purchase orders and contracts at year-end are recorded as reserved fund balance. In order to be an encumbered appropriation there must be either an approved purchase order or contract in force as of June 30. All unencumbered appropriations lapse at fiscal year-end.

Budget Amendment Procedures

The City's operating budget may be amended by three methods:

- 1. Purchase order carryovers
- 2. Administrative carryovers approved by the City Manager
- 3. City Council action.

Under all instances where appropriations are increased, funds must be available to match the request.



Purchase Order Carryovers

At the end of each fiscal year, the Finance Department reviews outstanding (open) purchase orders with the departments and determines whether the purchase orders should be carried forward into the next fiscal year. When a purchase order is "carried forward", a department's budget appropriation increases in the new fiscal year by the amount of the purchase order. This carry forward represents unspent budget from the previous fiscal year.

Administrative Carryovers

At the end of each fiscal year, the Finance Department requests that each department review its budget for items or programs for which any planned expenditure is pending. This may include a project, which has been initiated, or an item ordered but not completed or received. Administrative carryover requests are reviewed by the Finance Director to determine the merit of the request and to ensure funding is available. A recommendation is made to the City Manager on the carryover request; the City Manager then determines which requests are appropriate and authorizes the administrative carryover request. The approved carryover request increases the department's budget appropriation in the new fiscal year.

City Council Action

Throughout the year, the City Council considers departmental requests for additional appropriations to fund activities not included in the adopted budget.

Fund Balance Policy (GASB 54)

The City Council has adopted Fund Balance Policy which establishes the procedures for reporting fund balance in the City of Sierra Madre and Sierra Madre Successor Agency (former CRA) financial statements. Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the City against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The policy also authorizes and directs the Finance Director to prepare financial reports which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This policy took effect for financial reports for fiscal year ending June 30, 2011.

Financial Structure and Operations

The City's accounting system is organized and operated on a "fund basis" with each fund distinct and self-balancing. A fund is "an independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created". Funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, legal restrictions or limitations. The City's annual operating budget is prepared in conformity with Generally Accepted Accounting Principles (GAAP).



The City provides a full range of services to its citizens. These include: police, fire, emergency medical, street construction and maintenance, water and sewer utility, parks, recreational, cultural and social, planning, building and safety, economic development, environmental and general administrative services.

Services are categorized into a departmental structure to afford similarity in service provided. Departments may receive funding from one or more funds. Through the budget process and ongoing activity, the City Council oversees the operation of the City and sets forth community priorities and policies to be implemented by the City Manager. The City Manager directs the departments in the administration of City programs and service delivery. The City Manager establishes administrative policy in areas under his/her purview.

To monitor and evaluate departmental effectiveness, a project performance measurement program has been initiated. Under this program, each department sets forth the projects and programs to be undertaken during the fiscal year. Projects and programs may be short-term, (with a specific completion date), or be ongoing programs. Each department's performance measurement (listed within each department: Section 4) directly ties city services and personnel to meeting one or more of the City Council's Strategic Goals. These performance measures will be reviewed as part of the City's mid-year and end-of year reviews to the City Council.

Measurement Focus and Basis of Accounting

The City of Sierra Madre's accounting records are maintained in full accordance with Generally Accepted Accounting Principles (GAAP), as established by the Government Accounting Standards Board (GASB). Governmental (General, Special Revenue, Debt Service and Capital Projects) Fund Types and Expendable Trust Funds are accounted for on a "current financial resources" measurement focus.

The modified accrual basis of accounting is followed by the Governmental and Expendable Trusts. Under the modified accrual basis of accounting, revenues are susceptible to accrual when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accordingly, only current assets and current liabilities are included on their balance sheets. The reported fund balance provides an indication of available, spendable resources. Operating statements for Governmental Fund Types and Expendable Trust Funds report increases (revenues) and decreases (expenditures) in available spendable resources. Expenditures, other than interest on long-term debt, are recorded when a current liability is incurred. Liabilities are considered current when they are normally expected to be liquidated with expendable available financial resources.

The Proprietary (Enterprise and Internal Service) Funds are accounted for on an "economic resources" measurement focus. The Proprietary, Nonexpendable Trust, and Pension Trust Funds are accounted for using the accrual basis of accounting. Revenues or contributions are recognized when they are earned or due and expenses or benefits paid are recorded when the related liability is incurred. Accordingly, all assets and liabilities

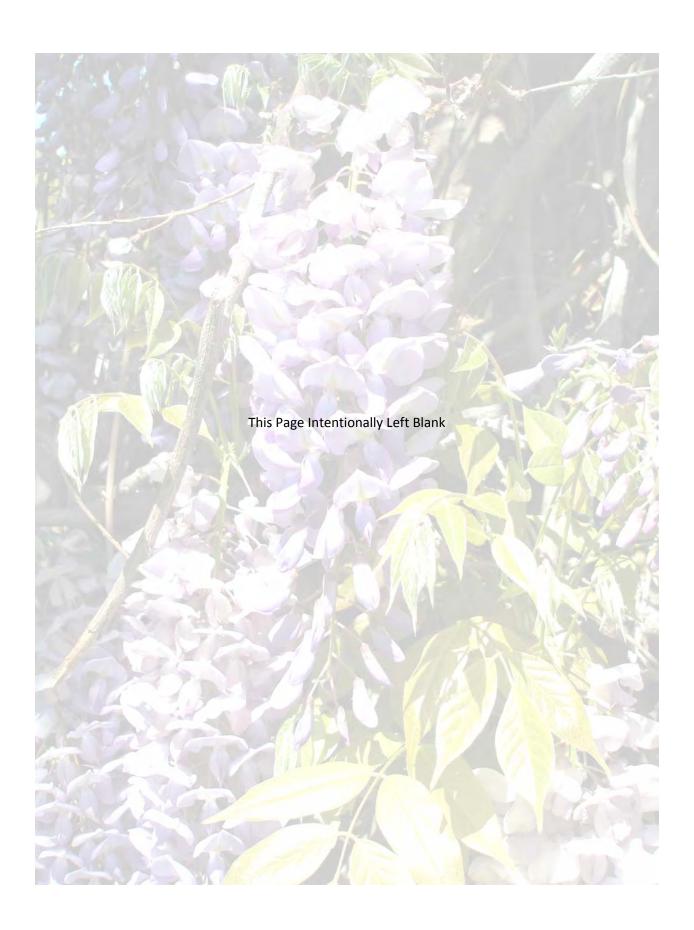


are included on the balance sheet, and the reported fund equity provides an indication of the economic net worth of the fund. Operating statements for Proprietary Funds report increases (revenues) and decreases (expenses) in total economic net worth.

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting, the City applies all GASB pronouncements currently in effect as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, as long as they do not conflict with GASB pronouncements. The City applies FASB Statement No. 71 to its enterprise activity. Under FASB Statement No. 71, certain revenues and costs are deferred (under the regulation of City Council) as necessary to match revenues with related expenses.

Recognition

The Administrative Services department would like to acknowledge the enormous amount of work that city management staff put into this budget book. We appreciate and recognize their dedication and experience; and thank them for their unyielding support and assistance.

