





# User's Guide

## Budget and CIP Guide

### **Purpose of an Annual Budget**

The basic purpose of the City of Santa Clarita's budget is to serve as a "blueprint" for providing City services and a working financial plan, as well as providing a communication tool for City residents, businesses, and employees. The document is specifically designed to provide clear and accurate information to the Santa Clarita community with respect to how its local government is organized and operates. The 5 Year CIP provides a comprehensive capital planning document and a context for future capital budget allocations.

The City of Santa Clarita's Municipal Code requires the City Manager to present a balanced Budget in which ongoing revenues match or exceed ongoing expenditures to the City Council each year. This document authorizes appropriations or eligible expenditures for the City's fiscal year which runs from July 1 to June 30 of the following year.

### **Budget & 5 Year CIP Preparation**

The Budget is prepared each year by the City Manager's Office and the Finance Division, *in cooperation with other City departments and all agencies which receive public funds.* The 5 Year CIP is prepared each year by the Building & Engineering Services Department, the City Manager's Office and the Finance Division. The CIP preparation process has been integrated into the budget process.

In December of every year, each department is presented with a *Budget Preparation Manual*, in which the Finance Division reports estimated revenues for the coming year as well as year-end projected revenues for the current fiscal year. Department expenditure and CIP requests are prepared reflecting these projected revenue trends and estimates. The departments then submit their proposed budgets for the coming fiscal year to the City Manager in March. Budget review is the responsibility of the Manager's Office. In March and April, the City Manager's Office analyzes each individual budget and either approves or denies the requests for funding.

In late March, the City Manager and Staff begin reviewing the department budgets, item by item, meeting with department heads and budget officers, department by department, to justify their budgets for the coming year. Department representatives are asked *questions about their planned expenditures, previous year expenditures, staffing levels, program efficiency and so on.* Often, budgets are modified during this process. If a department is asked to make adjustments, the budget request must then be resubmitted for final review by the end of April. The final product becomes part of the draft, proposed Annual Budget & 5 Year CIP document presented to the City Council.

Budget study sessions are conducted with the City Council in the months of May and June. Citizens have an opportunity to comment on the draft document during public hearings

held in mid-June. During the budget study session and the public participation period, the draft Annual Budget & 5 Year CIP document may be revised or amended to reflect spending priorities that may differ from those presented in the original draft document. The final Annual Budget with the corresponding CIP budget is adopted by resolution of the City Council and takes effect on July 1. Once adopted, the City of Santa Clarita has a new operating budget and fiscal plan for the coming year and a medium range plan for capital spending.

Below is a calendar in which each step in the process of planning and preparing the Annual Budget & 5 Year CIP Document is outlined. In a few short months, the process begins once again for the next fiscal year.

<b>Budget Calendar 1997-98</b>	
November 18	• Budget instructions distributed.
November 21	• Q&A session with budget officers.
January 16	• YTD expensed completed by Administrative Services and base budget numbers provided.
	• Personnel costs with formulas for 1997-98 presented to department budget officers.
February 9	• Estimate of current year end and 1997-98 revenue estimates due to Administrative Services Department.
Mid-February	• <i>Items for ITAC consideration due to department ITAC representatives.</i>
Late February	• ITAC meets to prioritize computer requests.
March 7	• All departments submit completed budget packages, including 5 year capital project requests, to Budget Officer. <b>**Please note: Packages completed after March 7 must be submitted to the City Manager.</b>
March 21	• City Manager receives budget packages for review.
March 24-28	• First round budget discussions with departments and Budget Team.
April 2	• Budget round-up; all departments update and discuss outstanding issues.
April 3-10	• Final adjustments to budget and CIP are made; draft document and message produced.
April 22-25	• Final corrections to draft document made.
April 25	• <i>Document to printer.</i>
May 13	• Budget & CIP presented to Council for review and determination of Study Sessions.
June 10	• Public Hearing of Formal Budget, CIP and CDBG.
June 24	• Budget & CIP Adoption.
July	• Budget debriefing with departments.

### **Level of Control and Changes to Adopted Budget**

For the ensuing fiscal year, the City adopts an annual budget by June 30. From the effective date of the budget, the amounts stated as proposed expenditures become

appropriations for the various City departments and capital improvement projects. These formal budgets are employed as a management control device during the year for the General Revenue Fund and all Special Revenue Funds. Over the past seven years, the City has prepared a line-item detail, which lists each account group within each of the three expenditure/expense categories. This annual budget format is designed to provide a more comprehensive management and fiscal planning system to aid in the achievement of goals and objectives at the operational levels consistent with the City Council's policies.

