

**RESOLUTION NO. 12-014**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, SETTING FORTH CERTAIN FINANCIAL PRINCIPLES UPON WHICH THE CITY SHALL OPERATE AND ADOPTING CERTAIN IMPLEMENTING GUIDELINES TO ACCOMPLISH THE SAME**

WHEREAS, it is the desire of the City Council to establish certain generalized principles governing the financial affairs of the city of Carson; and

WHEREAS, the adoption of such principles is intended to provide city staff with guidance in preparing and submitting the annual budget for the City; and

WHEREAS, the City Council further desires to adopt certain financial policies that are necessary and appropriate to implement the financial principles articulated herein; and

WHEREAS, the City Council further desires to adopt financial policies that will assure that the city of Carson shall continue to enjoy a high level of credit worthiness and be eligible for the highest bond rating; and

NOW, THEREFORE, the City Council of the city of Carson resolves as follows:

**Section 1.** The foregoing Recitals are true and correct and are incorporated herein.

**Section 2.** The City Council of the city of Carson hereby adopts the following financial principles, which principles shall guide the preparation, consideration, adoption, and implementation of the annual city budget, to wit:

(a) It shall be the policy of the city of Carson, acting through its duly elected City Council, to adopt a balanced operating budget by June 30<sup>th</sup> of each year for the following fiscal year without using General Fund undesignated fund balances or reserves. The budget thus adopted shall include expenditures necessary to provide for the well-being and safety of the community subject to available revenues; and

(b) It shall be the further policy of the city of Carson, acting through its duly elected City Council, that fees for services shall be updated annually to recover, as much as possible, the cost of providing the services and to allow for the impacts of inflation, with fees not exceeding the cost of providing the service. In some instances, the City may elect to not recover the full cost of providing the service and the City Council shall determine the appropriate cost recovery level for those individual services; and

(c) It shall be the further policy of the city of Carson, acting through its duly elected City Council, that revenues in excess of expenditures at the end of a fiscal year shall be used first to satisfy the general fund reserve requirements, capital project reserves, capital equipment reserves, and liability reserves before being appropriated for other uses; and

(d) It shall be the further policy of the city of Carson, acting through its duly elected City Council, that current year operating expenditures shall be funded by current year operating revenues; and

(e) It shall be the further policy of the city of Carson, acting through its duly elected City Council that the City shall honor all of its debt and seek to maintain the highest possible bond rating to minimize issuance and interest costs to the City.

Section 3. In order to effectively implement the forgoing statement of financial principles, the following shall be, and hereby are, adopted as policies of the City Council that staff shall adhere to in the preparation, consideration, adoption, and implementation of the annual city budget, to wit:

**(a) General City Financial Policies**

1. It shall be the policy of the city of Carson to value its employees as one of its most important assets and compensate them at an appropriate level and commensurately with the City's ability to pay; and
2. It shall be the further policy of the city of Carson to establish, and then maintain, a "minimum reserve" for economic uncertainties equal to 20% of expenditures of the current year General Fund budget exclusive of Nonspendable, Restricted, and Assigned fund balance.
3. In addition to meeting contingency needs, it shall be the further policy of the city of Carson that the General Fund reserve shall provide for a certain level of investment earnings and shall serve as a cash flow reserve.
4. It shall be the further policy of the city of Carson to provide for capital equipment replacement to achieve greater efficiency and effectiveness in its operations.
5. It shall be the further policy of the city of Carson to utilize one time revenues for one-time expenditures or to enhance reserve funds as appropriate or necessary.
6. It shall be the further policy of the city of Carson to maintain, replace, and improve its infrastructure and the City shall set aside a reasonable and prudent amount of General Fund monies for capital projects including repair of various facilities as part of its annual budget process to the greatest extent possible.

**(b) Revenues & Expenditures Policies**

1. It shall be the policy of the city of Carson to use conservative estimates of revenues to maintain financial flexibility.

