



CITY OF YREKA
CITY COUNCIL AGENDA MEMORANDUM

To: Yreka City Council
Prepared by: Rhetta Hogan, Finance Director
Agenda title: Brief discussion of the City of Yreka's 2014-2016 Biannual Budget
Meeting date: June 19, 2014

Discussion:

City staff is pleased to briefly discuss and distribute this evening to the Council and citizens the 2014-16 Draft Biannual Budget (available <http://ci.yreka.ca.us/city-government/finance>). Staff is recommending setting a time and date for a workshop to answer questions and discuss further detail the budget with the City Council prior to its adoption at the next regular scheduled Council meeting on July 17, 2014.

General operating fund revenues from taxes and fees are expected to increase in both 2014-15, and in 2015-16 from the 2013-14 operating budget. Expenses however, are anticipated to increase at a slightly faster pace than those revenues in 2014-2015, but balance out in 2015-16 assuming sales and property tax growth projections hold firm. The general operating fund makes use of \$36,887 from the budget stabilization fund in 2014-15, however it is expected to repay back \$15,732 in 2015-2016.

General capital outlay funds contemplate the remodeling of the new police station in 2014-15, and using one time revenues from SCORE and other sources for capital outlay of equipment and vehicles.

Crandall and Stewart donated funds expenditures cover the community theatre siding project and assume continued allocations through the mini grant project for Miner Street improvements.

Road and street funds are expected to deplete projected street fund reserves by the end of 2014-15. It is unknown, and not projected, whether any additional funding from the local transportation fund will be made to local cities for streets funding in 2014-15 and 2015-16. The streets budget in 2015-16, has a shortfall of \$217,812 that will need to come from other available reserve funds. The City will be working with the City Council on infrastructure funding to address the street funding gap.

Approved by: _____
Steven Baker, City Manager

Special revenue funds are on track for landfill access and the fire tax special assessment for debt servicing and capital reserves. Development fees remain subsidized at the 50% discounted level.

The water and wastewater enterprise funds revenues are projected flat, as the water and wastewater rate study presented in June 20, 2013, was not accepted. At that time Council requested a suspension on any further rate increases for these utilities. No rate increases are incorporated into the budget, whereas expenses have been budgeted to meet the operating, debt servicing and capital outlay required. The contribution to reserves continues however the reserves are not growing at the targeted level of major infrastructure replacement project, e.g. tank replacement costs.

Recommendation and Requested Action:

Brief discussion of the City of Yreka's 2014-2016 biannual budget and setting a time and date for a workshop to answer questions and discuss further details of the budget with the City Council prior to the next regular scheduled Council meeting on July 17, 2014.

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City of Yreka

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June 17, 2014

Honorable Mayor and City Council
City of Yreka
701 Fourth Street
Yreka, California 96097

Re: 2014-15/2015-16 Budget

In the following pages you will find the proposed 2014-15/2015-16 Budget. This is the first two year budget prepared by the City. The concept of the two year budget is to forecast and review the City's revenues and expenses for a longer period of time, and also recognize that many of the basic services that the City provides in relatively stable times do not change very much from year to year. The preparation of the budget document itself takes significant staff resources across all departments. In early 2015, staff will not only be reviewing the budget and make adjustments as necessary, but also use the time that normally would be allocated towards annual budget preparation to working on long term financial forecasting and strategic planning to meet the City's needs into the future.

The General Operating Budget is structurally balanced, with a small amount forecast (0.7%) to come from the Budget Stabilization Reserve in 2014-15, with some of that estimated to be returned in 2015-16. The budget forecasts an increase in retirement contributions, however, it does not take into account possible pay increases for city staff. Staff has budgeted conservatively for revenues, with sales tax projected to increase by about 3% in 2014-15 and 3% in 2015-16. Property tax is budgeted as essentially flat. Despite the economic recovery, there has not yet been a significant property value increase in Siskiyou County. The City's third largest revenue source, hotel and motel taxes, are projected to rise by 4% in 2014/15.

While these conservative projections have revenues only barely covering expenses, there is reason to be hopeful that the local economy is improving and that recovery will eventually result in increased income for the City. The Tractor Supply Company store and Fruit Growers sawmill are both under construction at this time. Starbucks has just opened, and staff is receiving increased interest from businesses in several sections of town, including downtown and the retail areas near the southern I-5 interchange. The economic development investments that were begun years ago (and in some cases, as in the Northeast Industrial Area, decades before) are beginning to provide dividends such as increasing job opportunities for local residents, as well as improving the overall economy.

Since 2008, the City has been working to decrease its on-going operating expenses to match a reduced revenue base. Although, as noted above, there is reason for optimism, balancing the operating expenses with available revenues is expected to continue to be a challenge. The City has contracted with local non-profit agencies to provide services that otherwise the City could not afford to do. These include Madrone Hospice operating the City's senior programs, the Yreka Chamber of Commerce providing tourism services and organizing events, the Siskiyou Economic Development Council providing

economic development services, and Yreka Splash keeping the aging pool open by operating the pool and fundraising for improvements. The Red Scarf Society has also sponsored events and raised funds to repair the exterior of the Community Theater, and the Siskiyou Gardens, Parks and Greenways Association (SGPGA) has worked to improve recreational opportunities, especially by helping maintain and improve our creeks and parks. Madrone and the Chamber worked with the City to lower their requests for City support in recent years, but because of increasing costs, they have requested the City restore their funding levels to 2010 levels. The others have kept their funding requests relatively constant. All of them are also facing increasing challenges meeting rising expenses.

City staff has been reduced, particularly at the management level, while still trying to provide similar service levels to Yreka citizens and visitors. With a shrinking staff, it has become more critical to focus on the services and projects that can be done well rather than trying to meet all needs. Staff has experimented with lower levels of service to see what works and what does not. As noted above, staff works with volunteer organizations and groups, stretching the services that the city provides. The City is also working to streamline operations with such initiatives as accepting credit and debit cards for utility bills, online utility account access, and on-line reporting for the Police Department that is expected in the long run, free up staff time for other work. The City is experimenting with closing City Hall on Fridays to allow staff additional time to focus on work, projects and training. Continuing to try to improve staff efficiency will need to be one of the cornerstones of moving forward.

One of the major challenges looming for the City is street funding. Pavement, when well maintained, will last for a long time before major structural repairs are needed. When allowed to deteriorate, however, pavement repairs become increasingly costly. Like oil changes, it is best to practice prevention instead of repair. Gas tax, the major source of street improvement funding, has not kept up with the cost to maintain streets. In recent years we have transferred funds (\$100,000) from the General Fund to the Street Fund. We have also been able to restore some of the funding through the Local Transportation Commission. Although, that funding source is again dwindling as transit costs consumes a larger percentage of available funds. The City has also been drawing down reserves accumulated in previous years. While there have been several proposals at the state level to increase this funding source, these proposals have not been adopted. During this two year period, we will need to come up with a better way of funding street maintenance. The streets account will run out of reserves in 2015.

Storm drain funding is also a critical need. The City is under a new regulatory structure for storm drainage, and while staff has worked with the Regional Water Quality Control Board to limit the costs of the new requirements, there will be increased costs that will have to be absorbed by the City's General Fund.

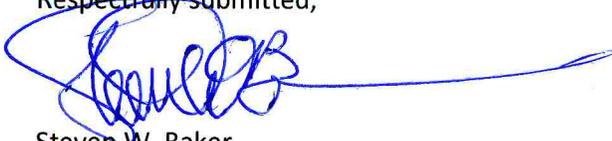
One major improvement that will occur over the next two years is the replacement of the aging police station. The building has been purchased, and design will be commencing soon, followed by rehabilitation of the building. This will be funded through a combination of funds from the Crandall Trust and capital reserves.

As a City, we will continue to face challenges in having sufficient funding to cover service costs. This two year budget is a forecast and a spending plan. It is, however, only a plan for this point in time. It will be updated as the situation warrants. This budget also contemplates working on the long term strategies needed to balance the budget in the future. This work will require taking a hard look at where the City needs to be many years in the future.

I would like to thank the many people who worked to put this document together. Department heads, division managers, and their support staff have worked to find ways to approach services to reduce costs and increase efficiencies. The ideas and decisions that this budget is based on come from all levels of the organization including front line staff, management and the City Council. I would particularly like to thank Rhett Hogan, Benjamin Matts and the rest of the Finance staff who have worked hard to make this document a reality. Yreka is fortunate to have such a group of dedicated and capable employees.

Finally I would like to thank the City Council for its leadership and willingness to confront the challenges facing the City. Decisions are always difficult, but never so much as in poor economic times. There are more challenges ahead and I look forward to working with the Council and staff to meet those challenges.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Steven W. Baker", with a long horizontal flourish extending to the right.

Steven W. Baker
City Manager

City of Yreka 2014-15 and 2015-16 Budget Narrative

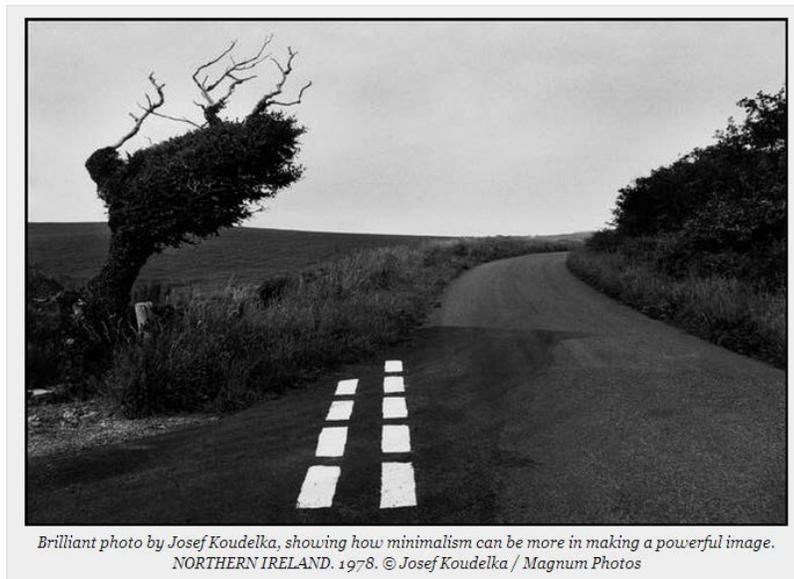
Highlights

Overview: *Achieving more with less.*

The City is striving to achieve more with less by adjusting priorities and finding savings where we can. Staff is still adjusting to the previous years of restructured positions, focusing on implementing self-serve citizen applications for services. For example, utility customers can now view and pay bills online and citizens can also file police reports online. Collaborations with community organizations and the City continue to be utilized to extend services. Public Works maintenance staff implemented cost savings measures by installing high efficiency lighting in buildings, taking advantage of one time electric company rebates, installed water efficient sprinkling devices in the parks, and implemented a green recycling method of mulching that also saves on landscape watering. Streetlights are being converted to LED lightening that will save money in maintenance and electricity costs as well as improve lighting visibility and reduce light pollution. Doing with less can be more.