Budgetary control, the level at which expenditures cannot legally exceed the appropriated amount, is exercised at the fund level. Administrative policies provide guidelines on budget transfers and the authorization necessary to implement transfers. Generally, there are two types of budget transfers:

**Budget Adjustment:** This is a transfer which does not change the total appropriated amount within a fund and does not require Council action. Depending upon the budget category affected by the transfer, approval may be granted at the City Budget Officer or City Manager level.

Department heads have discretion to reappropriation funds between certain line items within a program but may not exceed total appropriated amounts for each program.

Additional expenditures for capital outlay items must be approved by the City Manager and City Council. Funds appropriated for salaries and benefits may not be expended for any other purpose without the approval of the City Manager. The City Manger may transfer funds within and between programs and departments. Increases to the Travel & Training or Legal Services objects require approval of the City Manager or designee.

**Budget Amendment:** This is an adjustment to the total appropriated amount within a fund which was not included in the original budget. These supplemental appropriations require formal action by the City Council. Types of modifications can be categorized as follows:

Unanticipated revenue which was not projected in the budget may be appropriated by Council for expenditure in the year received.

Prior year reserves or fund balances may be appropriated to fund items not previously included in the adopted budget. Reserves/fund balances exceeding minimum amounts required by administrative policies may be appropriated if it is determined to be in the best interest of the City. The City Council must also appropriate reserves in case of emergencies or unusual circumstances.

Transfers between funds require formal action by the City Council.

Unexpended appropriations automatically lapse at the end of the fiscal year and are included in the ending fund balance calculations within each fund.

## **Document Organization**

### *Introductory Sections*

As indicated in the Table of Contents, the City of Santa Clarita's Annual Budget and 5 year CIP document consists of fourteen main sections and nine subsections. The first four sections serve as both an introduction and overview of the Annual Budget and 5 Year CIP preparation process and contents.

The City Manager's Transmittal letter to the City Council outlines the key contents of the FY 97-98 Budget and FY '98-'02 CIP. The fiscal health of all the fund types, as well as the City as a whole, is also discussed.

The Summaries provide an easy-to-read overview of the City's revenues and expenditures, while this User's Guide provides an introduction to the City of Santa Clarita and an explanation of how to use this document.

It is important to note that the City's revenue estimates make assumptions based on actual experience and current knowledge of impending circumstances. Expenditure requests, in turn, reflect these assumed revenue trends and increases.

### *Department Budget Sections*

The next eight sections represent the main body of the Annual Budget. These sections contain all six City departments, Public Safety, and the Newhall Redevelopment Agency budget. Each of these sections begins with an overview of the department and budget summaries. Each program has a narrative page outlining the program's purpose, primary activities, performance goals, recommended decision packages and a three year budget history.

### *5 Year Capital Improvement Program Sections*

The nine sections following the first eight contain detailed information about the capital improvement projects the City plans to initiate over the next five years. Each project information sheet includes the project name, number and location (written and visual), a brief description of the project, a statement of justification and a breakdown of project costs by typical expenditure category and a breakdown of project funding by source.

Examples of a department program page and a CIP project information sheet follow:

**Example of a program's budget page:**

**1997/98 Proposed Budget**

Department: City Manager's Office   Division: City Council			
Funding Source: General Fund			
Program	Account	Title	Budget
Personnel	1100-7011	Permanent Employees	52,510
	1100-7101	Health & Welfare	15,200
	① 1100-7110	Life Insurance	② 160
	1100-7115	Long-Term Disability Insurance	395
	1100-7120	Medicare	760
	1100-7130	Workers' Compensation	1,060
	1100-7140	PERS	7,100
	1100-7150	Deferred Compensation	650
			③ Total Personnel
Operations & Maintenance	1100-7301	Publications & Subscriptions	700
	1100-7302	Travel & Training	19,100
	1100-7306	Auto Allowance & Mileage	1,105
	1100-7307	Office Supplies	600
	1100-7312	Special Supplies	8,600
	1100-7320	Promotion & Publicity	56,500
	1100-7373	Telephone Utility	700
	1100-8110	Professional Services	6,000
		③ Total Operations & Maintenance	93,305
		④ Total 1997/98 Budget	\$171,140

- ① Account Code - the first four numbers indicate the department and division/subdivision. The second set of four numbers indicates a specific line item.
- ② Appropriation for fiscal year.
- ③ Category - the budget is divided into three categories: Personnel, Operations & Maintenance and Capital Outlay. Each department is required to stay within the category allocation. (The City Council program does not have a Capital Outlay category.)
- ④ Bottomline - total appropriation for the budget program.