2. It shall be the further policy of the city of Carson to continue to explore revenue-raising alternatives as necessary and shall pursue grants available to local government.
3. It shall be the further policy of the city of Carson that programs that are funded through user fees shall be self-supporting to the greatest extent possible or at a level proscribed by the City Council.
4. It shall be the further policy of the city of Carson to ensure that there is full recovery of overhead and internal services from grant and special or enterprise funds to the greatest extent possible and as permitted by the restrictions associated with each fund.

**(c) Special Revenue, Enterprise, and Internal Service Funds Policies**

1. It shall be the policy of the city of Carson to abide by applicable rules and regulations pertaining to the expenditures of special revenue funds as required by each funding source.
2. It shall be the further policy of the city of Carson that so-called "Enterprise activities" shall be programmed to generate sufficient revenues to support the Enterprise's operations including overhead and internal services, debt service requirements, and current and future capital needs.
3. It shall be the further policy of the city of Carson that Special Revenue and Enterprise Funds shall adhere to all other applicable fiscal policies of the City.
4. It shall be the further policy of the city of Carson to establish Internal Service Funds as appropriate to ensure cost recovery on a fair and justifiable basis.
5. It shall be the further policy of the city of Carson that transfers to the General Fund from other funds for overhead costs shall be reviewed annually and shall conform to the Office of Management & Budget A-97 Guidelines.

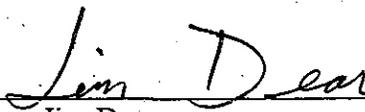
**(d) Debt Policies**

1. It shall be the policy of the city of Carson to strive to incur debt only for capital improvement projects and only if the project cannot be funded by recurring or one-time revenues.
2. It shall be the further policy of the city of Carson that proceeds from long term debt shall not be used for current on-going expenditures.
3. It shall be the further policy of the city of Carson not to use short-term borrowing for operating expenditures unless it is a Tax & Revenue Anticipation Note or other short-term cash flow borrowing.

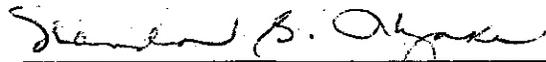
- 4. It shall be the further policy of the city of Carson that use of the General Fund as security for debt issues should be limited to the greatest extent possible to capital projects which serve the general benefit of the City.

**Section 4.** The City Clerk shall cause a copy of this Resolution to be posted in a prominent location on the city of Carson web site.

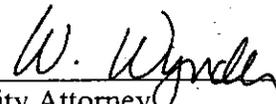
**PASSED, APPROVED, and ADOPTED** this 18<sup>th</sup> day of January, 2012.

  
 \_\_\_\_\_  
 Mayor Jim Dear

ATTEST:

  
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 Chief Deputy City Clerk Wanda S. Higaki

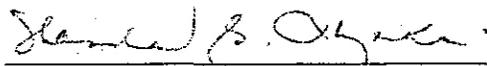
APPROVED AS TO FORM:

  
 \_\_\_\_\_  
 City Attorney

STATE OF CALIFORNIA            )  
 COUNTY OF LOS ANGELES    ) ss.  
 CITY OF CARSON                )

I, Wanda S. Higaki, Chief Deputy City Clerk of the City of Carson, California, do hereby certify that the whole number of members of the City Council is five; that the foregoing resolution, being Resolution No. 12-014 was duly and regularly adopted by said Council at a regular meeting duly and regularly held on the 18th day of January, 2012, and that the same was passed and adopted by the following vote:

AYES:           COUNCIL MEMBERS: Mayor Dear, Ruiz-Raber, Santarina, Gipson and Davis-Holmes  
 NOES:           COUNCIL MEMBERS: None  
 ABSTAIN:       COUNCIL MEMBERS: None  
 ABSENT:        COUNCIL MEMBERS: None

  
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 Chief Deputy City Clerk Wanda S. Higaki