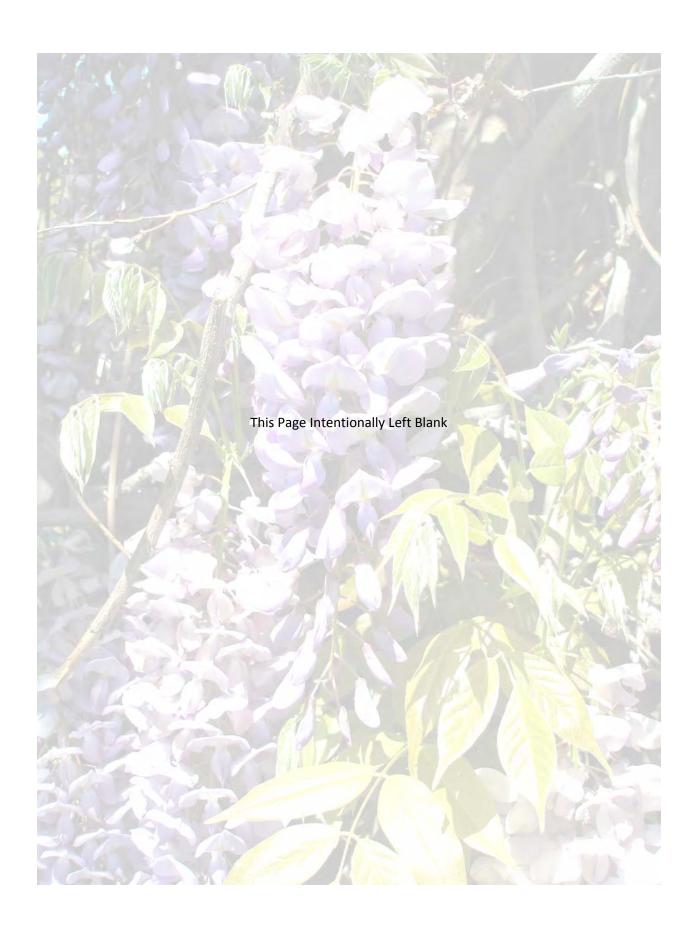


City of Sierra Madre, California

Village of the Foothills



City Facts, Statistics and Maps FY 2013-2015



CITY of SIERRA MADRE CITY FACTS, STATISTICS and MAPS FY 2013-2015

CITY FACTS, STATISTICS and MAPS

Population Estimates 2001-2013, with 2000 & 2010 Census Counts

YEAR	4/1/2000	1/1/2001	1/1/2002	1/1/2003	1/1/2004	1/1/2005	1/1/2006	1/1/2007
Sierra Madre	10,578	10,662	10,786	10,872	10,932	10,939	10,820	10,785
	_	1/1/2008	1/1/2009	4/1/2010	1/1/2011	1/1/2012	1/1/2013	
		10,881	10,881	10,917	10,940	10,967	11,021	

Source

State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2001-2010, with 2000 & 2010 Census Counts. Sacramento, California, November 2012; Years 2011-2013 from GANN limit population calculation

Recreation and City Events

The City conducts its recreational programs at its six parks, an aquatics center, Community Recreation Center, Youth Activity Center and Hart Park House - Senior Center. The City also provides cultural and historical awareness through the Lizzie's Trail Inn Museum, Richardson Historical House and the Sierra Madre Public Library's Local History Collection. Bailey Canyon Wilderness Area allows individuals to escape the City life without traveling long distances. A complete listing of City facilities is included at the end of this narrative. The City provides a wide variety of recreational opportunities for children, teenagers, and senior citizens. Numerous special events are sponsored by the City and community organizations throughout the year, including:

- 4th of July Parade and Festivities (July)
- Chamber of Commerce's Holiday Event (November)
- Chamber of Commerce's Wistaria Festival (March)
- Community Excursions (all ages; all year)
- Farmers Market (Wednesdays)
- Friends of the Library Art Fair (May)
- Friends of the Library Wine and Cuisine Fund Raiser (February)
- Halloween Happenings (October)

- Huck Finn Campout and Fishing Derby (April)
- Mt. Wilson Trail Race (May)
- Oktoberfest Golf and Tennis Youth Fund Raiser (October)
- Rose Float Decorating (all year)
- Movies in the Park (May/June)
- Summer Concerts in the Park (July-August)
- Youth and Adult Sports Leagues (all ages; all year)

These events could not take place without the thousands of volunteer hours provided by local residents, schools, churches and civic organizations, including Chamber of Commerce, Civic Club, Kiwanis, Rotary, Rose Float Association, and Woman's Club. To learn more about volunteering in our community contact the Secretary of Service and Volunteering at City Hall, (626) 355-7135.



CITY of SIERRA MADRE CITY FACTS, STATISTICS and MAPS FY 2013-2015

Parks & Wilderness Areas

Memorial Park

222 W. Sierra Madre Blvd. Sierra Madre, California 90124

Milton & Harriet Goldberg Recreation Area

171 S. Sunnyside Ave. Sierra Madre, California 91024



Bailey Canyon Wilderness Park

451 West Carter Avenue. Sierra Madre, CA 91024

Mount Wilson Trail Park

189 East Mira Monte Avenue. Sierra Madre, CA 91024

Lizzie's Trail Inn Museum

189 E. Mira Monte Ave Sierra Madre, CA

91024

Sierra Vista Park 611 East Sierra Madre Blvd, Sierra Madre, CA 91024

Richardson Historical House

189 E. Mira Monte Ave Sierra Madre, CA 91024

Rose Float Building

621 E. Sierra Madre Blvd. Sierra Madre, CA 91024







CITY of SIERRA MADRE CITY FACTS, STATISTICS and MAPS FY 2013-2015



City Facilities

City Hall

232 W. Sierra Madre Blvd. Sierra Madre, CA 91024

Police and Fire Station

242 W. Sierra Madre Blvd. Sierra Madre, CA 91024

Public Works Facilities

621 Sierra Madre Blvd. Sierra Madre, CA 91024

Public Library

440 W. Sierra Madre Blvd. Sierra Madre, CA 91024

Community Recreation Center

611 E. Sierra Madre Blvd. Sierra Madre, CA 91024

Aquatic Center

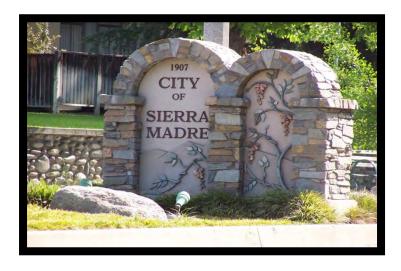
611 E. Sierra Madre Blvd. Sierra Madre, CA 91024

Youth Activity Center

611 E. Sierra Madre Blvd. Sierra Madre, CA 91024

Hart Park House - Senior Center

222 West Sierra Madre Blvd, Sierra Madre, CA 91024





CITY of SIERRA MADRE CITY FACTS, STATISTICS and MAPS FY 2011-2013

Education

Public and private schools within Sierra Madre provide education for children from preschool through high school. The City of Sierra Madre is served by the Pasadena Unified School District (PUSD), which also serves the adjacent City of Pasadena, California. Within the City, there is one public elementary and middle school, Sierra Madre Elementary School, which is housed on two campuses overseen by PUSD. The public high school for Sierra Madre Residents is located in the City of Pasadena, California. The City is home to several private schools, including: three preschools, three K-8 institutions, and one high school.