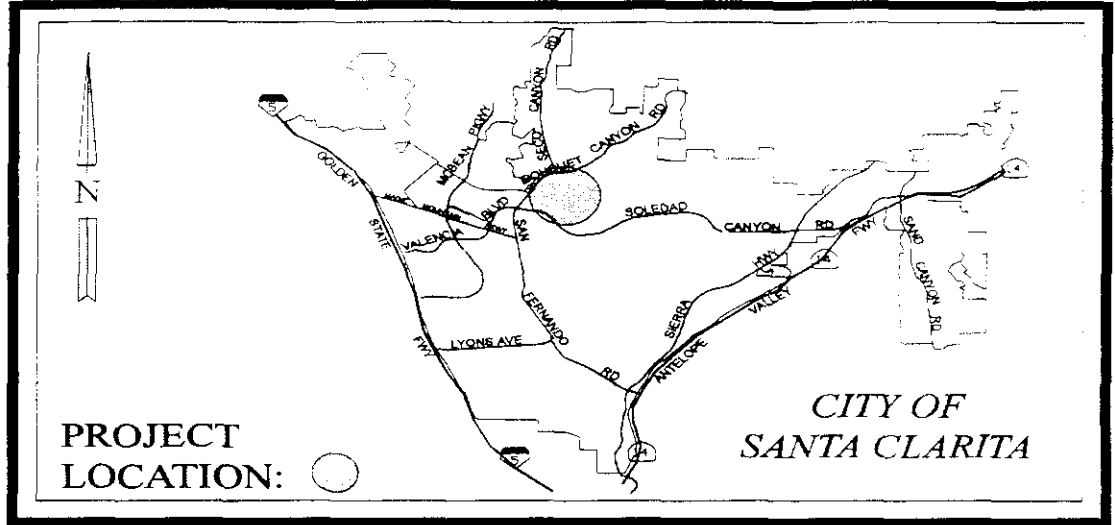
**Example of a project information sheet:**

**Project Information**

**Project Name:** SANTA CLARITA PARKWAY

**Project Number:** S0003

**Project Location:**  
From Bouquet  
Canyon Road to  
Soledad Canyon  
Road.



**Description:** This project will design and construct improvements identified in an agreement between Los Angeles County and various developers involved in the Second Access Group. It also includes improvements in the Bouquet Canyon Bridge & Thoroughfare District. Project formerly known as Rio Vista/Santa Clarita Parkway

**Justification:** This project will improve traffic circulation in area that will be impacted by new development

**Project Status:** In Progress. **Department:** Transportation & Engineering Services **Project Manager:** James Eldridge

**Project Cost Est. (\$):**

Expenditure Category:	Prior Years	1997/98	1998/99	1999/00	2000/01	2001/02	Total
Environmental	\$ 150,000	\$	\$ 400,000	\$	\$	\$	\$ 550,000
Design/Plan Review	200,000	250,000	600,000	1,000,000			2,050,000
Right-Of-Way							
Construction					8,000,000	10,000,000	18,000,000
Inspection & Admin.					150,000	150,000	300,000
Contingency		100,000			850,000	850,000	1,800,000
<b>Total-Costs:</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 9,000,000</b>	<b>\$ 11,000,000</b>	<b>\$ 22,700,000</b>

**Project Funding:**

Funding Source:	Prior Years	1997/98	1998/99	1999/00	2000/01	2001/02	Total
Bouquet B & T	\$ 150,000	\$ 250,000	\$	\$	\$	\$	\$ 400,000
2nd Access Group	200,000	100,000					300,000
Unfunded			1,000,000	1,000,000	9,000,000	11,000,000	22,000,000
<b>Total Costs:</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 9,000,000</b>	<b>\$ 11,000,000</b>	<b>\$ 22,700,000</b>

**Impact on Operations:** Ongoing street sweeping.

- ① **Project Number - S0003 S** = Categorical location of decision package project.  
0 = The area of the City in which the project is located.  
003 = The assigned project number (assigned in order according to area).
- ② **Project Cost Est. (\$):** This area shows a detail of the costs of the project by year and expenditure category. In the case of annual projects, the previous expenditure category reflects the total investment of previous annual projects.