Like last year, City staff has taken both a realistic look and analytical approach to their departmental budgets. Within each of the operational budgets, there are no areas of excess or surplus. Recommendations for outlays were evaluated from a cost-benefit approach at the budget planning meetings. Last year decisions were made to use capital reserves in the general fund and local transportation fund to acquire a new station building for the police department, and to replace equipment nearing or at obsolescence, whose maintenance costs exceeded the value of the equipment. Some of those projects carryover into 2014-15 fiscal year as the remodeling of the police station will be underway, and both the new street sweeper and 10-yard dump truck will not be delivered prior to June 30, 2014.

Repairs are still critically needed for roads to prevent further deterioration. The state gas tax funds are not increasing, and though road miles travelled have increased statewide, fuel purchases have not increased. The City, a member of the Siskiyou County Local



*Brilliant photo by Josef Koudelka, showing how minimalism can be more in making a powerful image.
NORTHERN IRELAND. 1978. © Josef Koudelka / Magnum Photos*

Transportation Commission, is participating in the countywide pavement management program assessment. The pavement management program will give the City an updated physical condition of its roads and rank repairs by both urgency and cost. The general operating fund will transfer \$100,000 to the capital reserves budget to augment, but that

will be immediately used in the road and street funds in both 2014-15 and 2015-16. The City anticipates that sometime in 2015-16, road and street reserves will be depleted and funding will rely on additional transfers from general fund reserves, or restructured costs. This is problematic when operating costs are not covered by operating income, as one time money cannot sustain operations, and solutions will need to be found through cuts or new revenue sources.

It is important to remember that changes in the economy, staffing, current employee insurance coverage choices or departmental operations will change the projections. All of these variables lend importance to the utilization of the budget stabilization reserve. In 2014-15, the City is relying on \$36,888 from the budget stabilization reserve. However, in 2015-16, the City plans to contribute \$15,732 back to the budget stabilization fund.

Revenue:

The good news is that the City is seeing an upturn for its core revenues of sales tax, property tax, business-license tax and franchise fees. Hotel occupancy taxes are expected to remain stable. Fee revenue for services, like building permits, plan check fees, and animal licenses, are expected to increase slightly. Fee revenue for the community facilities and parks are expected to be nearly the same.

The enterprise utility funds for water and sewer services remain at 2012-2013 rates per Council action. The rate study completed in the summer of 2013 suggested modest 2.5% cost of living increases over the next five years. The rate increase was deferred until an analysis of any cost savings measures could be implemented. City staff will be recommending that the rate increase by the cost index (as provided for in the 2008 resolution adopting the rates) in order to keep up with the expenses and avoid “rate shock” from occurring in the future. The cost index to calculate adjustments in rates is the American Cities “municipal cost index”. Long-term financial planning is critical to maintaining a rate structure to meet current operating needs as well as replacing aging portions of the system and making improvement to keep up with regulations and best practices.

Revenue from grants is on track, though the City at times carries large balances of grant receivables. Grants carry inherent risks, one of which is cash flow risk, as the City fronts the money for the capital expenses, while waiting for agency reimbursement. Other grant related risks are compliance and contract risks, which will be discussed later.

Employees:

Staffing levels have decreased over the past several years, with positions being restructured and re-allocated from the general fund to other funds as appropriate. The number of budgeted full time equivalent employees in 2014-15 and 2015-16 remains forty-nine. The City will be in negotiations with all of the bargaining units by Dec. 31, 2014, when the current agreements expire. In 2013-2014, the City gave employees one-time off-salary-schedule pay of \$2,400 to \$3,000, depending on the unit. In return,

employees picked up the employee share of pension costs of 7%-9%, and received a 6%-9% offsetting increase to their salary schedule.

Operating Costs:

Pricing for utilities (electric and propane), treatment chemicals, petroleum-based products (asphalt), along with fuel and oil continue to increase. The park utility budget for water is also increasing as more parks are being metered. Other operating costs for maintaining new bathrooms, bridges and trails in the parks and on the Yreka Creek greenway will increase as more improvements are made. The City is also seeing the need to increase maintenance expenditures for the additional storm drains and detention basins from the storm water attenuation grant. These grant funded projects provide additional facilities that do not have a dedicated revenue source to cover the ongoing maintenance costs. Within the enterprise funds, the use of professional services will increase for costs relating to one-time specialized projects, such as review of the City's ordinances, analysis of the City's digital video inspections of the sewer mains, and the inclusion of more direct charges to these funds for insurance and legal costs.

Capital Outlay:

In the 2014-15 and 2015-16 budget, capital outlay is funded from one-time revenue, reserves, grants or loan funds. Capital projects in the utility enterprise funds are financed from either fee revenue or loan funds.

Grants continue to play an important role in Yreka and have remained a primary revenue source for the City to develop itself. In recent years, the City has carefully evaluated grants to make sure the risks are matched with the priority of grant funded projects. The City has improved controls and monitoring processes to help ensure compliance. However, with grants, there are risks of:

- Cash flow - grants put the City in a highly leveraged position;
- Performance risk - contract performance both with the granting agency and contractor;
- Audit and Monitoring - grants require technical and audit compliance;
- Evaluating and budgeting for the maintenance cost for improvements or new structures

It is important that the City consider the cost associated with these risks, versus the cost to mitigate the risk (e.g. grant administration) in applying for and accepting new grants.

Deferred Maintenance:

The 2014-15 and 2015-16 capital budgets include capital outlay for equipment and building projects. However, there remains a list of deferred maintenance projects to buildings, roads, underground utilities and equipment replacement due to lack of funding. In the 2014-15, funds are budgeted to update the water master plan and the pavement management system. The plans will help identify the condition and the cost of deferred maintenance and capital replacement.

Financial Analysis of the Budget

Governmental entities use fund accounting to account for revenues and expenditures. A *fund* is a self-balancing set of accounts. They are segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations. Funds are also logical groupings of like governmental and enterprise fund activities. The City maintains 25 active funds. These funds are consolidated in the financial statements as:

- General Fund Activities
- Road and Street Funds
- Special Revenue Funds
- Special Grants and Capital Projects
- Water Enterprise Funds
- Wastewater Enterprise funds
- Agency Funds

General Fund Activities are composed of the following funds: General Operating Fund, Donated Fund, Yreka Volunteer Fire Department (YVFD) Donated, Crandall Trust Fund, General Fund Reserves, General Fund Capital Reserves, Capital Outlay Fund and Capital Building Acquisition Fund.

General Operating Fund (Fund 01)

The general fund is the primary operating fund for the City and tracks expenditure activities that includes:

City Council, administration and legal, finance, insurance, information technology, planning, building, public works administration, fire and police protection services, culture and recreation (parks, community center and theatre), and community support (Madrone Hospice, Chamber of Commerce, Siskiyou County Economic Development Council, Splash and others).

General Fund Revenue Projections (\$4,852,126 in 2014-15, \$4,914,226 in 2015-16):

Revenues

The largest revenue sources that support these expenditures are taxes (sales tax, property tax, transient occupancy hotel taxes, and business licenses). Fee revenue is collected for services rendered and includes dog licenses, planning and building permits, and use of facilities charges (park reservations fees, community theatre and center fees). Other revenue includes federal and state allocations and operating grants. These include motor vehicle license fees (MVLFF) in lieu, Public Safety ¼% sales tax allocation (Proposition 172), and mutual aid reimbursements (CalFire and FEMA). The City's general operating fund also receives from its enterprise funds indirect cost allocations, such as the cost recovery of central administrative services.