In the surrounding community, the following post high school educational opportunities exist (within a 20 mile radius of the City of Sierra Madre). Sierra Madre City College is a local community group and does not provide post high school education.

Community Colleges:

Citrus College Mount San Antonio College Mt. Sierra College Pasadena City College Rio Hondo College Santa Monica City College

Four-year Universities:

Private:

Azusa Pacific
California Institute of the Arts
Claremont Colleges
Fullerton Theological Seminary
Occidental College
University of La Verne
University of Southern California
Cal Tech

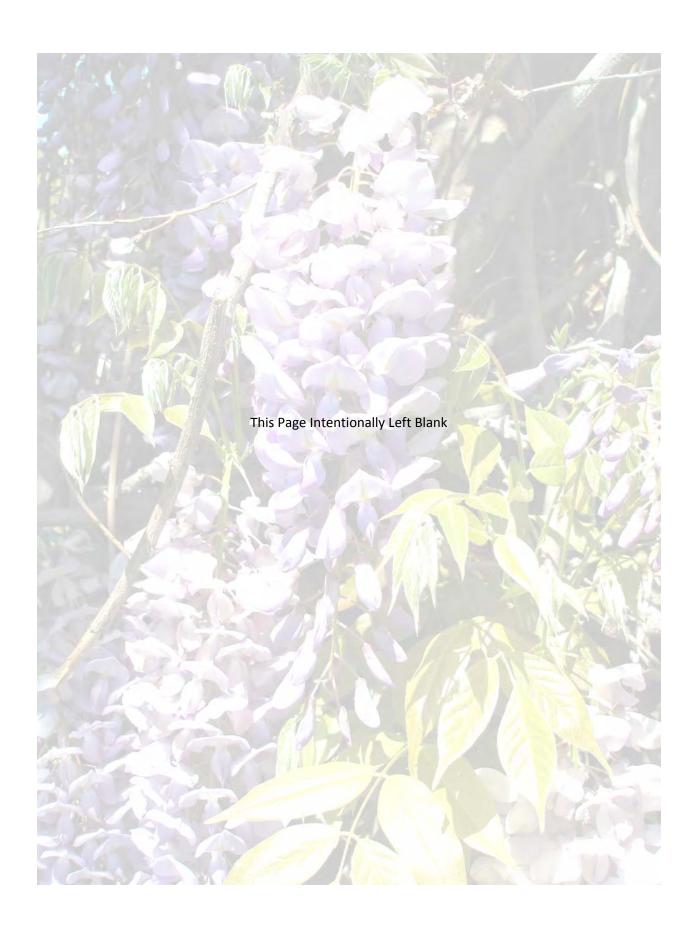
Public:

University of California, Los Angeles California State University at Los Angeles; California State Polytechnic University, Pomona California State University, Long Beach Extension programs of various other public and private colleges and universities



CITY of SIERRA MADRE CITY FACTS, STATISTICS and MAPS FY 2011-2013

Statistical Profile					
Date of Incorporation as a City	2/2/1907				
· ·	Council/				
Form of Government	City Manager				
Number of Employees (excluding elected officials, per FY 2013-					
2014 Budget)	63				
Elected Officials	7				
Land Area in Square Miles	3.06				
Population (based on 2010 census)	10,917				
City of Sierra Madre facilities and services					
Miles of streets	35				
Library branches (not provided through LA County)	1				
Parks	6				
Open Space Acreage	249				
Swimming Pools	1				
Tennis Courts	4				
Playgrounds	3				
Softball/baseball Fields	3				
Multi-purpose Fields	2				
Senior Center	1				
Fire Protection - Sierra Madre Fire Department					
Number of Stations	1				
Police Protection - Sierra Madre Police Department					
Number of Stations and Substations	1				
Sewage System					
Miles of sanitary sewers	31.75				
Water System					
Number of fire hydrants	550				
Daily average consumption in gallons per household	~450				
Education - Pasadena Unified School District					
351 South Hudson Avenue Pasadena, California 91109 - Phone: (626) 396-3600					
Email: pusd@pusd.us					

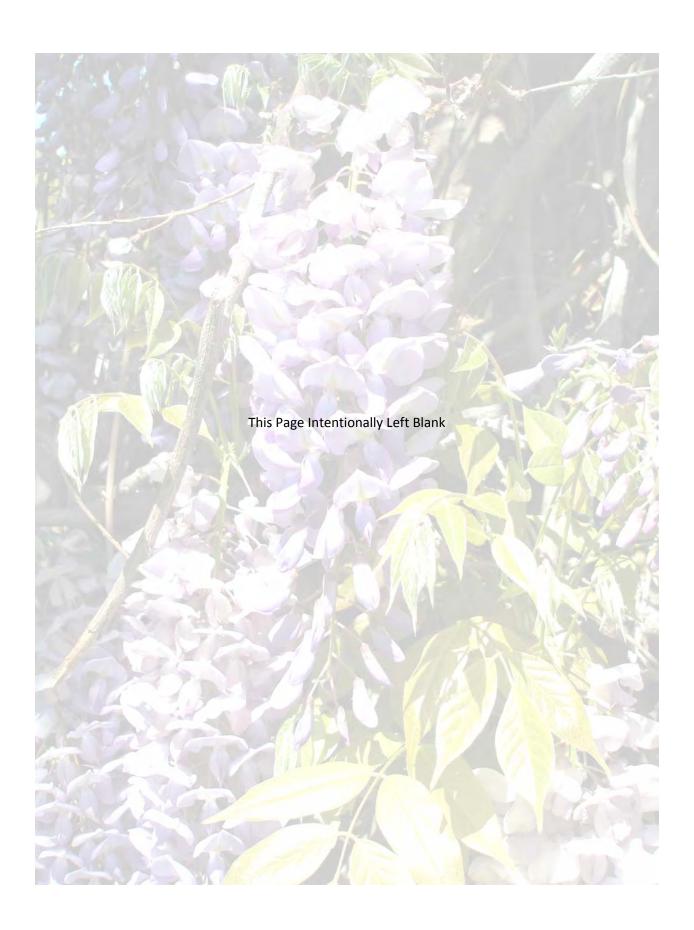


City of Sierra Madre, California

Village of the Foothills



Investment Policy FY 2013-2015





INVESTMENT POLICY

PURPOSE

This statement is intended to provide a guideline for the prudent investment of temporary idle cash, trust funds, and restricted monies and to outline a policy for maximizing the efficiency of the cash management system. The ultimate investment goal is the protection of cash investments or principal.

SCOPE

This investment policy applies to activities of the City of Sierra Madre, the Successor Agency of the City of Sierra Madre and the Sierra Madre Public Financing Authority of the City of Sierra Madre. This policy applies to the cash management and investing activities of all funds, including the following: General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Internal Service Funds, Proprietary Funds, Trust and Agency Funds, and any other funds that may be created from time to time.

For purposes of this policy, City shall mean: the City of Sierra Madre, the Successor Agency of the City of Sierra Madre, and the Sierra Madre Public Financing Authority of the City of Sierra Madre; and other component units that the City may establish from time to time.