**Category Abbreviations:**

B = Beautification & Landscaping	E = Resource Management & Conservation	0 = Citywide
C = Circulation	S = Streets & Bridges	1 = Valencia
F = Facilities & Buildings	T = Trails & Transit	2 = Newhall
M = Maintenance	D = Disaster	3 = Canyon Country
P = Parks		4 = Saugus



*Appendix*

The Appendix contains additional information to further assist the reader. The primary account code numbers and designations are listed for further understanding of budgeted items, and budgetary and financial vocabulary found throughout the Annual Budget and 5 Year CIP document is included in the Glossary of Terms.

# Budget Guidelines & Principles

## I. City Government

### A. General Background

The City of Santa Clarita encompasses 43 square miles within the Santa Clarita Valley and enjoys a mild Mediterranean climate. The City is situated 35 miles north of Los Angeles and is surrounded by the Santa Susana, San Gabriel, and Sierra Pelona Mountain ranges. The population is an estimated 147,288 persons. The City of Santa Clarita is also the fourth safest city of its size in the United States.

### B. Organizational Structure

The City was incorporated on December 15, 1987, as a general law City. The City operates under a council-manager form of government, with the City Council acting as the part time legislative body of the City. Five members are elected to the City Council at large on a non-partisan basis, with members serving four year terms. Elections are staggered every two years, with the Mayor serving a one-year term and acting as presiding officer.

The City Council appoints a City Manager to be Chief Administrative Officer responsible for the day-to-day operations of the City, as well as carrying out policies established by the City Council.

### C. Reporting Entities and Services

The budget includes all of the funds and account groups of the City of Santa Clarita. The City provides the following municipal services either directly or through contracts with the County of Los Angeles or private entities:

- Building Permit/Plan Approval
- Community Development
- Emergency Services
- Engineering (Traffic, etc.)
- Independent/Private Contractors
- Parks & Trails Maintenance
- Planning/Zoning
- Public Safety (Police/Fire)
- Recreation Services
- Street Maintenance
- Transit Service

## II. Financial Structure

### A. Accounting System and Budgetary Control

In developing and evaluating the City's accounting systems, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of a specific control feature should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

All evaluations of the City's system of internal control will continue to occur within the above framework. The City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### B. Fund Descriptions

The City's accounting records are organized and operate on a "fund" basis, which is the basic fiscal accounting entity in governmental accounting. Each fund is designed by fund type and classification:

**Governmental Funds** - General, Special Revenue, Debt Service and Capital Projects.

**Proprietary Fund** - Enterprise and Internal Service.

**Fiduciary Funds** - Trust and Agency.

**Account Groups** - General Fixed Assets and General Long-Term Debt.

### C. Governmental Funds

Governmental Funds are used to account for the City's expendable financial resources and related current liabilities, except for those accounted for in proprietary funds. The basic financial statements necessary to fairly present financial position and operating results for governmental funds are the balance sheet and the statement of revenues, expenditures, and changes in fund balance. Governmental funds are maintained using the modified accrual basis of accounting.

**General Fund** - accounts for all the general revenue of the City not specifically levied or collected for other City funds and for expenditures related to the rendering of general services by the City

**Special Revenue Fund** - account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.

**Debt Service Fund** - account for accumulation of resources for, and payment of, interest and principal on long-term debt.

**Capital Project Fund** - account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**D. Proprietary Funds**

Generally accepted accounting principles applicable to a private commercial business are applicable to proprietary funds of a governmental entity. The accrual basis of accounting is utilized. The measurement focus is based upon a determination of net income, financial position and cash flows. Accordingly, basic financial statements are required such as, balance sheet, statement of revenues, expenses and changes in retained earnings (deficit), and the statement of cash flows.

**Enterprise Fund** - accounts for operations that are financed and operated in a manner similar to private enterprises, where the intent of City council is that the cost and expense, including depreciation and amortization, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Internal Service Fund** - account for activities involved in rendering services to departments within the City. Costs of materials and services used are accumulated in these funds and are charged to the user departments as such goods are delivered or services rendered.

**E. Fiduciary Funds**

Fiduciary Funds are maintained to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments and other funds.

**Expendable Trust Fund** - account for assets and activities restricted to specific purpose in accordance with a trust agreement.

**Agency Funds** - account for assets held by the City as an agent for the City employees' deferred compensation plan and assets held by the City as agent for the Community Facilities District 92-1.

**F. Account Groups**

Account Groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt.

**General Fixed Assets Account Group** - account for long-term assets of the City, except for those accounted for in proprietary fund types.

**General Long -Term Account Group** - account for long-term debt of the City, except for debt accounted for in proprietary fund types.

