



City of Glendora

Financial Policies

1. APPROPRIATIONS AND BUDGETARY CONTROL

The City Council adopts the City's annual budget after public hearing(s). The City Council may modify appropriations at any time with majority approval. Changes in appropriations at the fund level during the year must be submitted by the City Manager to the City Council for review and approval, and must be accompanied by appropriate fiscal impact analysis. The level of expenditures is controlled at the fund level, and appropriations lapse at the end of each fiscal year unless re-appropriated by the City Council in the following fiscal year. The City Manager is authorized to transfer budgeted appropriations within the control accounts, including capital projects, provided no change is made to the total amount provided for any one fund.

2. BALANCED BUDGET

We will maintain a balanced operating budget for the General Fund and any other fund (i.e., Proposition A/C Transit; Asset Forfeiture; and Gas Tax) which is used to fund Operations and Maintenance functions within the City, with total recurring revenues equal to or greater than recurring expenditures. Appropriations of available fund balance for anything other than "one-time" non-recurring expenditures are discouraged.

3. GENERAL FUND BUDGETING

We will strive to budget a 1.5% to 2% positive variance between revenue and expenditure each year. This budget contingency shall protect against economic and performance fluctuations that might otherwise create imbalanced General Fund outcomes at year end.

4. GENERAL FUND RESERVE

We recognize the need for ensuring sound financial management of the City by establishing an adequate reserve for working capital and catastrophic events in the City's General Fund accounts; that the irregular flow of revenue into the City Treasury requires the availability of adequate funds to assure prompt payment of municipal expenses; and, that it is prudent to provide an appropriate reserve for "dry period financing" and contingent liabilities to assure that sufficient budgetary appropriations exist to cover unforeseen expenses and claims against the City.

Accordingly, we have established a Working Capital Reserve in an amount equal to 45% of the total General Fund operating expense incurred in the prior fiscal year reduced by unusual, non-recurring expenditures and reimbursable grant program expenditures expended during the prior fiscal year; and, that the aforementioned Working Capital Reserve may be used for "dry period financing" during the fiscal year for payment of contingent liabilities upon authorization by the City Council.

We also recognize the need for providing adequate funding for capital and maintenance improvements and have established that after funding is met for the Working Capital Reserve, any undesignated, unencumbered or other unrestricted fund balance at the end of the fiscal year shall be transferred from the General Fund to the Capital Improvement Fund.



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5. FINANCIAL PLANNING

We will maintain a long-range fiscal perspective through the use of an annual operating budget, multi-year capital improvement plans, and multi-year financial forecasting.

6. FINANCIAL REPORTING

The Finance Department shall prepare and present to the City Council in sufficient detail to show the exact financial condition of the City, the following reports: (1) a quarterly, or more frequently as may be desired, statement of all receipts, disbursements and balances of the City; (2) an annual statement or report of the financial condition of the City; and (3) such other financial reports as may be required.

7. TREASURY MANAGEMENT

We will invest cash balances in conformance with the California Government Code and the three main investment objectives of safety, liquidity and yield. We will adhere to the prudent investor standard and best practices in Treasury Management. We will maintain a Statement of Investment Policy and maintain certification of that policy with the Association of Public Treasurers of the United States and Canada.

8. COST RECOVERY AND FEES FOR SERVICE

We will establish and maintain a master schedule of fees for service for market-based transactions, with fees and charges set at a level that recovers the complete cost of all direct and indirect activity costs and all overhead costs, for most services unique to the City of Glendora. For all services offered in a competitive, market-based economy or for services having partial cost recovery objectives, cost recovery ratios may vary according to policy objectives.

9. ACCOUNTING AND REPORTING STANDARDS

We will comply with all requirements of generally accepted accounting principles. We will prepare a Comprehensive Annual Financial Report (CAFR) to demonstrate that compliance.

10. ENTERPRISE FUNDS

We will require that our enterprise funds be self-supporting, recovering all costs of operations, capital improvements, capital equipment, depreciation, and cash reserve policy objectives from recurring revenues (customer user fees, interest income, and all other income). We will maintain appropriate operating reserves that will support operations during times of financial emergency or “dry periods.”

11. WATER FUND RESERVES

We recognize the need for ensuring sound financial management of the City by establishing an



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adequate reserve for working capital and catastrophic events in the City's Water Operations accounts; that the irregular flow of revenue into the Water Operations Fund requires the availability of adequate funds to assure prompt payment of water expenses; and, that it is prudent to provide an appropriate reserve to assure that sufficient budgetary appropriations exist to cover operational expenses, unforeseen expenses and claims against the City's water enterprise.

Accordingly, we have established a Water Operations Working Capital and Catastrophic Reserve in an amount equal to the cost to fund operations for a six-month period in the event of a catastrophic event. Furthermore, the Reserve may be used to cover operational expenses, upon authorization by the City Council, for unforeseen expenses and claims against the City's water enterprise during the fiscal year.

We also recognize the need for providing adequate funding for capital and maintenance improvements and have established that after funding is met for the Water Reserve, any unencumbered funds at the end of the fiscal year shall be transferred from the Water Operations Fund to the Water Capital Projects Fund.

12. INTERNAL SERVICE FUNDS

We will require that each internal service fund have revenues (City user charges, interest income, and all other income) sufficient to meet all operating expenses, depreciation and cash reserve policy objectives. We will maintain appropriate operating reserves that will support operations during times of financial emergency or "dry periods."

13. INFRASTRUCTURE

We will maintain a long-range fiscal perspective through the use of a Capital Improvement Program to maintain the quality of City infrastructure, including streets, sidewalks, sewers, drains, lighting, buildings, parks, and trees.

14. FINANCING METHODS AND INDEBTEDNESS

We will use long-range financing methods or cash accumulated according to policy requirements for major capital improvements and acquisitions. We will issue bonds or incur other forms of indebtedness only for appropriate purposes and only if the debt service requirements do not negatively impact the City's ability to meet future operating, capital, and cash reserve policy requirements. We will not use debt to finance current operations. We may use short-term financing to support current operations if used to meet temporary cash flow requirements.

15. FIXED ASSETS AND INFRASTRUCTURE ASSETS

We will capitalize all assets with a cost equal to or greater than \$5,000 and a useful life of more than one year. Repairs and maintenance of infrastructure assets will generally not be subject to capitalization unless the repair extends the useful life of the asset. Depreciation of assets shall be recorded on a straight-line basis over estimated useful lives of assets.



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16. EMPLOYEE COMPENSATION

We will strive to pay competitive compensation to our employees yet understand that we need to live within our financial means.

17. TRANSPARENCY

We believe that the taxpayers need and deserve to understand how their money is spent and accounted for. We will strive to make that understanding as simple as possible by trying to use clear and concise language; post information that is timely on various media formats and fully comply with the Public Records Act when members of the public make such requests. At the same time, Transparency is only effective when the public is engaged and avails itself to the information in a timely fashion.