This policy applies to all investments of the city except:

- Assets held in retirement trust by the California Public Retirement System (CalPERS). The investment of long-term retirement assets is covered by the contract between the City and CalPERS:
- Assets held in trust on behalf of employees in an IRS Section 457 deferred compensation plan
 with APPLE. Employees may self direct the investments held on their behalf among the variety
 of investment options available under the City's contract with APPLE;
- Assets held in trust for the sole purpose of retiring debt. Such assets are separately governed by the bond and related trust agreements; and
- Assets held by CJPIA, an insurance joint powers authority (JPA) of which the City is a member.
 The investment of the City's share of assets held by the JPA is governed by the contract for participation in the JPA.

Pooling of Funds

This policy applies to all investments of the City, except for cash in restricted accounts. The City, Agency, and Authority will each individually consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated among the funds based upon each fund's participation in the investment pool and in accordance with Generally Accepted Accounting Principles (GAAP).



The City, Agency, and Authority are unique governmental units. Thus, under California law, the City, Agency, and Authority must each maintain separate bank accounts and own their own investments. This restriction does not prohibit each government unit from participating in pooled accounts managed by another governmental agency such as the City of Sierra Madre, the County of Los Angeles, or the State of California. Each unique governmental unit, however, must have a separate account in any local government pools in which the unit participates.

GENERAL OBJECTIVES

The cash management system of the City of Sierra Madre is designed to accurately monitor and forecast expenditures and revenues, thus insuring the investment of idle funds to the fullest extent possible. Attempts to obtain highest interest yields possible are a statement of fact as long as investments meet the criteria required for safety and liquidity. Investments decisions are made based upon the following criteria, and in the order specified:

1. <u>Safety</u>: It is the primary duty and responsibility of the City Treasurer to protect, preserve, and maintain cash and investments placed in the City's Treasury on behalf of the citizens of the community. No investment should be made, or held, that would, at the time of the investment decision, lead a prudent investor to anticipate the loss of principal based upon the nature, timing, or extent of the investment. Regardless of the safety of an investment, no City funds will be invested in any instrument that is not allowable under the California Government Code. The objective of the safety of assets is to mitigate both credit risk and interest rate risk.

<u>Credit Risk</u>: The City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the safest types of securities:
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business; and
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

<u>Interest Rate Risk:</u> The City will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash
 requirements for ongoing operations, thereby avoiding the need to sell securities on the
 open market prior to maturity; and
- Investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools.
- 2. <u>Liquidity</u>: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). An adequate percentage of the portfolio should be maintained in cash and liquid short-term securities that can be converted to cash, if necessary, to meet disbursement requirements. Since all cash requirements cannot be anticipated, investment in securities with active secondary or resale markets is recommended. Emphasis should be on marketable securities with low sensitivity to market risk. A portion of the portfolio also may be placed in money market, mutual funds, or local government investment pools, which offer same-day liquidity for short-term funds.



Revenue projections for a rolling six-month period shall be maintained. Investments shall not be made that will jeopardize the City's ability to meet the projected cash needs within the upcoming six months.

3. <u>Yield:</u> Yield should become a consideration only after the basic requirements of safety and liquidity have been met. Prior to investing idle funds, the City shall search for investments that are allowable under the California Government code that meet the above criteria for safety and liquidity. The City Treasurer shall select investments (from those investments that meet the criteria of safety and liquidity) that yield the highest return on investment.

4. Pooled Investment Portfolio Interest Earnings Allocation Policy.

- a) Policy: It shall be the policy of the City to allocate pooled investment portfolio interest earnings (Interest Income) in a manner that best serves the interests of the City consistent with applicable laws, ordinances, bond covenants and contractual commitments. All funds with an average monthly cash balance of \$10,000 in a given quarter will be considered having a "claim on cash" in the City's LOCAL AGENCY INVESTMENT FUNDPooled Investment Fund. Federal agencies and other granting agencies that require interest income do not have a minimum balance requirement. For funds that have cash in specific investment portfolios separate from LAIF, the interest earnings will remain with these funds and will not be part of the interest allocation.
- b) Interest Earnings Distribution: Interest Earnings will be distributed quarterly in arrears proportionate to all eligible interest earning funds average cash balance for the previous quarter compared with the total "claim on cash" balances of all eligible interest earning funds in the pooled investment portfolio. As a result, unless where legally or contractually obligated, funds with an average total cash of less than \$10,000 including negative cash funds, will not be considered in the calculation interest earnings allocation. The Finance Director or his/her designee shall be responsible for budget preparation and execution of the quarterly Interest Earnings allocation and distribution.
- c) Management Fees: To support the costs of managing the City's pooled investment portfolio, the Finance Director may charge a management fee to funds participating in the investment pool. Such percentage would be calculated annually so as to fully recover all costs relating to pooled investment operations including staff time, safekeeping, analysis tools, subscriptions and other costs. This amount is charged as a cost allocation to all funds regardless to their "claim on cash" and is collected in the Internal Services Fund-Administration.

For management fees directly charged by LOCAL AGENCY INVESTMENT FUNDor other outside investments, the costs will be deducted from the Interest Earnings prior to any allocation. In the event that the costs exceed the earnings for a given quarter, a negative allocation will be distributed proportionate to an eligible interest earning funds' "claim on cash".

STANDARD OF CARE



<u>Prudence</u>: The standard of prudence to be used by all investment officials shall be the "prudent investor" standard as set forth in the California Government Code, Section 53600.3, which states, in part:

"... When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, 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 principal and maintain the liquidity of the Agency. . ."

The prudent investor standard shall be applied in the context of managing the overall portfolio of the City and its component units.

Ethics and Conflict of Interest: Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal/financial investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the City.

<u>Delegation of Authority</u>: The authority to manage and operate the investment program is granted to the City Treasurer pursuant to the California Government Code, Section number 53608. Individuals authorized to execute investment transactions are restricted to those authorized to sign warrants or checks.

<u>Criteria for Selecting Investments</u>: Since the City of Sierra Madre administers its investments under the "prudent investor rule" it affords the City a broad spectrum of investment opportunities as long as the investments are deemed prudent and allowed under current legislation of the State of California. The criteria used for selecting investments are safety, liquidity, and yield, as described above. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

SAFEKEEPING AND CUSTODY

<u>Authorized Financial Dealers and Institutions</u>: Prior to purchasing or depositing securities in custody, a list of authorized financial dealers and institutions will be prepared (and then maintained) of institutions authorized to provide investment and custodial services. In addition, a list also will be prepared (and then maintained) of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:



Audited financial statements;

- Proof of National Association of Securities Dealers (NASD) certification;
- Proof of state registration;
- Completed broker/dealer questionnaire;
- Certification of having read and understood and agreeing to comply with this investment policy;
 and
- Dealers must have an office in the State of California.

An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the City Treasurer or the Finance Director.

Internal Controls: The Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss from unauthorized use or disposition. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Director of Finance shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion;
- Separation of transaction authority from accounting and record keeping;
- Custodial safekeeping;
- Avoidance of physical delivery of securities;
- Clear delegation of authority to subordinate staff members;
- Written confirmation of transactions for investments and wire transfers; and
- Development of a wire transfer agreement with the lead bank and third-party custodian.

The Director of Finance shall assign duties related to cash and investment functions that prevent and detect any unauthorized use or disposition of City assets. The function of initiating, authorizing, recording, and reconciling transactions shall, to the extent possible, be handled by separate individuals. If separation of duties is not possible due to staffing limitations or vacancies, compensating controls shall be put in place to prevent and detect any unauthorized use or disposition of City Assets. The current internal control structure provides for segregation of incompatible duties.