**III. Budget Policies and Procedures**

**A. Policy**

The City Manager shall submit a proposed budget to the City Council each year. It is the stated policy of the Council and City Manager that ongoing revenues match or exceed ongoing appropriations.

**B. Budget Basis**

The budgets of general government type funds (for example, the general fund itself, and gas tax funds) are prepared on a modified accrual basis. Briefly, this means that obligations of the City are budgeted as expenses, but revenues are recognized only when measurable and available.

The Comprehensive Annual Financial Report (CAFR) shows the status of the City's finances on the basis of "generally accepted accounting principles" (GAAP). In most cases this conforms to the way the City prepares the budget. One exception is the treatment of compensated absences. Compensated absences, including accrued but unused holiday, administrative leave, compensatory time and vacation leave, are treated slightly different in the budget than in the CAFR.

**C. Responsibility**

The department heads are responsible for preparing their budgets in accordance with the guidelines provided by the City Manager and Assistant to the City Manager.

The Administrative Services Department provides cost experience data as required by City departments. The Director of Administrative Services prepares all revenue, debt service and reserve estimates.

**D. Budget Preparation**

The process of developing the operating budget begins officially in January of each year. The budget preparation process provides department heads an opportunity to examine programs; to propose changes in current services; to recommend revisions in organizations and methods; and to outline requirements for capital outlay items.

**E. Operating Budget**

Ongoing operating costs should be supported by ongoing, stable revenue sources. This protects the City from fluctuating services levels and avoids crises when one-time revenues are reduced or removed. Listed below are some corollaries to this policy:

Fund balances or contingency accounts should be used only for one-time expenditures, such as capital equipment and capital improvements.

Ongoing maintenance costs, such as street resurfacing and trail maintenance, should be financed through recurring operating revenues rather than through bond issuance.

In addition \$1 million of transportation related funding shall annually fund the annual overly and slurry program.

Fluctuating federal grants should not be used to fund ongoing programs.

**F. Revenue Policies**

A diversified and stable revenue system will be maintained to ensure fiscal health and absorb short run fluctuations in any one revenue source.

User fees for all operations will be examined and adjusted annually to ensure that fees cover the direct and, where appropriate, indirect costs of service.

Development fees for one-time capital expenditures attributed to new development will be reviewed annually to ensure that fees match development related expenditures.

The City Manager shall review the encumbrances and continuing appropriations to be submitted to the City Council for approval from one fiscal year to the next fiscal year. These encumbrances and continuing appropriations shall become a part of the City budget.

## **G. Debt Management**

Short term borrowing or lease/purchase contracts should be considered for *financing major operating capital equipment when City Manager along with the City's financial advisor determines that this is in the City's financial interest. Significant lease/purchase decisions should have the concurrence of the appropriate department head and Administrative Services Director.*

## **H. Capital Budget**

The 5 Year Capital Improvement Plan shall be prepared and updated each year. Although this plan may include "unfunded" projects that carry out the City's strategic and general plans, it must also include a capital spending plan that identifies projects that can be completed with known funding sources.

Each department must, when planning capital projects, estimate the project's impact on the City's operating budget.

*Amendments to capital appropriations fall under the same guidelines as changes to the operating budget, with one exception: any project change exceeding 20 percent of the original contract price or \$100,000 must receive specific City Council approval. This approval can be by motion rather than resolution and may accompany a recommendation for award of bid, change order or other Council action. While this approval is not a strict legal requirement, it serves to keep the Council informed on capital activity and funding, and ensures that revisions of project priorities are in line with Council expectations.*

## **I. Budget Review**

During the budget review phase, the City Manager's Office, in conjunction with Department of Administrative Services, analyzes new positions, operating and capital budget request. This information is then compiled and presented to the Assistant to the City Manager. The budget team, comprised of *Assistant to the City Manager, Director of Administrative Services, and Senior Accountant*, conduct meetings with each department to review their estimated expenditures for the current fiscal year and the proposed base line requests and enhancements for the proposed budget year. At the completion of these meetings, the Department of Administrative Services again compiles all the financial data and presents the proposed budget to the Assistant to the City Manager for final review and budget preparation.

**J. Budget Adoption**

The City Manager presents, via publicly notices study sessions, the budget to the City Council. A public hearing is held and, after all changes, modifications and revisions, the budget is adopted by resolution.

**K. Budget Implementation**

A budgetary control system will be maintained to ensure compliance with the budget.

The Department of Administrative Services is responsible for setting up the budget for tracking purposes and is charged with ensuring funds availability during the year to cover expenditures and appropriations. Reports comparing the budget with expenditures are generated and sent to departments on a monthly basis.

