

**JOINT**

**RESOLUTION NO. 2972-2006**

**RESOLUTION OF THE FORT BRAGG CITY COUNCIL**

**and**

**RESOLUTION NO. R123-2006**

**RESOLUTION OF THE FORT BRAGG REDEVELOPMENT AGENCY**

**and**

**RESOLUTION NO. ID 274-2006**

**R RESOLUTION OF THE FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT BOARD**

**APPROVING AND ADOPTING BUDGET PRINCIPLES**

**WHEREAS**, the City Council, Redevelopment Agency, and Municipal Improvement District Board adopt by Resolution an annual Budget based upon recommendations of the City Manager/Executive Director/District Manager and Department Heads; and

**WHEREAS**, during the course of each fiscal year actual expenditures may vary slightly from budgeted levels; and

**WHEREAS**, expenditures in excess of budgeted amounts for authorized purposes typically do not result in City Council, Redevelopment Agency, or Municipal Improvement District Resolutions to amend the Budget but rather are disclosed after the close of the fiscal year as variances within the audited financial statements; and

**WHEREAS**, sound financial management practice calls for administrative regulation, limitation, approval and budgetary control of minor variations prior to incurring increased expenditures; and

**WHEREAS**, the City Council adopted Resolution No. 2584-2002 on June 24, 2002, approving and adopting Budget Principles including the establishment and maintenance of reserve funds and minimum fund balances and the City Manager's Budget letter of April 14, 2006, addresses the need to review and adjust the desired reserves and fund balances; and

**WHEREAS**, the Budget Principles also need to include provisions allowing the City Manager/Executive Director/District Manager to approve minor Budget adjustments during the course of the fiscal year within limitations established by the City Council/Redevelopment Agency/District Board, and

**WHEREAS**, the City Manager/Executive Director/District Manager or Finance Director will report monthly to the Council's Finance and Administration Committee on all administratively approved Budget amendments.

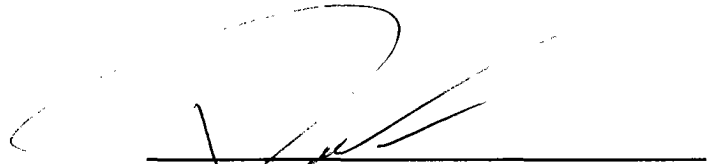
**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Fort Bragg does hereby repeal and replace Resolution No. 2584-2002 with the following updated Budget Principles:

1. Annual budget will be balanced such that budgeted expenditures do not exceed revenues available for appropriation.
2. Revenue not required to balance the operating budget will be applied to the appropriate reserve account, used to fund additional City Council priorities, or used to reduce debt.
3. Estimation of the proposed revenue amounts is not more than the prior year's projected/actual revenues, except as expressly justified by new circumstances.
4. On-going expenditures, such as personnel costs, consumable supplies and equipment operation costs which are expected to recur every year, shall be covered through annual on-going revenues without reliance on one-time revenues or the use of undesignated fund balance.
5. One-time costs which are proposed to improve the efficiency or effectiveness of base budget operations and services or one-time supplemental costs may be funded using one-time revenues or undesignated fund balance.
6. Department Heads are responsible for implementing management procedures to improve service delivery and efficiency as defined by objectives included in the Budget.
7. The City shall place a priority on the development of its undesignated General Fund Cash Reserve of a minimum unrestricted General Fund balance of 25% of annual appropriations, a minimum Water O&M Fund and Wastewater Fund balances of 10% of annual appropriations, and Redevelopment Project Fund balance of 20% of annual operating appropriations.
8. The City shall work toward the development of additional specific reserve funds as follows:
  - (a) Litigation and liability reserves of \$250,000 in General Fund Reserves (114), and \$50,000 in each of the three Waterworks Reserves (614), Wastewater Reserves (714), and Redevelopment Project Reserves (170).
  - (b) No Annual operating reserve at the discretion of the City Manager.
  - (c) Capital Project Reserves of \$300,000 in General Fund Capital Reserves (115) and \$100,00 in each of the Waterworks (640) and Wastewater Capital Project (740) Funds.
9. The City Manager may approve the transfer of up to \$1,000 within a departmental budget from one budgeted line item to another budgeted line item provided that transfers of personnel budgets for salaries (100 series accounts) and employee benefits (200 series accounts) may not be made to non-personnel accounts (account series 300 and above). The aggregate of all transfers within one department may not exceed \$25,000 or 5% of the original operating budget, whichever is greater.

Interfund transfers are allowed for related purposes such as Engineering/Water or Community Development/Redevelopment provided the aggregate transfers out of any one fund do not exceed \$50,000.

The above and foregoing Resolution was introduced by Council/Agency/Board Member Baltierra, seconded by Council/Agency/Board Member Hammerstrom, and passed and adopted at a regular meeting of the City Council/Redevelopment Agency/District Board of the City of Fort Bragg held on the 12<sup>th</sup> day of June, 2006, by the following vote:

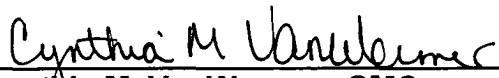
**AYES:** Council/Agency/Board Members Gjerde, Baltierra, Hammerstrom, Melo, and Mayor/Chair Turner.  
**NOES:** None.  
**ABSENT:** None.  
**ABSTAIN:** None.



---

**DAVE TURNER,**  
Mayor/Chair

**ATTEST:**



---

**Cynthia M. VanWormer, CMC**  
City Clerk/Secretary/District Clerk