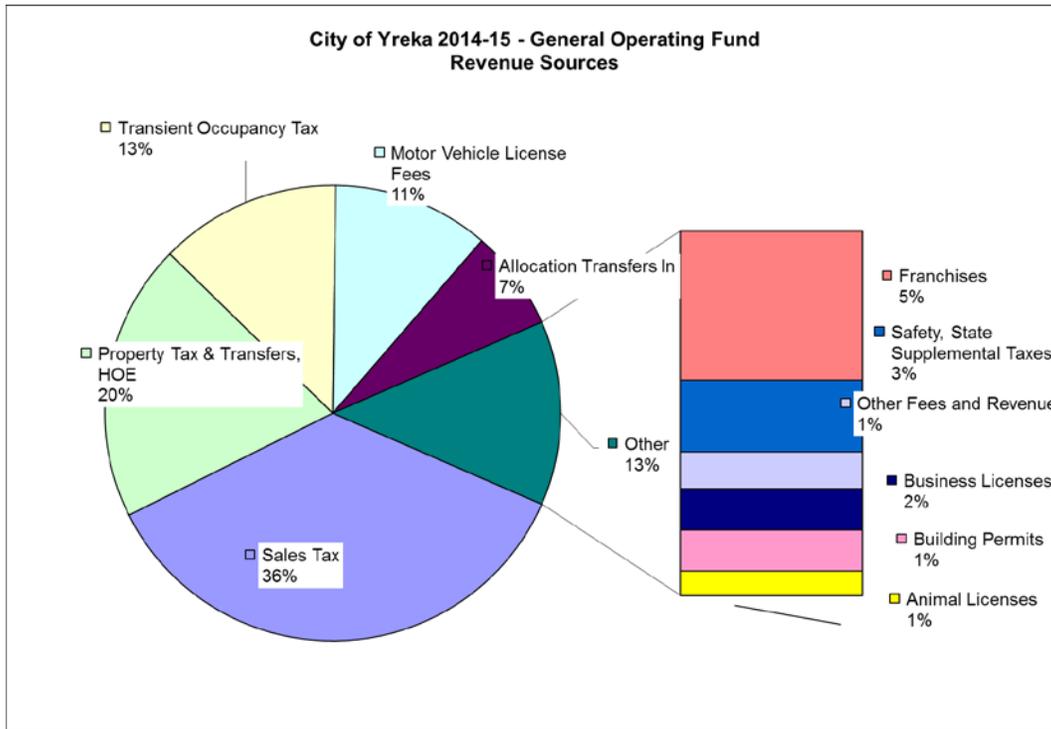
In 2014-15, revenue as a percentage of expenditures of \$4,889,014 is 99%, meaning, the City is projecting a 0.7% dip into the budget stabilization fund for \$36,887. Salaries and benefits in the general operating fund total \$3,125,985 or 67.5% of all general operating fund revenue.

In 2015-16, revenue as a percentage of expenditures of \$4,898,494 is 100%; meaning, the City is not projecting a dip into the budget stabilization fund, and is expected to contribute \$15,732 into the budget stabilization reserve account. Salaries and benefits in the general operating fund total \$3,320,077 or 67.6% of all general operating fund revenue.

City of Yreka 2014-15 and 2015-16 Budget Major Revenue Group by Fund

FUND	2011-12 Actual	2013-14 Budget	2012-13 YTD	2014-15	2015-16
01 General Operating					
800 PROP TAXES	921,139.84	901,500.00	895,059.40	915,000.00	920,000.00
807 MVLF IN LIEU PROP TAX	541,547.10	540,000.00	553,037.94	540,000.00	540,000.00
810 SALES TAX	1,761,695.28	1,700,000.00	1,461,804.53	1,750,000.00	1,800,000.00
811 IN LIEU PROP TAX - KARUK	24,444.00	12,000.00	13,386.00	13,000.00	13,000.00
813 TOT TAX	643,365.83	600,000.00	565,620.46	625,000.00	625,000.00
814 FRANCHISE	266,867.51	250,000.00	206,549.56	260,000.00	265,000.00
815 BUSINESS LIC	71,007.99	71,000.00	71,524.04	71,500.00	71,500.00
816 PROP TRAN TAX	15,202.10	12,000.00	12,531.78	12,000.00	12,000.00
824 FINES AND PENALTIES	8,183.05	6,500.00	3,740.60	6,500.00	6,500.00
830 INVESTMENT REVENUE	14,670.36	12,300.00	10,364.37	12,300.00	12,300.00
840 MVLF IN LIEU STATE	7,284.12	0.00	0.00	0.00	0.00
841 HOE TAX	16,642.66	15,000.00	13,974.39	16,500.00	16,500.00
843 POST	2,736.39	5,000.00	2,258.56	0.00	0.00
850 OTHER STATE	126,176.87	142,048.63	107,663.44	126,000.00	126,000.00
860 OTHER FEDERAL	2,209.94	0.00	0.00	0.00	0.00
870 FEE REVENUE	119,227.96	143,075.00	186,149.43	150,395.00	152,395.00
871 PENALTIES ON FEE REVEN	2,402.50	2,000.00	1,127.50	0.00	0.00
881 OTHER FEE REVENUE	91,040.63	34,500.00	33,503.75	0.00	0.00
882 OTHER REVENUE	17,751.87	14,186.00	17,408.57	8,500.00	8,500.00
883 SALE OF ASSETS	1,570.00	0.00	0.00	0.00	0.00
885 CONTRIBUTIONS	0.00	0.00	0.00	0.00	0.00
898 TRANSFERS IN	294,010.13	384,919.00	201,365.88	345,431.41	345,530.50
01 General Operating	4,949,176.13	4,846,028.63	4,357,070.20	4,852,126.41	4,914,225.50
<i>Percentage Increase/(Decrease) 2014-15 from 2013-2014</i>				0.13%	

General Operating Fund - Major Revenues Sources as a % of Revenue



GF Expense (\$4,889,014 in 2014-15 and \$4,898,494 in 2015-16):

Employee Compensation (\$3,277,624 in 2014-15 and \$3,320,077 in 2015-16)

In 2014-15, wages are \$2,184,688. Payroll taxes, workers compensation, pension, health and life insurance are \$1,092,936. Total compensation is \$3,277,624.

In 2015-16, wages are \$2,201,130. Payroll taxes, workers compensation, pension, health and life insurance are \$1,118,947. Total compensation is \$3,320,077.

Salary negotiations for all the bargaining units for 2014-2015 are currently open with contracts expiring on December 31, 2014. No cost of living wage adjustments or contract settlement considerations have been assumed in this budget.

Included in the budget are pension plan rate increases for 2014-2015, and estimates for 2015-16. The employer's contribution rate for 2015-16 may actually be higher as CalPERS is taking additional measures to fund currently underfunded closed pension pools for classic members. Health plans include PERS Select, PERS Choice and PORAC medical plans, VSP vision care and BRMS dental care. The medical premiums paid for by the City are capped at \$500, \$940 and \$1195 for one, two and three-or-more party rates. The employer paid dental insurance plan is a self-insured policy. Therefore, accrual estimates are made based on prior year trends. In 2014-15, the dental premium internal accrual rate has been increased slightly to cover the actual claim experience.

**City of Yreka 2014-2016
General Operating Fund, Major Expense Groups: Salary and Benefits**

FUND	2011-12 Actual	2012-13 Budget	2013-14 Actuals	2014-15	2015-16
01 General Operating					
100 SALARY	1,851,169.54	1,882,369.53	1,720,551.79	1,914,559.16	1,928,887.83
102 OVERTIME	99,539.77	114,200.00	99,266.51	85,700.00	85,700.00
103 PARTTIME	84,046.43	67,000.00	78,538.99	103,503.95	103,740.72
106 SEASONAL	44,046.26	26,900.00	32,491.26	28,800.00	28,800.00
107 WAGE ABATEMENT	-15,700.83	0.00	0.00	0.00	0.00
108 MUTUAL AID	5,074.18	8,500.00	6,862.50	1,500.00	1,500.00
109 VOLUNTEERS	43,732.50	47,000.00	35,250.00	50,625.00	52,500.00
320 PENSION	464,241.46	456,781.76	327,458.18	351,073.09	374,355.71
330 PAYROLL TAXES	161,711.00	152,458.77	147,193.55	167,020.31	168,278.66
340 HEALTH	328,813.61	320,429.79	297,352.47	373,955.43	373,879.37
350 UNEMPLOYMENT	5,536.00	8,500.00	12,271.00	0.00	0.00
360 WORK COMP	178,842.94	174,337.89	143,693.88	187,296.80	188,770.90
390 LIFE & ACCIDENTAL	12,623.21	13,406.77	10,830.77	13,589.76	13,663.92
01 General Operating	3,263,276.07	3,271,884.51	2,911,758.90	3,277,623.50	3,320,077.11

	2012-13	2013-14	2014-15	2015-16
General Fund Full Time Regular Employees Count	31.90	30.38	30.87	30.75

Expenditures are controlled using purchase order approval authority within the organization.

Other Expenses by Major Object (\$1,611,390 for 2014-15, \$1,578,417 for 2015-16)

Other expenses by major object increased for utilities and insurance premiums. The increase in training in 2014-15 reflects one time training of new personnel e.g. animal control officer and newly elected officials. Transfers out to traffic safety and streets funds decreased slightly.

**City of Yreka 2014-2016
General Operating Fund, Major Expense Groups: Other Operating Expenses**

FUND	2011-12 Actual	2012-13 Budget	2013-14 Actuals	2014-15	2015-16
01 General Operating					
510 EMPLOYEE RELATED	30,574.40	50,980.00	32,606.99	63,530.00	53,930.00
515 GENERAL SUPPLIES	34,322.09	31,970.00	29,241.89	31,100.00	31,100.00
516 SPECIALIZED SUPPLIES	74,093.83	83,316.00	64,154.94	80,900.00	93,200.00
517 TELCOM	43,025.34	44,680.00	40,945.39	44,400.00	44,400.00
518 UTILITIES	211,302.21	227,600.00	219,369.16	244,600.00	244,600.00
520 MAINT AND OPS	56,541.53	87,920.00	102,369.16	105,260.00	111,660.00
521 BLDG MAINT AND OPS	31,559.89	39,200.00	36,052.64	44,700.00	32,300.00
522 BLDG MAINT AND OPS	5,879.86	12,300.00	3,448.97	7,500.00	8,000.00
525 PROF AND CONTRACT SER	321,176.69	414,630.00	303,161.29	342,900.00	320,300.00
530 INSURANCE	173,176.29	176,805.00	182,667.66	203,004.00	204,800.28
535 TAXES, FINES, FEES	6,601.12	6,650.00	6,974.19	7,100.00	7,125.00
542 PASS THRU AND REFUNDS	2,824.84	3,025.00	5,034.04	3,845.00	3,845.00
550 NON CAPITALIZED EQUIPM	54,359.45	65,248.63	44,526.77	45,200.00	50,200.00
560 ALLOCATIONS	290,333.47	261,975.00	249,498.31	246,600.00	246,850.00
590 RESOURCE TRANSFERS	0.00	0.00	0.00	0.00	0.00
760 TRANSFER OUT	133,978.35	163,047.54	163,047.54	140,751.39	126,106.22
01 General Operating	1,469,749.36	1,669,347.17	1,483,098.94	1,611,390.39	1,578,416.50
<i>Percentage Increase/(Decrease) 2014-15 from 2013-2014</i>				-3.47%	

Expenditures by Department

A detail analysis of each department’s revenue and expense budget can be found in the departmental budgets, found under the organizational structure tab.