**L. Budget Revision**

The City Council approves total budgeted appropriations throughout the year. Actual expenditures may not exceed budgeted appropriations at the functional or program level. The City Manager or his designee is authorized to transfer budgeted amounts at the fund level. The City has the following programs accounted for through its governmental funds- general government, public safety, public works, parks and recreation, community development and capital expenditures.

Uses of unappropriated reserves must be specifically approved by the City Council motion rather than resolution.

**IV. Financial Policies**

**A. General**

The financial polices establish the framework for overall fiscal planning and management. The policies set forth guidelines for both current activities and long range planning. The policies will be reviewed annually to assure the highest standards of fiscal management.

**B. Overall Goals**

The overall financial goals underlying these financial policies are:

**Fiscal Conservatism:** To ensure that the City is at all times in a solid financial condition. This can be defined.

**Cash Solvency** - the ability to pay bills.



**Budgetary solvency** - the ability to balance the budget.

**Long run solvency** - the ability to pay future costs.

**Service level solvency** - the ability to provide needed and desired services.

**Flexibility:** to ensure that the City is in a position to respond to changes in the economy or new service challenges without an undue amount of financial stress.

**Adherence to the Highest Accounting and Management Practices:** as set by the Governments Finance Officers' Association standards for financial reporting and budgeting, by the Governmental Accounting Standards Board and other professional standards.

## C. **Cash Management**

### 1. **Purpose**

An investment policy has been adopted by resolution and is reviewed each year. The investment policy provides guidelines for the prudent investment of temporary idle cash and outlines the policies for maximizing the efficiency of the cash management system. The ultimate goal is to enhance the economic status of the City while protecting its pooled cash.

### 2. **Objective**

The cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible. The City attempts to obtain the highest yield obtainable as long as investments meet the criteria established for safety and liquidity.

### 3. **Policy**

In order to maximize interest earnings, the City commingles the cash of all funds, except those funds held in trust for the City by various financial institutions in accordance with applicable trust agreements related to debt issues. Interest revenue derived from commingled cash is allocated monthly to the participating funds based on the relative cash balance of each fund.

### 4. **Procedures**

Criteria for selecting investments and the order of priority are:

- Safety The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The City only operates in those investments that are considered very safe and are allowable under Government Code Section 53601.
- Liquidity This refers to the ability to "cash in" at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occasionally occurs.
- Yield This is the dollar earnings an investment can provide, and sometimes is described as the rate of return.

## 5. **Debt Administration**

In May 1991, the City entered into a master lease and option to purchase agreement in the amount of \$2,150,000 for the lease of thirteen buses. As of June 30, 1997, the master lease obligation aggregated \$1.0 million.

In October 1991, the Public Financing Authority Revenue Bonds-Series 1991 were issued in the amount of \$22,940,000. This was the City's first rated bond issue in which Standard and Poor assigned an A- Bond rating to the City of Santa Clarita. As of June 30, 1997, the City's obligation for Public Financing Authority Revenue Bonds-Series 1991 is \$18.8 million.

In October 1991, the City entered into a lease with an option to purchase agreement in the amount of \$4,895,000 for the lease of sixteen buses from Los Angeles County Transportation Commission (LACTC). Balance of the LACTC lease obligation as of June 30, 1997, equals \$3.2 million.

In September of 1992, the City entered into an agreement whereby the Los Angeles County Transportation Commission loaned the City \$2,500,000 for the construction of a commuter rail station. Payments are due annually for five years.

In October 1992, the City received a distribution of loan proceeds totaling \$2,557,436 from the Price Company. This money has been used for the acquisition of certain infrastructure improvements surrounding the Price Club. Payments are due quarterly and will equal 70% of the sales tax revenue generated monthly from the operation of the Price Club Center. The payments will be made for 30 years. As of June 30, 1996, the City's obligation for the Note payable is \$2.9 million.

In April 1993, the City entered into an agreement whereby the City will reimburse Home Depot Company \$690,000 for certain public improvements. Payments are due quarterly and will equal up to 50% of the sale tax revenue generated monthly from the operation of the Home Depot. The payments will be made for 7 years or until accrued interest and principal are paid in full. As of June 30, 1997, the balance is \$177,000.

In June of 1995, the City entered into an agreement with the Newhall Land and Farming Company for the purchase of land to be developed for a rail station. Interest and principal payments are due quarterly, and the balance is \$500,000.