While no internal control system, however elaborate, can guarantee absolute assurance that the City's assets are safeguarded, it is the intent of the City's internal control system to provide



reasonable assurance that management of the investment functions meets the City's objectives. The City's independent auditor shall review these internal controls annually.

<u>Delivery vs. Payment</u>: All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. A third-party custodian as evidenced by safekeeping receipts will hold securities.

SUITABLE AND AUTHORIZED INVESTMENTS

The California Government Code, Section No. 53601 authorizes specific investments and circumstances. It also prohibits certain investments. For the Fiscal year 2013-2015, the City of Sierra Madre is limiting its investments to the following types of investments:

A. State and Local Government Investment Pools

1. Local Agency Investment Fund (LAIF): The State of California allows local agencies to deposit funds for investment in the State's Treasury pool. There is no minimum investment period. The minimum transaction is \$5,000, with multiples of \$1,000 above that. The maximum balance that any agency may invest in LOCAL AGENCY INVESTMENT FUND is \$40,000,000. Any investment with LOCAL AGENCY INVESTMENT FUND must comply with self imposed restrictions, such as those specified in this Investment Policy. The City is limited to a maximum of ten transactions per month. LOCAL AGENCY INVESTMENT FUND offers high liquidity since deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share basis determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly.

The interest rates are fairly high because of pooling the State's surplus cash with the participating cities' and agencies' surplus cash deposits. This creates a multi-billion dollar money pool and allows for diversified investments. In a market with increasing interest rates, the City may do better than LOCAL AGENCY INVESTMENT FUND by directly investing in securities, but in times of declining interest rates, LOCAL AGENCY INVESTMENT FUND yields are generally higher.

2. Los Angeles County Investment Pool (LACIP): The County of Los Angeles allows local agencies to deposit funds for investment into its treasury pool. There is no minimum investment period and the minimum transaction is \$1,000, in multiples of \$1,000 thereafter. The pool has a maximum balance of \$5,000,000 for any agency. However, any investment with LACIP must comply with other self-imposed restrictions as specified in this Investment Policy. There is no limit to the number of transactions the City can execute per month. It offers high liquidity because deposits can be converted to cash within twenty-four hours with no penalty for withdrawal. All interest is distributed to those agencies participating on a proportionate share basis determined by the amounts deposited and the length of time they are deposited. Interest is paid monthly in arrears.

The interest rates are fairly high because of pooling the county's surplus cash with the participating cities', agencies, and special districts' surplus cash deposits. This creates a multi-billion dollar money pool and allows for diversified investments. In a high interest rate market, the City does better than LACIP, but in times of low interest rates, LACIP yields are higher.



- B. <u>Certificates of Deposit</u>: Time deposits of a bank or savings and loan. They are purchased in various denominations with maturities ranging from 30 to 360 days. The interest is calculated on a 360-day basis and is payable monthly. Certificates of deposit must be rated at the highest tier by a nationally recognized rating agency.
- C. <u>Passbook Savings Account</u>: A certificate of deposit issued in any amount for a non-specified amount of time. Interest rates are much lower than those of CD's, but the savings account allows flexibility. Funds can be deposited and withdrawn according to daily needs. The account must be with a bank with FDIC coverage. The bank must certify that amounts not covered by FDIC insurance are fully collateralized as required under California law.
- D. <u>Interest Bearing Checking Accounts</u>: A checking account, which receives revenues and pays disbursements. Interest earned can be paid to the local jurisdictions on a regular basis or left in the account to offset the fees for ~ monthly bank services. The account must be with a bank with FDIC coverage. The bank must certify that amounts not covered by FDIC insurance are fully collateralized as required under California law.
- E. <u>U.S. Government Obligations</u>: U.S. government agency obligations and U.S. government instrumentality obligations that have a liquid market with a readily determinable market value.
- F. <u>Money Market Mutual Funds</u>: Money market mutual funds that are regulated by the Securities and Exchange Commission and whose portfolio consists solely of allowable investments under this policy and whose portfolio consist solely of dollar-denominated securities.

PROHIBITED INVESTMENTS

Any investment type not specifically identified above is considered a prohibited investment type under this policy. Under no circumstances shall the City invest in the following investment types:

- A. **Illegal Investments**: Investments prohibited under Section 53600 of the California Government Code, including, but not limited to stocks, mortgage backed securities and derivatives;
- B. Repurchase or Reverse Repurchase Agreements: The purchase or sale of an investment under an agreement to re-sell or re-purchase the investment from the counterparty at a later date:
- C. Securities Lending Agreements: Lending and borrowing of securities owned by one investor to another investor. Such arrangements are generally entered into when a party needs a specific type of security in a portfolio to meet legal or contractual obligations;
- D. **Obligations of State or Local Governments**: Any obligation of a domestic government (state or local governments, special districts or public authorities) that is not the United States Treasury, a U.S. government agency or U.S. government instrumentality;
- E. **Obligation of Foreign Governments/Organizations**: Any obligation issued by a government or organization outside of the United States;



- F. **Unallowable Money Market Mutual Funds**: Money market mutual funds that invest in items that are not specifically allowable under this policy, or are not regulated by the SEC, or whose portfolio does not consist solely of dollar denominated securities;
- G. Corporate Stocks, Bonds, or Commercial Paper (Other than Bank CDs): Any equity interest in an organization, corporate obligation, or other evidence of debt with any domestic or foreign corporation.
- H. **Unallowable Certificates of Deposit**: Bank Certificates of Deposit that have not been rated or are not rated at the highest tier by a nationally recognized rating agency (such as Moody's or Standards and Poor's);
- Unallowable Bank Deposits: Bank deposits with banks outside of the State of California, or with banks that do not comply with the California Government Code restrictions for accepting deposits of public monies.

INVESTMENT PARAMETERS

<u>Diversification</u>: The investment portfolio shall be diversified by:

- Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities, and state and local investment pools);
- Limiting investment in securities that have higher credit risks;
- · Investing in securities with varying maturities; and
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs) to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

To that end, no more than 10% of the portfolio may be invested with a single issuer, other than the U.S. Treasury. This restriction 'does not apply to LGIPs with diversified portfolios, such as LOCAL AGENCY INVESTMENT FUND and LACIP.

<u>Maximum Maturities</u>: To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of original issue or in accordance with state statutes and ordinances.

REPORT METHODS

Content: The City shall prepare a quarterly investment report as required by the California Government Code, Section No. 53646. The report shall provide a clear picture of the status of the current investment portfolio. The report should be provided to the City Manager (Executive Director) and legislative body. The report should include the following information:

A. Type of investment or deposit;



- B. Institution and account number, or issuer;
- C. Date of maturity, if applicable;
- D. Amount of deposit or cost of security;
- E. Current market value of securities and source of market value;
- F. Statement that there are sufficient funds to meet the next 6 months obligations (or provide an explanation as to why sufficient monies shall or may not be available);
- G. Statement that all investments comply with the City's investment policy (or identify the manner in which the portfolio is not in compliance);
- H. Activity since the previous report;
- I. Realized and unrealized gains/losses since the last report;
- J. Average weighted yield to maturity of the investment portfolio compared to the appropriate benchmarks and percentage of total portfolio represented by each type of investment.