**City of Yreka 2014-2015 and 2015-16
General Operating Fund, Summary by Department within Fund**

<i>FUND</i>	<i>2013-14 Budget</i>	<i>2013-14 Actuals</i>	<i>2014-15</i>	<i>2015-16</i>
01 General Operating				
000 <i>Unallocated</i>	163,047.54	163,047.54	140,751.39	126,106.22
010 <i>City Council</i>	26,924.20	19,406.34	26,924.20	20,924.20
020 <i>Administration</i>	307,064.20	269,381.95	296,548.84	297,870.64
030 <i>Finance</i>	263,591.26	221,251.01	271,459.95	267,718.05
040 <i>Legal</i>	96,005.27	59,975.28	71,387.68	57,427.30
050 <i>Information Technology</i>	76,480.44	58,195.99	82,727.85	81,968.16
060 <i>Planning</i>	129,647.42	116,750.63	114,435.29	115,373.73
080 <i>Building Maintenance-City Hall</i>	51,357.34	47,619.92	38,123.75	38,507.46
090 <i>Community Service & Promotion</i>	245,343.25	237,144.18	243,172.11	243,078.15
110 <i>Non Departmental</i>	174,515.00	180,473.13	201,004.00	202,875.28
150 <i>GIS</i>	0.00	1,556.25	0.00	0.00
200 <i>Police</i>	2,350,946.61	2,094,379.69	2,293,511.14	2,323,381.31
201 <i>K-9</i>	0.00	9.00	0.00	0.00
210 <i>Fire</i>	341,176.15	264,275.40	299,509.44	303,985.68
220 <i>Building Inspection</i>	73,064.92	53,463.58	92,005.83	93,223.05
230 <i>Animal Control</i>	95,590.95	61,972.81	84,732.22	80,353.51
300 <i>PW Administration</i>	56,467.96	45,204.62	73,528.94	73,488.66
350 <i>Vehicle Maintenance</i>	142,344.20	151,175.89	183,177.21	203,712.76
370 <i>Municipal Services Center</i>	0.00	21,124.70	0.00	0.00
400 <i>Parks</i>	265,971.54	250,911.57	292,066.82	284,686.69
420 <i>Swimming Pool</i>	7,837.21	4,972.49	7,649.71	7,556.93
450 <i>Senior Services</i>	0.00	60.90	0.00	0.00
460 <i>Comm. Concerts/Portable Stage</i>	1,689.76	42.50	599.90	599.90
470 <i>Community Theater</i>	33,895.82	40,398.42	38,770.82	38,658.95
480 <i>Community Center</i>	38,270.64	32,064.05	36,926.80	36,996.98
630 <i>Economic Development</i>	0.00	0.00	0.00	0.00
01 General Operating	4,941,231.68	4,394,857.84	4,889,013.89	4,898,493.61

GF Operating Budget Summary – Revenue to Expense Gap

The City’s general operating fund shows estimated revenue of \$4,506,695 and transfers in of \$345,431, or \$4,852,126. Expenditures are \$4,748,262 and transfers out are \$140,751, or \$4,889,013. The City’s expenses are expected to exceed its revenues by \$36,887 in the current fiscal year, and the City will withdraw from its budget stabilization fund for that expense to revenue gap.

In 2015-16, the City’s general operating fund shows estimated revenue of \$4,568,695 and transfers in of \$345,531, or \$4,914,226. Expenditures are \$4,772,387 and transfers out are \$126,106, or \$4,898,493. The City’s revenues are expected to exceed its expenses by \$15,732 in the 2015-16 fiscal year, and the City will contribute this amount to the budget stabilization fund.

Restricted and or Designated General Governmental Funds

Other restricted or designated governmental funds (Funds 02 through 10) are gifts and donations, YVFD Volunteer Fund, Crandall/Stewart Fund, Operating and Capital Reserves and Capital Outlay. These funds are restricted in purpose and use and generally reflect one-time expenditures for capital outlay.

Donated (Fund 02) and Yreka Volunteer Fire Department (Fund 03)

The Donated Fund generally tracks recurring community donors for special activities, primarily in conjunction with the Yreka Police Department. These programs pay for teen activities in the summer, youth scholarships in law enforcement, travel and shelter assistance, as well as public contributions to other programs, like animal control. Budgeted revenue is \$500 in 2014-15 and \$500 in 2015-16. Expenditures are \$700 in 2014-15 and \$700 in 2015-16. The Yreka Volunteer Fire Department (YVFD) maintains several donation accounts that include their general account, equipment account, benefit accounts, safety and scholarship accounts. Throughout the year, the YVFD has several fundraising activities and the anticipated revenue is \$11,000 and expense of \$11,000 in both 2014-15 and 2015-16 respectively.

Crandall/Stewart (Fund 04)

The Crandall fund was created to recognize the estate gift, in April 1999, from Russell Karl Crandall. In 2009-10, the City received proceeds of \$156,647 from the estate of Ms. Phyllis Stewart.

Budgeted revenue for 2014-15 is \$8,000 in 2014-15 and \$6,000 in 2015-16.

Budgeted revenue sources for the Crandall Fund include investment earnings on cash and investments, building loans and property leases from these funds.

Budgeted expense for 2013-14 is \$87,000 in 2014-15 and \$17,000 in 2015-16.

Budgeted expense includes \$60,000 for the community theatre siding project in 2014-15 and \$2,000 in 2014-15 and \$2,000 in 2015-16 for taxes and other related expense for the Hi-Ridge property. In 2014-15 \$25,000 and in 2015-16 \$15,000 is budgeted for Stewart Trust Miner Street Grant Program.

General Operating Reserves (Fund 08), General Capital Reserves (Fund 09) and General Capital Outlay (Fund 10)

General Operating Reserves (Fund 08)

Revenues

The City maintains operating and capital reserves. Excess insurance premiums when refunded, are added to these operating reserves. It is expected that the City's JPA (joint powers authority) SCORE (small cities organized risk effort), of which the City is a member, will authorize an estimated insurance refund in 2014-2015 of \$50,000 and 2015-16 of \$50,000, however, the actual amount remains unknown.

Revenue transfers of \$120,431 in 2014-15 and \$120,531 in 2015-16 from the Operating Reserves Fund 08 to the General Operating Fund 01 equals the annual payment for the internal borrowing for the PERS unfunded liability loan. Revenue transfers to the General Capital Reserves (Fund 09) are \$142,600 in 2014-15 and \$75,500 in 2015-16. Negative General Operating Reserve Fund Transfers In of -\$263,031 in 2014-15 and -\$196,031 in 2015-16 are contra revenues and have the same effect as expenses.

City of Yreka 2014-15 and 2015-16 Budget Major Revenue Group by Fund					
FUND	2011-12 Actual	2013-14 Budget	2012-13 YTD	2014-15	2015-16
08 GF Operating Reserves					
882 OTHER REVENUE	143,591.00	0.00	0.00	50,000.00	50,000.00
898 TRANSFERS IN	-484,006.87	-117,051.00	-91,365.88	-263,031.41	-196,030.50
08 GF Operating Reserves	-340,415.87	-117,051.00	-91,365.88	-213,031.41	-146,030.50
<i>Percentage Increase/(Decrease) 2014-15 from 2013-2014</i>				82.00%	

Expenses

The workers compensation accretion of \$29,511 in 2014-15 and \$22,038 in 2015-16 is the excess of the estimated workers compensation insurance premium versus the payroll wage accrual. The PERS contra expense for \$120,431 in 2014-15 and \$120,531 in 2015-16 reflects the repayment of the one-time unfunded liability to CalPERS for its unfunded pension costs in 2005. The City tracks that internal borrowing to charge back the departments their share of cost over an estimated remaining 10 years, offsetting the operating reserve fund, and is also budgeted as contra expenses, (and has the same effect as a revenue line item). The payment to CalPERS unfunded liability expense was incurred in 2005 for approximately \$1.5 million.

Total General Operating Fund Expenses (Fund 08) of \$149,943 in 2014-15 and \$142,569 in 2015-16 is a contra expense and has the same effect as revenue.

City of Yreka 2014-15, and 2015-16 Expense Budget Major Expense Groups, by Departments within Fund					
FUND	2012-13 Actual	2013-14 Budget	2013-14 YTD	2014-15	2015-16
08 GF Operating Reserves					
110 Non Departmental					
320 PENSION	-116,552.50	-117,051.00	-99,377.50	-120,431.41	-120,530.50
340 HEALTH	-9,069.73	0.00	2,070.27	0.00	0.00
360 WORK COMP	-40,100.15	-60,977.00	0.00	-29,511.36	-22,038.25
530 INSURANCE	0.00	56,000.00	55,994.49	0.00	0.00
110 Non Departmental	-165,722.38	-122,028.00	-41,312.74	-149,942.77	-142,568.75
<i>Percentage Increase/(Decrease) in 2014-15 from 2013-2014</i>				22.88%	

General Capital Reserves (Fund 09)

General Capital Reserves are funded from one time money and transfers in from the other funds for future planned capital needs.

Revenues

The \$100,000 transfer in from the General Operating Fund 01 to the General Capital Reserves Fund 09, represents the continued goal of funding road and streets fund projects from the general operating fund. However, these reserves transfers are being used each year in the 2014-15 and 2015-16 to balance road and street funds. Revenue transfers total zero as the \$142,600 in 2014-15 and \$75,500 in 2015-16 from General Operating Reserves 08, is offset by the same amount transferred to the Capital Outlay Fund 10.