## **6. Risk Management**

The City is self insured for the first \$250,000 on each general liability claim against the City. Third party coverage is currently maintained for general liability claims greater than \$250,000 up to a limit of \$10,000,000 and all workers' compensation claims. The City has a Safety Committee to promote safe and healthy work practices. Some of the objectives of the Committee are to identify and review unsafe conditions and practices and to provide a means for their corrections or elimination in a timely manner, establish employee safety training programs, and to promote a system of communications with employees regarding safety and health matters. In addition, the City maintains a comprehensive risk assessment program and annual hazard survey to identify areas that may pose liability issues. Furthermore, the City has a policy of vigorously defending claims filed against Santa Clarita and continues to maintain an excellent loss history.

## **7. Annual Audit**

Sound accounting practices suggest that an annual audit is a prudent business decision. The City requires an annual audit by a qualified independent accountant of the books of account, financial records, inventories and reports of all City officers and employees involved in the handling of financial matters. In compliance with the requirement of an annual audit, Diehl, Evans and Company, a firm of Certified Public Accountants, completed the audit for the fiscal year ending June 30, 1996.

# City of Santa Clarita

## Annual Appropriations Limit

The Appropriations Limit, established by the State of California per Article XIII B of the California State Constitution, sets a limit for the annual appropriations of tax proceeds for all municipalities.

Article XIII B was recently amended by Proposition 111 to change the method of calculating the annual appropriations limit. Prior to Proposition 111, the annual appropriations limit was adjusted annually by the change in the cost of living or by the change in California per capita personal income, whichever was less, and by the percentage change in the population of the City.

Under the new guidelines set forth by Proposition 111, the annual appropriations limit will not exceed a base year adjusted by the change in population of the City or the County combined with either the change in California per capita personal income or the change in the local assessment roll due to local nonresidential construction. Proposition 111 also changed the base year for all municipalities to 1986-87.

Starting with a base year limit of \$47,350,022 for 1986-87 and increasing it to the 1997-98 limit by using the guidelines set forth in Proposition 111, the calculation would be as follows:

Fiscal Year	Prior Year's Limit	Add Change in Personal Income	New Base	Add Change in Population	Appropriations Limit		
1986-87					47,350,022		
1987-88	47,350,022	3.47%	1,643,046	48,993,068	12.82%	6,280,911	55,273,979
1988-89	55,273,979	4.66%	2,575,767	57,849,746	12.29%	7,109,734	64,959,480
1989-90	64,959,480	5.19%	3,371,397	68,330,877	5.85%	3,997,356	72,328,233
1990-91	72,328,233	4.21%	3,045,019	75,373,252	4.75%	3,580,229	78,953,481
1991-92	78,953,481	4.14%	3,268,674	82,222,155	7.01%	5,763,773	87,985,928
1992-93	87,985,928	(.64%)	(563,110)	87,422,818	2.67%	2,334,189	89,757,007
1995-96	97,650,250	4.72%	4,609,092	102,259,342	(.52%)	(531,749)	101,727,593
1996-97	101,727,593	4.67%	4,750,679	106,478,272	1.54%	1,639,765	108,118,037
1997-98	108,118,037	4.67%	5,049,112	113,167,149	1.13%	1,278,789	114,445,938

**RESOLUTION NO. 97-61**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF SANTA CLARITA, CALIFORNIA,  
APPROVING AND ADOPTING THE ANNUAL APPROPRIATIONS LIMIT  
FOR THE FISCAL YEAR 1997-98**

The City Council of the City of Santa Clarita hereby resolves as follows:

SECTION 1: The City Council of the City of Santa Clarita hereby finds and determines:

A. That the Department of Finance has notified the City of the change in the California per capita personal income and such change is 4.67% for the prior calendar year.

B. That the City also has the option to use the change in the local assessment roll due to local nonresidential construction in lieu of the California per capita personal income change; however, the State nor the County of Los Angeles has this information at this time.

C. That the Department of Finance has notified the City of the change in population of the City and the entire Los Angeles County in which the City has the option to use the greater percentage change, which change is an increase of 1.13% for the City of Santa Clarita for the prior calendar year.

D. That, pursuant to California Constitution Article XIII B, Section 1 and Government Code sections 7900 et seq., and pursuant to the guidelines set forth by Proposition 111, the City appropriations limit must be adjusted for changes from the base year of 1986-87 to the fiscal year ending June 30, 1997, by the changes in the California per capita personal income and in population.

E. That the appropriations limit documentation applicable to this Resolution has been available for public inspection for fifteen days prior to approval by the City Council, pursuant to Government Code section 7910.