<u>Performance Standards</u>: The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. Quarterly performance shall be compared to the six month T-Bill, LAIF, and LACIP as performance benchmarks. Performance that falls below the average performance of these three benchmarks shall be separately addressed in the quarterly treasury reports.

<u>Mark to Market</u>: The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools." Market value will be calculated in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 31.

BANKING/CASH DEPOSITS

With the exception of petty cash funds, the City deposits all revenue and other cash received into its general checking accounts on a daily basis. Money received at satellite locations must be deposited into the City treasury before the closing of the next business day. Deposits, received in the City Treasury too late to be deposited into the City's general checking account, will be held overnight in the City's secure vault and deposited into the City's general checking accounts on the next business day. Major revenue sources are received via bank-to-bank wire transfers to the extent possible. The City encourages the direct deposit of receipts into the City's checking accounts whenever practical to maximize cash flow and the opportunity-to earn investment income.

The California Government Code, Section No. 53630 identifies the requirements for a bank to be the recipient of deposits of public monies. The City shall comply with the provisions of the statute. To that end, the City will, under competitive bidding procedures contract for banking and safekeeping services with a state or national bank located in the State of California. The City will under its purchasing policies (Sierra Madre Municipal Code, Section No. 308) contract for banking services. The contract for banking services will be for a period no longer than five years.



The contract will specify the nature of services to be provided and the fees the bank will charge for each of the services. The contract will require the bank to comply with the California Government Code requirements for recipients of deposits of public monies, including FDIC insurance and/or collateralization of deposits.

POLICY CONSTRAINTS

<u>Exemptions</u>: 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.

<u>Amendments</u>: This policy shall be reviewed on an annual basis. Any changes must be approved by the City Council/Governing Board and the Finance Director, who is charged with maintaining internal controls.

<u>City Constraints</u>: The City of Sierra Madre operates its pooled idle cash investments under the Prudent Investor Standard. The City will evaluate local banks and savings institutions and may invest idle cash funds with such institutions when the criteria for prudent investment previously stated are met.

The City operates its investment pool according to State and self-imposed constraints. It does not buy stocks; it does not speculate; it does not deal in futures or options. It does not purchase or sell securities on margins or invest in derivative type investments such as inverse floaters, range notes or interest only strips derived from a pool of mortgage as prohibited under the California Government Code, Section No. 53601. Any investment extending beyond a five-year period requires prior City Council approval. Additionally, a minimum of 20% of the outstanding investments must mature within a one-year period.

<u>Legal Constraints</u>: Surplus funds must be deposited in State or national banks, State or Federal savings associations or State or Federal credit unions within the State of California. Deposits cannot exceed the amount of the bank's or savings and loan's paid-up capital and surplus.

POLICY REVIEW

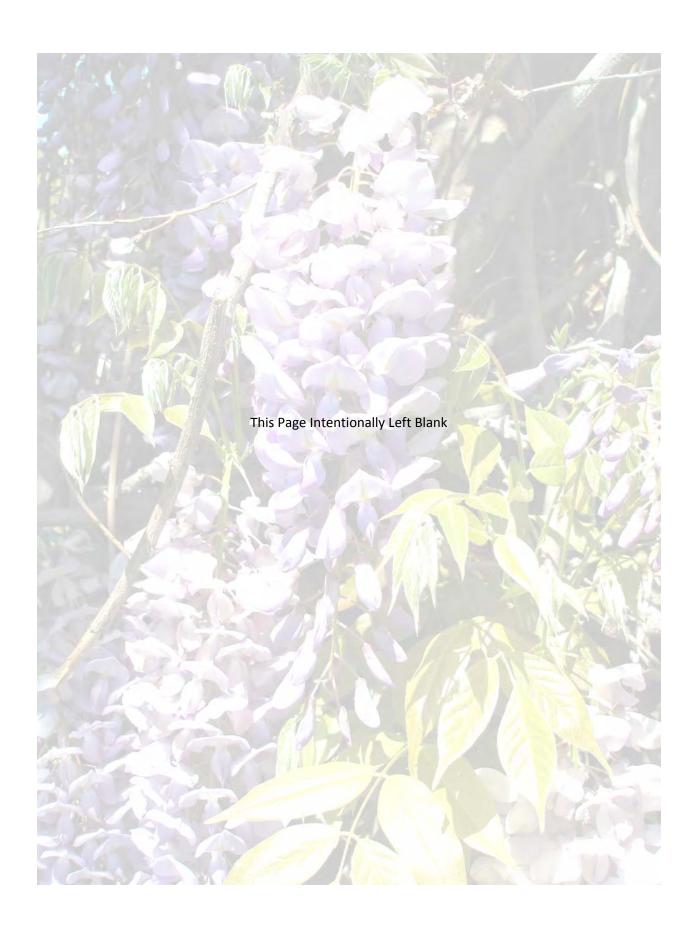
This Statement of Investment Policy shall be reviewed at least annually at a public meeting of the City Council to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law, financial and economic trends.

City of Sierra Madre, California

Village of the Foothills



Budget Resolutions FY 2013-2015





Budget Resolutions:

Each year, the City of Sierra Madre, Successor Agency, and Sierra Madre Public Financing Authority must formally adopt, by resolutions, annual operating and capital budgets of each entity. The following budgets are herby adopted this 28th day of May 2013. Copies of the individual resolutions, (City and Successor Agency Resolution No. 13-29, and Public Financing Authority Resolution No. 67) are included on the following pages.

Recommended Budget Appropriations

	<u>2013-2014</u>		<u>2014-2015</u>		
City of Sierra Madre Successor Agency of the City of	\$	21,011,824	\$	21,509,691	
Sierra Madre	\$	602,118	\$	608,795	
Total	\$	21,613,942	\$	22,118,486	

Attachments referenced in the Resolutions have been included in the Summary Section of the Budget and titled "2013-2015 Budget Summary" (Exhibit I) and "2013-2015 Budget Summary" (Exhibit II). The schedules are located in the back of section B of this document.

Appropriations Limit for 2013-2015

Article XIII-B of the California Constitution informally known as the Gann Appropriations Limit, provides limits to the total amount of appropriations in any fiscal year from the "proceeds of taxes." The article further provides that appropriations from designated reserve funds are not appropriations from the proceeds of taxes. Additionally, appropriations from sources other than taxes are not controlled by the limit.

Section 9710 of the Government Code provides that, "each year the governing body of each local jurisdiction shall, by resolution, establish its appropriation limit for the following year..." The FY 1993-1994 appropriations limit base was set at \$3,780,863 by Resolution 93-31 on June 22, 1993.

The 2011-2012 appropriations limit based upon cumulative increases in the Consumer Price Index and population subsequent to the base year, was established at \$8,479,403 by Resolution 12-056 on June 27, 2012. Each year the State Department of Finance provides the inflationary factors and population growth factors to be used to establish the Appropriation limit for the upcoming fiscal year. Based upon the information received from the State of California, the 2013-2014 Appropriation Limit is established at \$8,957,403.



CITY of SIERRA MADRE BUDGET RESOLUTIONS FY 2013-2015

Resolution 13-32 adopts the annual Appropriation Limit. Since proposed appropriations, \$6,948,820; (subject to the limit) are below the 2013-2014 Appropriation Limit, adopting the FY 2013-2014 budget is a reasonable action.