City of Yreka 2014-2016 Revenue Budget
General Capital Reserves Fund, Major Revenue Groups by Departments within Fund

FUND	2012-13 Actual	2013-14 Budget	2013-14 YTD	2014-15	2015-16
09 GF Capital Reserves					
000 Unallocated					
898 TRANSFERS IN	227,206.15	-250,000.00	-250,000.00	0.00	0.00
000 Unallocated	227,206.15	-250,000.00	-250,000.00	0.00	0.00
<i>Percentage Increase/(Decrease) in 2014-15 from 2013-2014</i>				#Div/0!	
310 Streets					
898 TRANSFERS IN	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
310 Streets	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
<i>Percentage Increase/(Decrease) in 2014-15 from 2013-2014</i>				0.00%	
09 GF Capital Reserves	327,206.15	-150,000.00	-150,000.00	100,000.00	100,000.00
<i>Percentage Increase/(Decrease) 2014-15 from 2013-2014</i>				-166.67%	

Expenses

The expense transfers out from the general capital reserves accounts total \$152,730 in 2014-15 and 180,958 in 2015-16. In 2014-15 and in 2015-16 transfers from the GF Capital Reserves Fund 09 to Road and Street Fund 20 is \$100,000. Transfers from GF Capital Reserves Fund 09 to Capital Grants Fund 60 are \$52,730 in 2014-15 and \$80,958 in 2015-16 for grants match and for the GIS Mapping project.

City of Yreka 2014-2016 Expense Budget
General Capital Reserves Fund, Major Expense Groups by Departments within Fund

FUND	2012-13 Actual	2013-14 Budget	2013-14 YTD	2014-15	2015-16
09 GF Capital Reserves					
000 Unallocated					
760 TRANSFER OUT	127,000.04	355,000.00	0.00	152,729.94	180,958.35
000 Unallocated	127,000.04	355,000.00	0.00	152,729.94	180,958.35
<i>Percentage Increase/(Decrease) in 2014-15 from 2013-2014</i>				-56.98%	
09 GF Capital Reserves	127,000.04	355,000.00	0.00	152,729.94	180,958.35
<i>Percentage Increase/(Decrease) 2014-15 from 2013-2014</i>				-56.98%	

General Capital Outlay (Fund 10)

General Capital Outlay is funded from one time money transferred in from Capital Reserves Fund 09 and is budgeted for \$142,600 in 2014-15 and \$75,500 in 2015-16.

City of Yreka 2014-2016 Revenue Budget
General Capital Reserves Fund, Major Revenue Groups by Departments within Fund

FUND	2012-13 Actual	2013-14 Budget	2013-14 YTD	2014-15	2015-16
10 GF Capital Outlay					
000 Unallocated					
883 SALE OF ASSETS	12,584.43	7,500.00	0.00	0.00	0.00
898 TRANSFERS IN	186,384.85	250,000.00	250,000.00	142,600.00	75,500.00
000 Unallocated	198,969.28	257,500.00	250,000.00	142,600.00	75,500.00
<i>Percentage Increase/(Decrease) in 2014-15 from 2013-2014</i>				-80.58%	

Expenditures in Capital Outlay (Fund 10) are \$142,600 in 2014-15 and \$75,500 in 2015-16. Expenditure detail is summarized in the following table.

City of Yreka 2014-2016
General Capital Outlay Fund, Summary by Department within Fund

FUND	2013-14 Budget	2013-14 Actuals	2014-15	2015-16
10 GF Capital Outlay				
000 Unallocated	93,025.00	0.00	0.00	0.00
050 Information Technology	32,500.00	23,805.50	25,000.00	25,000.00
080 Building Maintenance-City Hall	10,000.00	19,357.97	5,000.00	0.00
200 Police	35,500.00	30,040.85	56,000.00	35,500.00
210 Fire	68,475.00	52,924.40	0.00	0.00
230 Animal Control	0.00	0.00	0.00	0.00
300 PW Administration	10,000.00	0.00	18,400.00	10,000.00
350 Vehicle Maintenance	20,000.00	14,132.38	12,000.00	0.00
400 Parks	64,375.00	50,763.51	26,200.00	5,000.00
420 Swimming Pool	0.00	0.00	0.00	0.00
470 Community Theater	0.00	0.00	0.00	0.00
480 Community Center	0.00	0.00	0.00	0.00
10 GF Capital Outlay	333,875.00	191,024.61	142,600.00	75,500.00
Total	333,875.00	191,024.61	142,600.00	75,500.00

Projected List for One-time Capital Outlay 2014-2015, and 2015-16

Unallocated Capital projects

- There is no planned allowance for unfunded capital projects, as one time money, e.g. SCORE insurance dividends are expected to taper down to \$50,000 in 2014-15, and estimated to be \$50,000 in 2015-16.

Information Technology

- Scheduled replacement desktops, copiers and servers \$25,000 in 2014-15 and \$25,000 in 2015-16

Building Maintenance

- Equipping and outfitting City Maintenance Van \$5,000 in 2014-15

Police

- Vehicle \$35,500 in 2014-15 and \$35,500 in 2015-16
- Replace 911 voice logger, phones and radio \$20,500 in 2014-15

PW Administration

- Related costs for capital grant application work that may include professional services \$10,000 in 2014-15, and \$10,000 in 2015-16.
- Thirty percent share, \$8,400, for the public works director vehicle replacement. The current vehicle will be then used as staff travel car.

Fleet Services

- Phase 2 of City’s fuel island upgrades, fuel tanks measuring and monitoring system \$12,000 in 2014-15.

Parks

- Ringe pool parking lot repaving \$10,000 in 2014-15
- Dump trailer for lawn clippings \$8,000 in 2014-15
- Park mower equipment and add-ons \$8,200 in 2014-15 and \$5,000 in 2015-16.

General Building Acquisition Fund (Fund 11)

General Building Acquisition Fund is funded from Capital Reserves Fund 09, General Fund Unassigned Reserves and the Crandall Trust Fund. This is a single purpose fund to acquire and rehabilitate property and building for the City’s new police station. The property was acquired in May, 2014, and the design and reconstruction will cover fiscal year 2014-15. The facilities are expected to be occupied sometime in 2015-16.

**City of Yreka 2014-2016
General Capital Building Acquisition Fund, Summary by Major Expense Group
By Department within Fund**

***City of Yreka 2014-15, and 2015-16 Expense Budget
Major Expense Groups, by Departments within Fund***

FUND	2012-13 Actual	2013-14 Budget	2013-14 YTD	2014-15	2015-16
11 GF YPD Building Acquisition					
200 Police					
100 SALARY	0.00	0.00	157.74	0.00	0.00
320 PENSION	0.00	0.00	26.38	0.00	0.00
330 PAYROLL TAXES	0.00	0.00	11.18	0.00	0.00
340 HEALTH	0.00	0.00	31.59	0.00	0.00
360 WORK COMP	0.00	0.00	4.80	0.00	0.00
390 LIFE & ACCIDENTAL	0.00	0.00	1.64	0.00	0.00
525 PROF AND CONTRACT SE	0.00	15,000.00	7,500.00	150,000.00	0.00
620 BLDG ACQ. AND IMPROVE	0.00	0.00	802,618.51	800,000.00	0.00
200 Police	0.00	15,000.00	810,351.84	950,000.00	0.00
Percentage Increase/(Decrease) in 2014-15 from 2013-2014				6233.33%	
11 GF YPD Building Acquisiti	0.00	15,000.00	810,351.84	950,000.00	0.00
Percentage Increase/(Decrease) 2014-15 from 2013-2014				6233.33%	
Total	0.00	15,000.00	810,351.84	950,000.00	0.00

Road, Street and Transit Activities are composed of the following funds: Gas Tax and Traffic Congestion Fund, Local Transportation Fund, and Fines and Traffic Safety Fund.

Gas Tax and Traffic Congestion Fund (Fund 20)

The road and street fund receives State Highway User Tax (HUTA). Funds received from these state allocations are restricted in use for improvement of the City's streets including street maintenance, associated drainage systems (storm drains), sidewalks, streetlights, curbs and gutters. The revenue for these programs has historically been a target of State swaps, deferrals and shifts, but it is projected that the City will continue to receive in 2014-15 and 2015-16 its full allocation without any deferrals.

The City is expected to spend more than it receives in its Gas Tax state allocations of \$232,000. To balance, the City is using reserves from the Local Transportation Fund. However, once those reserves are depleted (budgeted at end of fiscal year 2014-2015), the City will need to support street maintenance from other revenue sources, like the General Operating Fund or cut services in order to address the structural deficit. In anticipation of that, the City has transferred \$100,000 to the General Capital Reserves General Fund 09.

Road and Street Fund 20 Revenue Projections (\$614,964 in 2014-15, \$406,897 in 2015-16):

The revenue budget for 2014-15 and 2015-16 includes recurring revenue from HUTA gas tax funds of \$232,000. Other revenue is from transfers. For 2014-15, those include an \$84,573 transfer in from the General Operating Fund 01, a \$100,000 transfer in from the General Capital Reserves Fund 09 and \$198,391 transfer in from the Local Transportation Fund 21.

For 2015-16, transfers in are \$74,897.27 from the General Operating Fund 01 and \$100,000 from the General Capital Reserves Fund 09. The \$217,811.60 gap where expenditures exceed revenues will come from other Council designated reserves or planned expenditure cuts.