SECTION 2. That the appropriations limit for the City of Santa Clarita for fiscal year ending June 30, 1998 is \$114,445,938.

SECTION 3. That the City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 24th day of June, 1997

  
Mayor

ATTEST:

Sharon Dawson  
City Clerk

STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES ) §  
CITY OF SANTA CLARITA )

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City Council of the City of Santa Clarita, at a regular meeting thereof, held on the 24th day of June, 1997, by the following vote of the Council:

AYES: COUNCILMEMBERS - Darcy, Heidt, Klajic, Boyer, Smyth

NOES: COUNCILMEMBERS None

ABSENT: COUNCILMEMBERS None

Sharon Dawson  
Sharon Dawson, City Clerk

**RESOLUTION NO. 97-62**

**A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF SANTA CLARITA ADOPTING  
THE ANNUAL BUDGET FOR FISCAL YEAR 1997-98  
AND MAKING APPROPRIATIONS FOR THE AMOUNT BUDGETED**

WHEREAS, a proposed annual budget for the City of Santa Clarita for the fiscal year commencing July 1, 1997, and ending June 30, 1998, was submitted to the City Council and is on file in the City Clerk's Office, and

WHEREAS, proceedings for adoption of said budget have been duly taken, and

WHEREAS, the City Council has made certain revisions, corrections, and modifications to said proposed budget, and

WHEREAS, the City Manager has caused the proposed document to be corrected to reflect the changes ordered by the City Council.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SANTA CLARITA  
DOES RESOLVE AS FOLLOWS:**


Section 1. The budget, incorporated herein by reference, is adopted by Resolution as the Annual Budget for the City of Santa Clarita for Fiscal Year commencing July 1, 1997, and ending June 30, 1998.

Section 2. There is hereby appropriated to each account set forth in said budget, incorporated herein by reference, the sum shown for such account in the 1997-1998 budget, and the City Manager is authorized and empowered to expend such sum for the purpose of such account but no expenditure by any office or department for any items within an account will exceed the amount budgeted therefore without prior approval of the City Manager.

APPROVED AND ADOPTED this 24th day of June, 1997

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk

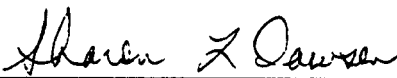
STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES       §  
CITY OF SANTA CLARITA

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City Council of the City of Santa Clarita, at a regular meeting thereof, held on the 24th day of June, 1997, by the following vote of the Council:

AYES           COUNCILMEMBERS       Darcy, Heidt, Klajic, Boyer, Smyth

NOES           COUNCILMEMBERS       None

ABSENT:       COUNCILMEMBERS       None

  
\_\_\_\_\_  
Sharon Dawson, City Clerk



**RESOLUTION NO. 97-63**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF SANTA CLARITA  
ADOPTING THE 1998-2002  
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM**

WHEREAS, a proposed Five-Year Capital Improvement Program for the City of Santa Clarita was submitted to the City Council and is on file in the City Clerk's Office; and

WHEREAS, the City of Santa Clarita's Planning Commission on May 20, 1997 determined that the proposed 1998-2002 Five-Year Capital Improvement Program is consistent with the City's General Plan; and

WHEREAS, procedures for adoption of the Five-Year Capital Improvement Program have been duly taken; and

WHEREAS, the City Manager has made certain revisions, corrections, and modifications to reflect the changes ordered by the City Council.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SANTA CLARITA DOES RESOLVE AS FOLLOWS:

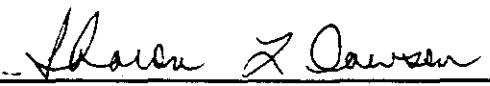
SECTION 1. The Capital Improvement Program presented to Council on June 24 1997, is adopted subject to the incorporation of Council's comments, as the 1998-2002 Five-Year Capital Improvement Program for the City of Santa Clarita.

SECTION 2. The City Clerk shall certify to the adoption of this resolution and certify this record to be a full true, correct copy of the action taken.

PASSED, APPROVED, AND ADOPTED this 24th day of June, 1997.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk


STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) §  
CITY OF SANTA CLARITA )

I, Sharon Dawson, City Clerk, hereby certify that the above and foregoing Resolution was duly adopted by the City Council of the City of Santa Clarita at a regular meeting thereof, held on the 24th day of June, 1997 by the following vote of Council:

AYES: COUNCILMEMBERS: Darcy, Heidt, Klajic, Boyer, Smyth

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None

  
\_\_\_\_\_  
Sharon Dawson, City Clerk