The Gann Appropriation Limit for 2014-2015 will be brought before the City Council in the spring of 2014.

Adoption of the 2013-2015 Fee Schedules

The fee schedule is a major component of revenues in the Government Funds and Enterprise Funds. Proposition 218 limits the fees that a California Government may charge for services to the actual cost of providing the services for which the fee is assessed. Any fees that exceed those costs are considered taxes and must be approved by a super majority (2/3) of the electorate.

The City Council establishes fees at a rate designed to recover the costs of providing the services for which the City charges a special fee. Resolution 13-33 adopts the annual fees for 2013-2014. The fee schedule is included in the revenue section of the budget document, and is the basis for revenue estimates in this document. The Citywide Fee Schedule for 2014-2015 will be brought before the City Council in the spring of 2014.

Adoption of the 2013-2015 Investment Policies

California law requires that the governing board of each local governmental unit adopt its policies governing the investment of local funds annually. Resolution No. 13-34 (copy following) adopts the investment policies for the fiscal year ending June 30, 2013. No changes have been proposed for the 2013-2015 policies. Absent changes in the related laws, no changes in the investment policy for 2013-2015 are anticipated. The investment policy referenced in the resolution is included at the end of this section.

Adoption of the 2013-2015 Salary Matrix

Resolution No. 13-35 (copy following) adopts the salary matrix for the Police Department and Classified Employee Association in accordance with the memorandum of understandings between the City of Sierra Madre and the represented employee groups; as well as, adopts a salary matrix for the unrepresented employee groups known as the Management, Confidential-Exempt and part-time hourly groups in accordance with the previously negotiated salary agreements. The policy will be brought before the City Council in the spring of 2014 for re-adoption. At the printing of this budget document, the City was in negotiation discussions with Classified Employee Association. This resolution will be presented for consideration on June 11, 2013



RESOLUTION NO. 13-29

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE AND THE SUCCESSOR AGENCY OF THE FORMER COMMUNITY REDEVELOPMENT AGENCY ADOPTING THE BIENNIAL BUDGET FOR FISCAL YEARS 2013-2014 AND 2014-2015 AND APPROPRIATING THE AMOUNTS BUDGETED

WHEREAS, a proposed biennial budget for the City of Sierra Madre (City) and the Successor Agency for the fiscal year commencing July 1, 2013 and concluding on June 30, 2015 was submitted to the City Council and is on file at City Hall, Sierra Madre Public Library, and City website;

WHEREAS, on May 28, 2013, the City Manager did present the City's fiscal year 2013-2015 biennial budget to the City Council for it consideration; and the City Council did, in a public meeting, carefully consider the proposed budget; and.

WHEREAS, the City Council did, in a public meeting on April 4, 2013, May 14, 2013 and May 28, 2013 receive input from the City Manager, Director of Finance, additional staff, and members of the public; and.

WHEREAS, the City Council directed staff to make changes to the proposed budget; and those changes have been incorporated into the final budget document;

NOW, THEREFORE, THE CITY OF SIERRA MADRE DOES RESOLVE AS FOLLOWS:

SECTION 1. The budget, as proposed, is adopted as the Biennial Budget for the City of Sierra Madre for Fiscal Year commencing July 1, 2013 and concluding June 30, 2015.

SECTION 2. Appropriations for the City as described in the documents titled "City of Sierra Madre FY 2013-2015 Biennial Budget", are hereby adopted for the fiscal years commencing July 1, 2013 and concluding on June 30, 2015.

SECTION 3., The City Manager and Director of Finance are hereby authorized to make appropriations and transfers between budget line items in accordance with the Budget Policies adopted by the City Council on the 28th day of May 2013.

PASSED, APPROVED AND ADOPTED, this 28th day of May 2013.



PFA RESOLUTION NO. 67

A RESOLUTION OF THE PUBLIC FINANCING AUTHORITY OF THE CITY OF SIERRA MADRE ADOPTIN THE BIENNIAL BUDGET FOR FISCAL YEARS 2013-2014 AND 2014-2015 AND APPROPRIATING THE AMOUNTS BUDGETED

WHEREAS, a proposed biennial budget for the Public Financing Authority of Sierra Madre (Authority) for the fiscal years commencing July 1, 2013 and concluding on June 30, 2015 was submitted to the City Council acting as the Authority Board and is on file at City Hall; and

WHEREAS, on May 28, 2013, the City Manager (Executive Director) did present the City's fiscal year 2013-2015 biennial budget to the City Council (Authority Board) for its consideration; and the City Council did, in a public meeting, carefully consider the proposed budget; an

WHEREAS, the City Council (Authority Board) did, in a public meeting on April 4, 2013, May 14, 2013 and May 28, 2013 receive input from the City Manager (Executive Director), Director of Finance, additional staff, and members of the public; and

WHEREAS, the Authority Board directed staff to make changes to the proposed budget; and those changes have been incorporated into the final budget document;

NOW, THEREFORE, THE PUBLIC FINANCING AUTHORITY OF THE CITY OF SIERRA MADRE DOES RESOLVE AS FOLLOWS:

SECTION 1. The budget, as proposed, is adopted as the Biennial Budget for the City of Sierra Madre for Fiscal Year commencing July 1, 2013 and concluding June 30, 2015.

SECTION 2. Appropriations for the City as described in the documents titled "City of Sierra Madre FY 2013-2015 Biennial Budget", are hereby adopted for the fiscal years commencing July 1, 2013 and concluding on June 30, 2015.

SECTION 3., The City Manager and Director of Finance are hereby authorized to make appropriations and transfers between budget line items in accordance with the Budget Policies adopted by the City Council on the 28th day of May 2013.

PASSED, APPROVED AND ADOPTED, this 28th day of May2013.



RESOLUTION NO. 13-32

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE SETTING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2013-2014 AT \$8,957,403 IN ACCORDANCE WITH ARTICLE XIII-B OF THE CONSTITUTION OF THE STATE OF CALIFORNIA

- **WHEREAS,** in accordance with Article XIII-B of the Constitution of the State of California, local governments are required to adopt an annual Appropriations Limit; and,
- **WHEREAS**, the Appropriations Limit for any fiscal year is calculated by applying a calculation factor to the Appropriations Limit to the prior fiscal year; and,
- **WHEREAS**, the Appropriations Limit for adopted for the Fiscal Year ending June 30, 2014 is \$8,957,403; and,
- **WHEREAS,** the population factor for fiscal year ending June 30, 2013, provided by the State of California, Department of Finance is 1.0512%; and,
- **WHEREAS**, the inflationary factor for fiscal year ending June 30, 2013, provided by the State of California, Department of Finance is 1.0049%; and,
- **WHEREAS,** the appropriations subject to this limitation include appropriations from governmental fund types budgeted by the City, and
- **WHEREAS**, the appropriations subject to this limitation exclude fees for services, fines, forfeitures, private grants and donations, and
- **WHEREAS,** the appropriations subject to this limitation are further reduced by capital outlay projects from revenue sources subject to the limitations; and
- **WHEREAS**, the calculation for the 2013-2014 appropriations limit has been available to the public for inspection for 15 days,
- **NOW, THEREFORE, BE IT RESOLVED,** that the City Council of the City of Sierra Madre does hereby approve the following:
- **SECTION 1.** The 2013-2014 Appropriation Limit is calculated as shown on the document known as the "Gann Appropriation Limit Calculation" attached hereto as exhibit "A", and,



RESOLUTION NO. 13-32 – Continued

SECTION 2. The City of Sierra Madre does hereby adopt the per capita personal income element and the population change element of the calculation factor as those provided by the State Department of Finance; and,

SECTION 3. The appropriations limit for Fiscal Year 2013-2014 is hereby set at \$8,957,403, and

SECTION 4. The 2012-2013 budgeted appropriations subject to the Limit is calculated as \$6,948,820 as shown on the document known as the "Compliance with the Gann Appropriation Limit" attached hereto as exhibit "B"; and,

SECTION 5. The City's budgeted appropriations for the year ending June 30, 2009 are in compliance with Article XII-B of the Constitution of the State of California, commonly known as the Gann Appropriations Limit.