Revenues

**City of Yreka 2014-15, 2015-16
Road and Street Fund, Major Expense Groups**

FUND	2011-12 Actual	2013-14 Budget	2012-13 YTD	2014-15	2015-16
20 Road and Street					
830 INVESTMENT REVENUE	-138.32	0.00	33.56	0.00	0.00
842 GAS TAX	211,548.91	232,000.00	196,384.12	232,000.00	232,000.00
870 FEE REVENUE	13,137.78	7,000.00	4,602.95	0.00	0.00
882 OTHER REVENUE	1,998.10	0.00	533.73	0.00	0.00
898 TRANSFERS IN	94,241.36	684,016.69	158,796.82	382,963.96	174,897.27
20 Road and Street	320,787.83	923,016.69	360,351.18	614,963.96	406,897.27
<i>Percentage Increase/(Decrease) 2014-15 from 2013-2014</i>				-33.37%	

Road and Street Fund 20 Expenditures (\$889,964 in 2014-15, \$624,709 2015-16):

Wages and benefits are \$251,815 in 2014-15 and \$279,124 in 2015-16, of which \$163,711 in 2014-15 and \$181,615 in 2015-16, are wages and, \$88,104 in 2014-15 and \$97,509 in 2015-16, are benefits. Other operating expenses total \$323,149 in 2014-15 and \$292,685 in 2015-16. Capitalized outlay of \$315,000 in 2014-15 includes a \$235,000 street sweeper, \$40,000 share of a 10-yard dump truck, and \$40,000 for LED streetlights. Capital outlay of \$43,000 in 2015-16, is year 3 of a 5-year conversion program to LED streetlights. Expenditures in 2015-16 exceed revenues and dedicated reserves by \$217,881. If spending levels meet the budgetary needs, and no other revenue sources are identified, the difference will come from general fund undesignated reserves. Road and Street funds have become a critical problem, and in April of 2013, the City Council identified this as a high priority in its April 2013 strategic plan.

**City of Yreka 2014-15, 2015-16
Road and Street Fund, Major Expense Groups**

FUND	2012-13 Actual	2013-14 Budget	2013-14 Actuals	2014-15	2015-16
20 Road and Street					
100 SALARY	98,657.84	140,984.75	136,885.44	152,311.28	170,214.50
102 OVERTIME	31.84	1,500.00	567.87	1,000.00	1,000.00
103 PARTTIME	191.25	0.00	0.00	0.00	0.00
106 SEASONAL	4,447.75	1,500.00	1,669.00	10,400.00	10,400.00
107 WAGE ABATEMENT	0.00	0.00	0.00	0.00	0.00
320 PENSION	22,300.10	31,425.96	26,390.93	26,555.34	31,155.74
330 PAYROLL TAXES	8,207.75	10,468.30	11,025.70	12,495.86	13,864.28
340 HEALTH	16,032.66	27,507.38	22,474.59	30,193.89	31,894.43
350 UNEMPLOYMENT	0.00	0.00	0.00	0.00	0.00
360 WORK COMP	11,649.55	14,981.69	13,627.79	17,843.88	19,496.03
390 LIFE & ACCIDENTAL	792.90	1,269.61	813.59	1,014.71	1,098.89
510 EMPLOYEE RELATED	1,350.63	2,200.00	1,568.57	4,100.00	1,100.00
516 SPECIALIZED SUPPLIES	9,480.32	19,900.00	7,807.36	19,900.00	19,400.00
517 TELCOM	142.67	400.00	134.35	400.00	400.00
518 UTILITIES	73,231.05	75,100.00	64,027.73	75,100.00	75,100.00
520 MAINT AND OPS	70,188.97	245,505.00	92,079.70	170,665.00	170,965.00
525 PROF AND CONTRACT SER	5,193.56	62,020.00	8,942.13	27,020.00	17,020.00
530 INSURANCE	2,377.74	0.00	0.00	0.00	0.00
535 TAXES, FINES, FEES	0.00	2,000.00	8,583.00	7,364.00	8,000.00
550 NON CAPITALIZED EQUIPM	848.70	3,100.00	71.37	8,600.00	600.00
625 INFRASTRUCTURE	0.00	10,000.00	0.00	10,000.00	10,000.00
650 EQUIPMENT	0.00	315,000.00	41,205.93	315,000.00	43,000.00
20 Road and Street	325,125.28	964,862.69	437,875.05	889,963.96	624,708.87
<i>Percentage Increase/(Decrease) 2014-15 from 2013-2014</i>				-7.76%	

**City of Yreka 2014-2016
Road and Street Fund, Summary by Department within Fund**

<i>FUND</i>	<i>2011-12 Actual</i>	<i>2012-13 Op Budget</i>	<i>2012-13 YTD</i>	<i>2013-14 Request</i>
20 Road and Street				
300 <i>PWA Administration</i>	23,389.00	22,077.08	13,196.92	40,149.25
310 <i>Streets</i>	121,016.00	203,193.52	73,624.71	278,772.68
311 <i>Street Sweeping</i>	28,729.00	55,497.99	40,470.20	316,026.82
312 <i>Street Lighting</i>	72,525.00	81,000.00	62,384.82	157,347.79
313 <i>Weed Control</i>	1,621.00	2,000.00	6,310.78	9,981.83
314 <i>Public Parking</i>	0.00	0.00	0.00	1,020.00
390 <i>Storm Drains</i>	57,975.00	72,297.44	38,449.54	119,718.32
20 Road and Street	305,255.00	436,066.03	234,436.97	923,016.69

Local Transportation (Fund 21)

Local Transportation Fund 21 Revenue (\$200,000 in 2014-15, \$200,000 in 2015-16)

The LTF is a restricted state transit funded program administered by the County, comprised of a local board. The City receives a restricted allocation of funds to support regional transportation (STAGE, Siskiyou Transit and General Express). Excess transit funds are allocated to the cities for road and street improvement. At present, the City is not budgeting for any surplus funds. Budgeted transit revenue for both 2014-15 and 2015-16 is \$200,000 for County STAGE support.

Local Transportation Fund 21 Expense (\$283,625 in 2014-15, \$218,828 in 2015-16)

Expenditures are \$200,000 for County STAGE services in 2014-15 and 2015-16. Transfers out of \$83,625 in 2014-15 and \$18,828 in 2015-16 are (backfill) to Road and Street Fund 20 for to cover the deficit.

Reserves for Road and Street Fund (\$0)

The Local Transportation Fund Reserve balance is budgeted to be fully expended by transferring that balance to the Road and Street funds for road maintenance, storm drain management, street lighting, and weed control. Once these reserves are fully expended, expected in 2014-15 the City will need to seek alternative funding to maintain its road and street system.

Fines - Traffic Safety (Fund 24)

Traffic Safety Fund 24 Revenue (\$81,178 in 2014-15 and \$76,209 in 2015-16)

Revenue from traffic fines is budgeted at \$25,000 in 2014-15 and \$25,000 in 2015-16. The remaining revenues of \$56,178 in 2014-15 and \$51,209 in 2015-16 are general fund transfers out (backfills) to the Traffic Safety Fund (transfers in). Revenue received from traffic fines is restricted for traffic safety maintenance and improvements. Traffic safety includes traffic lights, road signage (e.g. stop signs, yield signs) and street markings.

Traffic Safety Fund 24 Expense (\$81,178 in 2014-15, \$76,209 in 2015-16)

Wages and benefits of \$40,628 in 2014-15 and \$35,659 in 2015-16 cover wages of \$26,698 in 2014-15 and \$23,228 in 2015-16 and benefits of \$13,930 in 2014-15 and \$12,431 in 2015-16. Other non-salary expenses total \$40,550 in 2014-15 and \$40,550 in

2015-16. The non-capitalized equipment represents a \$10,000 budget allocation for the purchase of (MUTCD complaint) traffic signs

**City of Yreka 2014-15, 2015-16
Road and Street Fund, Major Expense Groups**

<i>FUND</i>	<i>2012-13 Actual</i>	<i>2013-14 Budget</i>	<i>2013-14 Actuals</i>	<i>2014-15</i>	<i>2015-16</i>
24 Traffic Safety					
100 SALARY	19,216.49	23,063.58	18,774.54	24,398.46	20,928.49
102 OVERTIME	27.18	500.00	54.19	500.00	500.00
106 SEASONAL	2,876.08	5,000.00	1,757.69	1,800.00	1,800.00
320 PENSION	4,292.17	5,058.43	3,353.40	4,250.91	3,828.03
330 PAYROLL TAXES	1,745.02	2,072.08	1,618.96	2,036.65	1,772.27
340 HEALTH	4,806.93	5,163.12	3,100.98	4,293.94	3,926.32
360 WORK COMP	2,495.17	3,249.35	2,311.94	3,185.92	2,759.80
390 LIFE & ACCIDENTAL	196.08	210.16	109.25	162.18	144.04
510 EMPLOYEE RELATED	195.11	700.00	109.51	700.00	700.00
516 SPECIALIZED SUPPLIES	12,596.25	16,800.00	11,311.96	15,300.00	15,300.00
517 TELCOM	67.08	100.00	44.17	50.00	50.00
518 UTILITIES	3,376.74	8,000.00	4,865.90	8,000.00	8,000.00
520 MAINT AND OPS	8,571.80	5,500.00	1,714.82	4,500.00	4,500.00
525 PROF AND CONTRACT SER	1,917.56	2,000.00	1,550.00	2,000.00	2,000.00
550 NON CAPITALIZED EQUIPM	3,958.55	12,000.00	3,863.45	10,000.00	10,000.00
650 EQUIPMENT	0.00	51,000.00	50,994.40	0.00	0.00
24 Traffic Safety	66,338.21	140,416.72	105,535.16	81,178.06	76,208.95
				-42.19%	
				<i>Percentage Increase/(Decrease) 2014-15 from 2013-2014</i>	

Special Revenue Funds are composed of the following funds: Fire Assessment Tax, Landfill Access Fee and Developer Impact Fees. These revenue funds are restricted by voter measure, ordinance or property based (Proposition 218 fees) assessments to fund debt and/or capital projects. In addition, some operating costs, like administrative costs of billing for revenue collections and administration are allowed and budgeted. These funds match revenues with expenditures and are meeting targeted goals of debt servicing and or accretion of reserves for future capital purchases or acquisitions.

Fire Assessment Tax (Fund 30)

The Fire Assessment Tax is a result of a special ballot Measure H passed November 2006, to assess property owners a tax on property to support fire related services, primarily capital outlay.

Budgeted revenue is \$230,750 for 2014-15 and 2015-16. Tax receipts are \$230,000 and interest earnings on revenue \$750. Annually, the tax may increase based upon the Engineering News Record, Construction Cost Index. In January 2014, this index had a slight increase, resulting in a thirty seven cent increase for a single family resident to \$7.49 per month.

Budgeted expense is \$129,694 in 2014-15 and \$129,728 in 2015-16. The cost of collections is \$6,178 in 2014-15 and \$6,212 in 2015-16 (wages and benefits for finance). Debt servicing on the March 28, 2014, 5-year lease to purchase of a new fire engine is \$123,516 annually.

Landfill Access Fee (Fund 31)

The Landfill Access Fee is a Proposition 218 based property fee for access to the County owned transfer station, formerly the jointly owned landfill operated by the City. In 2007, the City sold its interest (an environmental liability), and paid the County \$1 million in cash, transferred the landfill closure reserves funds to the County, and entered into a 25-year, \$2.5 million borrowing, landfill access agreement whereby the City pays \$175,000 annually (5.39% annual rate) to the County for access to use the transfer station.

Budgeted revenue is \$217,000 in 2014-15 and \$218,000 in 2015-16 arising from access fee assessments. Annually the assessment may increase based upon the Engineering News Record, Construction Cost Index. In July of 2013, rates were increased by eight cents to \$4.21 per month for single family residents.

Budgeted expense is \$181,190 for 2014-15 and \$181,225 for 2015-16. The cost of collections is \$6,178 in 2014-15 and \$6,212 in 2015-16 (wages and benefits for finance). Debt servicing to the County on the landfill access fee is \$175,000 annually.

The **Ending Fund Balance** estimated increase is \$35,810 in 2014-15 and \$36,775 in 2015-16. The beginning fund balance is negative and reflects the carry-over loss on the closure of the landfill enterprise fund. The excess revenue each year incrementally offsets the carryover loss.

Development Impact Fees (Fund 32)

The City collects Development Impact fees (DIF) from developers to build infrastructure as growth and expansion from development impact services of the City. At present, the City's impact fees are discounted by 50%. The City is receiving half of the fees needed to build the identified growth-related improvements. Life-to-date from enactment, the City has provided \$772,781 in discounts to development projects.

Developer Impact Fees:

- are fees paid by the developer for the City to build infrastructure as it becomes needed.
- are equitable as a developer only pays its share – the cost must be reasonably related to the service/improvement.
 - Can't use the fees for existing deficiencies – those have to be paid for by the fee for service (like water fees, sewer fees, trash fees)
 - Existing system deficiencies can be funded by raising other revenues (utility rates, assessments, taxes)

DIF Budgeted revenue is \$16,000 for impact fees in both 2014-15 and 2015-16.

DIF Budgeted expense is zero. Should larger development projects take place the City will transfer funds to offset planned impacts associated with development and offset interfund loans.

DIF Ending Fund Balance: The City has borrowed from this fund for projects to be funded by future developer impact fee revenue. This creates inter-fund loans against

future DIF revenue. The City has collected DIF fees since 2006-07 (at different discounted rates).

Special Grants – Operating and Capital Projects are composed of the following funds: Special Grants – Capital Outlay, and Community Development Grants and Loans.

Special Grants – Capital Outlay (Fund 60)

The City continually applies for and receives competitive grants. Grants allow the City to leverage public dollars with other Federal, State and agency awards. Grant awards account for \$3,277,785 in 2014-15 and \$2,267,393 in 2015-16 of expenditures for projects, plans and capital improvements.

In 2014-15, North Yreka Creek River Parkways grant award project of \$1.489 million, will expend \$1,042,300 for new restrooms, greenway parking and trails along the north town end of Yreka Creek. Additionally, the City expect to expend; \$712,225 of design and land acquisition work on Yreka Creek flood corridor (a \$5 million California State Department of Water Resources grant), \$743,800 of work on North Oberlin Trail (River Parkways grant). Road and street planning and design work of \$632,130 begin for STIP Grant for Foothill resurfacing and local bridge evaluations study. The City is self-funding from its utility and road funds \$142,000 for its geographic mapping project (GIS).

**City of Yreka 2014-15
Capital Grants Fund 60 Revenues and Expense by Department**

<i>Fund</i>	<i>Revenue</i>	<i>Trans In</i>	<i>Expense</i>	<i>Trans Out</i>	<i>Net</i>
60 Spec Grants - Capital Outlay					
000 <i>Unallocated</i>	-178,354.94	178,354.94	0.00	0.00	0.00
150 <i>GIS</i>	142,000.00	0.00	142,000.00	0.00	0.00
200 <i>Police</i>	0.00	0.00	0.00	0.00	0.00
300 <i>FW Administration</i>	2,729.94	0.00	2,729.94	0.00	0.00
310 <i>Streets</i>	632,130.00	0.00	632,130.00	0.00	0.00
390 <i>Storm Drains</i>	714,825.00	0.00	714,825.00	0.00	0.00
400 <i>Parks</i>	1,786,100.00	0.00	1,786,100.00	0.00	0.00
520 <i>Water Conservation (BMP)</i>	0.00	0.00	0.00	0.00	0.00
610 <i>Redevelopment</i>	0.00	0.00	0.00	0.00	0.00
630 <i>Economic Development</i>	0.00	0.00	0.00	0.00	0.00
60 Spec Grants - Capital Outlay	3,099,430.00	178,354.94	3,277,784.94	0.00	0.00

In 2015-16, the City expects to expend; \$250,000 for the Yreka Creek flood corridor (a \$5 million California State Department of Water Resources grant), \$250,000 of work on North Oberlin Trail (River Parkways grant). Road and street construction expense of \$1,483,980 for STIP Foothill resurfacing and \$145,465 for Fairlane bridge rehabilitation. The City is self-funding from its utility and road funds \$65,000 for its geographic mapping project (GIS).

**City of Yreka 2015-16
Capital Grants Fund 60 Revenues and Expense by Department**

<i>Fund</i>		<i>Revenue</i>	<i>Trans In</i>	<i>Expense</i>	<i>Trans Out</i>	<i>Net</i>
60	Spec Grants - Capital Outlay					
000	<i>Unallocated</i>	-99,786.35	99,786.35	0.00	0.00	0.00
150	<i>GIS</i>	65,000.00	0.00	65,000.00	0.00	0.00
200	<i>Police</i>	0.00	0.00	0.00	0.00	0.00
300	<i>PW Administration</i>	13,358.35	0.00	13,358.35	0.00	0.00
310	<i>Streets</i>	1,686,015.00	0.00	1,686,015.00	0.00	0.00
390	<i>Storm Drains</i>	252,920.00	0.00	252,920.00	0.00	0.00
400	<i>Parks</i>	250,100.00	0.00	250,100.00	0.00	0.00
520	<i>Water Conservation (BMP)</i>	0.00	0.00	0.00	0.00	0.00
610	<i>Redevelopment</i>	0.00	0.00	0.00	0.00	0.00
630	<i>Economic Development</i>	0.00	0.00	0.00	0.00	0.00
60	Spec Grants - Capital Outlay	2,167,607.00	99,786.35	2,267,393.35	0.00	0.00

Community Development Grants (Fund 65)

The City has applied for and received federal Community Development Block Grants, commonly referred to as CDBG. The City no longer has open grants for lending or business training. The grants historically have been used for business loans (job creation), Microenterprise Training (for small targeted income businesses owners and their employees for technical training and assistance, non-revolving) and Housing Rehabilitation Loans (low-income housing rehabilitation). The loan repayments are deposited into revolving accounts, unless specifically allocated to another open CDBG block grant (typically a water or sewer infrastructure project). The City's has also administered microenterprise training grant that provide technical assistance grant geared to career training for low-income businesses with five or fewer employees. The budgeted revenue of \$6,800 for 2014-2015 and \$5,700 for 2015-16 reflects interest earnings on the City's existing housing and business loan portfolio. Expense budget of \$5,000 in 2014-15 is to promote economic development activity, like the Tourism Improvement District.

Enterprise Funds are business "corporate" like activities. The City provides water and wastewater utility services. These funds are restricted, whereby the fees charged for providing the utility can only be used towards expenses required to provide the service, maintain the system, and allow for prudent or adequate reserves. Even the City is required to pay for utility services received from these enterprise funds. For example, City Hall pays for its water and sewer bills to these enterprise funds just like a homeowner or business owner.

Water Enterprise Funds are composed of the following funds: Water Operating, Water Capital Projects, Water Debt Servicing and Water Reserves.

Water Operating (Fund 70)

The Water Operating fund revenue and expenses are \$1,602,972 in 2014-15 and \$1,590,366 in 2015-16. The excess of revenue net of debt servicing and capital projects

is transferred to the water reserves account. In 2014-15 wages and salaries are \$637,884 of which \$429,857 are wages and \$208,027 benefits. Non-wage related operating expenses total \$965,088. The increase in water conservation professional services in 2014-15 includes needed updates to the City's urban water management plan, for state water permit and loan compliance. In 2015-16 wages and salaries are \$649,178 of which \$435,187 are wages and \$213,991 benefits. Non-wage related operating expenses total \$941,188.