APPROVED AND ADOPTED this 14th day of May 2013.



RESOLUTION NO. 13-33

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE ESTABLISHING A SCHEDULE OF FEES AND CHARGES FOR CITY SERVICES FOR FISCAL YEAR 2013-2014

WHEREAS, the City of Sierra Madre has conducted an analysis of its services, the costs reasonably borne of providing those services, the beneficiaries of those services, and the revenues produced by those paying fees and charges for special services; and

WHEREAS, the City wishes to comply with both the letter and the spirit of Article XIII-B of the California Constitution and limit the growth of taxes; and

WHEREAS, the City desires to establish a policy of recovering the full costs reasonably borne of providing special services of a voluntary and limited nature, such that general taxes are not diverted from general services of a broad nature and thereby utilized to subsidize unfairly and inequitably such special services; and

WHEREAS, heretofore, the City Council adopted Ordinance No. 1058 on the 14th day of November, 1989 (SMMC Section 3.20.040 – Fees and charges schedule) establishing its policy as to the recovery of costs and more particularly the percentage of costs reasonably borne to be recovered from users of City services and directing staff as to the methodology for implementing said Ordinance; and

WHEREAS, notice of public hearing has been provided per Government Code Section 66016, oral and written presentations made and received, and the required public hearing held; and

WHEREAS, a schedule of fees and charges to be paid by those requesting such special services need be adopted so that the City might carry into effect its policies; and

WHEREAS, it is the intention of the City Council to develop a revised schedule of fees and charges based on the City's budgeted and projected costs reasonably borne from the Fiscal Year beginning July 1, 2013; and

WHEREAS, pursuant to California Government Code Section 66016 a general explanation of the hereinafter contained schedule of fees and charges has been noticed as required; and



RESOLUTION NO. 13-33 (con't)

WHEREAS, the Director of Administrative Services has indicated that the proposed fees are in accordance with Article XIII-B of the Constitution of the State of California; and

NOW, THERFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF SIERRA MADRE DOES RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

- **SECTION 1.** Fee Schedule. The accompanying schedules of fees and charges are hereby incorporated into this resolution;
- **SECTION 2.** Fee Schedule Adopted. The Accompanying schedule of fees and charges is hereby adopted and such fees and charges are to be applied by the various special services when provided by the City or its designated contractors. The City Council finds that each fee is calculated to return the City's cost in connection therewith and no more.
- **SECTION 3.** Separate Fee for Each Process. All fees set by this Resolution are for each identified process; additional fees shall be required for each additional process or service that is requested or required. Where fees are indicated on a per-unit of measurement basis the fee is for each identified unit or portion thereof within the indicated ranges of such units.
- **SECTION 4.** <u>Interpretations.</u> This Resolution can be interpreted by several different department heads in consultation with the City Manager and, should there be a conflict between two fees, then the lower in dollar amount of the two shall be applied.
- **SECTION 5.** <u>Intentions.</u> It is the intention of the City Council to review the fees and charges as determined and set out herein, based on the City's annual budget and all the City's costs reasonably borne as established at that time and, as and if warranted, to revise such fees and charges based thereon.
- **SECTION 6.** Constitutionality. If any portion of this Resolution is declared invalid or unconstitutional then it is the intention of the City Council to have passed the entire Resolution and all its component parts, and all other sections of this Resolution shall remain in full force and effect.
- **SECTION 7.** Repealer. All Resolutions and other actions of the City Council in conflict with the contents of this Resolution are hereby repealed.



CITY of SIERRA MADRE BUDGET RESOLUTIONS FY 2013-2015

RESOLUTION NO. 13-33 (con't)

SECTION 8. Effective Date. This Resolution shall go into full force and effect July 1, 2013 through June 30, 2015 (unless specifically listed as calendar year in the fee schedule), but shall be subject to the terms and conditions of the Sierra Madre Municipal Code.

SECTION 9. Certification. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 14th day of May 2013.



RESOLUTION NO. 13-34

A RESOLUTION OF THE CITY OF SIERRA MADRE APPROVING THE STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2013-2014.

WHEREAS, the California State Legislature passed legislation amending California Government Code 53600 et seq. with respect to authorized investments, written statement of investment policy and quarterly reporting by local public agencies; and

WHEREAS, the Governor of the State of California signed such legislation into law, California Government Code 53600 et seq.; and

WHEREAS, the City Treasurer and the Director of Administrative Services of the City of Sierra Madre declare the Statement of Investment Policy to be as attached.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Sierra Madre claims that a Statement of Investment Policy for the City of Sierra Madre has been filed by the City Treasurer and Director of Administrative Services for the fiscal year 2013-2014.

APPROVED AND ADOPTED this 28th day of May 2013.



RESOLUTION NO. 13-35

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE ADOPTING SALARY MATRICES FOR MEMBERS OF THE SIERRA MADRE CLASSIFIED EMPLOYEES ASSOCIATION, POLICE OFFICERS ASSOCIATION, UNREPRESENTED EMPLOYEE GROUPS (CONFIDENITAL-EXEMPT AND MANAGEMENT) AND PART-TIME AND SEASONAL EMPLOYEES

WHEREAS, the City of Sierra Madre employs full-time employees who are members of the Sierra Madre Classified Employees Association; and

WHEREAS, the City of Sierra Madre employs full-time employees who are members of the Police Officers Association; and

WHEREAS, the City of Sierra Madre employs unrepresented employees as well as part-time and seasonal employees who are not represented by an employee association; and

WHEREAS, the City Council recognizes the Sierra Madre Classified Employee Association and the Police Officers Association under Section 2.48.040 of the City of Sierra Madre Municipal Code; and

WHEREAS, the City Council has authorized changes to specific positions since the last salary matrix was adopted and are now illustrated in the attached salary matrixes.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF SIERRA MADRE DOES HEREBY DETERMINE AND ORDER AS FOLLOWS:

Section 1. The City of Sierra Madre adopts the salary matrix for the Police Department and Classified Employee Association in accordance with the memorandum of understandings between the City of Sierra Madre and the represented employee groups as presented in Exhibits A and B.

Section 2. The City of Sierra Madre adopts the salary matrix for the unrepresented employee groups known as the Management, Confidential-Exempt and part-time hourly groups in accordance with the previously negotiated salary agreements between the City of Sierra Madre and the unrepresented groups Confidential-Exempt and Management as presented in Exhibits C, D, and E.

Section 3. Effective Date. This Resolution shall go into effect July 1, 2013.

APPROVED AND ADOPTED this 11th day of June 2013.