**City of Yreka 2014-2016
Water Operating Fund, Major Expense Groups**

<i>FUND</i>	<i>2012-13 Actual</i>	<i>2013-14 Budget</i>	<i>2013-14 Actuals</i>	<i>2014-15</i>	<i>2015-16</i>
70 Water Operating					
100 SALARY	353,798.65	381,553.85	319,197.42	367,857.31	373,187.08
102 OVERTIME	21,774.98	24,500.00	5,398.67	21,500.00	21,500.00
103 PARTIME	11,922.55	8,320.00	16,485.09	29,500.00	29,500.00
106 SEASONAL	12,963.78	13,000.00	10,924.53	11,000.00	11,000.00
320 PENSION	79,375.57	79,096.55	57,533.55	59,154.11	63,068.47
330 PAYROLL TAXES	31,853.20	30,641.40	26,368.11	32,832.14	33,239.33
340 HEALTH	75,017.63	79,135.21	59,369.02	69,536.30	70,451.09
350 UNEMPLOYMENT	1,288.00	0.00	105.00	0.00	0.00
360 WORK COMP	43,021.82	41,588.72	33,129.82	44,124.74	44,825.92
390 LIFE & ACCIDENTAL	3,438.08	3,462.82	1,980.09	2,379.51	2,406.02
510 EMPLOYEE RELATED	3,762.49	7,400.00	4,187.45	11,800.00	11,700.00
515 GENERAL SUPPLIES	17,306.56	20,500.00	17,915.26	19,800.00	19,701.00
516 SPECIALIZED SUPPLIES	25,277.73	40,300.00	38,118.66	43,300.00	43,300.00
517 TELCOM	6,978.54	10,200.00	8,422.72	9,050.00	9,050.00
518 UTILITIES	272,588.45	260,500.00	218,849.54	269,000.00	269,000.00
520 MAINT AND OPS	208,530.22	178,587.50	103,733.76	192,237.50	192,237.50
521 BLDG MAINT AND OPS	3,590.60	2,500.00	386.96	2,500.00	2,500.00
525 PROF AND CONTRACT SER	53,711.88	170,000.00	16,510.14	168,000.00	139,500.00
530 INSURANCE	18,794.56	27,000.00	19,017.51	43,500.00	48,100.00
535 TAXES, FINES, FEES	29,952.18	22,300.00	10,849.33	23,400.00	23,600.00
550 NON CAPITALIZED EQUIPM	3,121.97	60,500.00	27,049.91	17,500.00	17,500.00
760 TRANSFER OUT	162,878.73	177,527.00	105,000.00	165,000.00	165,000.00
70 Water Operating	1,440,948.17	1,638,613.05	1,100,532.54	1,602,971.61	1,590,366.41
				-2.18%	

Percentage Increase/(Decrease) 2014-15 from 2013-2014

**City of Yreka 2014-2016
Water Operating Fund, Summary by Department within Fund**

<i>FUND</i>	<i>2013-14 Budget</i>	<i>2013-14 Actuals</i>	<i>2014-15</i>	<i>2015-16</i>
70 Water Operating				
000 Unallocated	177,527.00	105,000.00	165,000.00	165,000.00
030 Finance	139,484.26	112,342.36	124,217.31	124,620.88
300 PW Administration	131,115.70	35,059.21	99,868.12	100,864.88
500 Water Distribution	336,195.33	210,993.38	345,564.14	356,685.30
510 Water Supply and Treatment	831,379.92	623,129.34	805,861.37	810,603.65
520 Water Conservation (BMP)	22,910.84	14,008.25	62,460.67	32,591.70
70 Water Operating	1,638,613.05	1,100,532.54	1,602,971.61	1,590,366.41

Water Capital Projects (Fund 71)

The 2014-15 Water Capital Projects budget of \$700,800 in 2014-15 and \$428,000 in 2015-16 from fee revenue includes:

- An estimated \$100,000 for the relocation of the water main at the fairgrounds.
- Water meter replacement project, final year of meter replacement to radio read meters, \$120,000 in 2014-15
- North Street pump station improvements \$300,000 in 2014-15 and North Street well rehabilitation \$400,000 in 2015-16 (if not done in conjunction with the North Street pump station improvements) .
- A new water division utility bed truck \$35,000 in 2014-15, 35% or \$9,800 for a light duty rig for City Engineer and maintenance pickup truck \$28,000 in 2015-16
- \$80,000 outlay (or 40% share) for the 10-yard dump truck
- \$56,000 transfer (or 40% share) for the GIS mapping project

Water Debt Servicing (Fund 72)

The City's debt servicing on its USDA 2010 certificate of participation loan COP (2.25% due in 2051) is \$262,880 in 2014-15 and \$263,236 in 2015-16. Interest payments are semiannual and principal payments annual. Interest for 2014-2015 is \$146,880 and principal is \$116,000.

Water Reserves (Fund 74)

Pursuant to the rate study and the USDA Rural Development agreements, the City has targeted levels of reserves for the maintenance and operations of the system, the Fall Creek pipeline reserve (adequate repair reserves along the 23-mile 14" pipeline), short-lived assets reserves, steel main replacement and other upgrades. The excess (or deficit) of revenue over expense are placed into reserves. The City anticipates setting aside in \$176,848 in 2014-2015 and \$461,897 in 2015-16 to reserves. The year over year difference is attributable to the expected capital outlay between the two budget years..

Wastewater Enterprise Funds are composed of the following funds:
Wastewater Operating, Wastewater Capital Projects, Wastewater Debt Servicing and Wastewater Reserves.

Wastewater Operating (Fund 80)

The Wastewater Operating fund revenue and expenses are \$1,715,574. The excess revenue net of capital outlay and debt servicing, is transferred to the wastewater reserves account. Operating expenses of wages and salaries are \$559,223 of which \$340,604 are wages and \$218,619 benefits.

Non-salary related expenses total \$1,156,351. The City will need \$100,000 each year for professional assessment of digital video inspections of the City's sewer mains as part of an overall assessment of condition. The cost for treatment chemicals and polymers are expected to increase, and beginning in 2013-14, insurance costs increased as a result of direct charges for property insurance.

**City of Yreka 2014-2016
Wastewater Operating Fund, Major Expense Groups**

<i>FUND</i>	<i>2012-13 Actual</i>	<i>2013-14 Budget</i>	<i>2013-14 Actuals</i>	<i>2014-15</i>	<i>2015-16</i>
80 Wastewater Operating					
100 SALARY	293,983.60	346,551.55	277,702.80	348,495.71	342,800.60
102 OVERTIME	11,964.58	11,500.00	17,601.97	11,500.00	11,500.00
103 PARTTIME	8,510.75	0.00	67.50	0.00	0.00
106 SEASONAL	596.50	0.00	1,569.50	0.00	0.00
107 WAGE ABATEMENT	0.00	0.00	0.00	-10,100.00	0.00
320 PENSION	68,897.36	77,195.46	50,043.73	56,562.79	57,982.33
330 PAYROLL TAXES	24,473.93	26,017.72	22,399.27	27,486.44	27,050.77
340 HEALTH	68,358.11	78,334.34	58,238.74	81,435.05	81,627.62
350 UNEMPLOYMENT	0.00	10,200.00	5,022.00	0.00	0.00
360 WORK COMP	31,333.89	33,484.47	25,588.74	36,379.92	35,669.58
390 LIFE & ACCIDENTAL	3,231.68	3,587.08	1,929.99	2,443.36	2,461.78
510 EMPLOYEE RELATED	3,057.81	5,200.00	2,720.89	8,000.00	5,500.00
515 GENERAL SUPPLIES	2,731.39	1,900.00	306.25	1,400.00	1,400.00
516 SPECIALIZED SUPPLIES	154,877.73	218,700.00	152,605.90	231,700.00	232,700.00
517 TELCOM	1,844.94	4,400.00	1,709.21	3,120.00	3,120.00
518 UTILITIES	213,310.41	214,000.00	185,898.99	227,050.00	227,050.00
520 MAINT AND OPS	213,045.47	241,687.50	152,692.42	210,137.50	212,137.50
521 BLDG MAINT AND OPS	1,389.79	1,700.00	812.81	1,700.00	1,700.00
522 BLDG MAINT AND OPS	5,821.33	7,200.00	4,022.14	6,200.00	6,300.00
525 PROF AND CONTRACT SER	57,189.90	181,100.00	25,613.32	183,500.00	153,000.00
530 INSURANCE	17,312.07	26,500.00	12,026.00	26,026.00	29,526.00
535 TAXES, FINES, FEES	59,945.00	42,200.00	23,788.32	30,600.00	30,600.00
550 NON CAPITALIZED EQUIPM	2,070.48	21,423.00	423.58	10,300.00	10,300.00
760 TRANSFER OUT	156,021.97	190,341.00	105,000.00	160,000.00	160,000.00
80 Wastewater Operating	1,399,968.69	1,743,222.12	1,127,784.07	1,653,936.77	1,632,426.18
				<i>Percentage Increase/(Decrease) 2014-15 from 2013-2014</i>	<i>-5.12%</i>

**City of Yreka 2014-16
Wastewater Operating Fund, Summary by Department within Fund**

<i>FUND</i>	<i>2013-14 Budget</i>	<i>2013-14 Actuals</i>	<i>2014-15</i>	<i>2015-16</i>
80 Wastewater Operating				
000 Unallocated	190,341.00	105,000.00	160,000.00	160,000.00
030 Finance	103,316.08	77,538.70	91,418.39	91,803.90
300 PW Administration	108,292.96	49,692.45	99,535.76	69,215.70
550 Sewer Collection	356,822.55	162,667.80	360,730.05	365,450.41
560 Sewer Disposal (WWTP)	984,449.53	732,885.12	942,252.57	945,956.17
80 Wastewater Operating	1,743,222.12	1,127,784.07	1,653,936.77	1,632,426.18

Wastewater Capital Projects (Fund 81)

In 2014-15, capital outlay of \$4,719,371 is budgeted where \$230,800 is fee revenue, \$4,418,571 from USDA 2012 Certificate of Participation loan agreement, and \$70,000 transfer in from Local Transportation Funds 21 for storm drain repairs performed in conjunction with the sewer main relocation.

- USDA 2012 COP for Wastewater Improvements project \$4,488,571 in 2014-15 and \$5,428 in 2015-16.
- A new wastewater division pickup truck \$24,000 in 2014-15, 35% or \$9,800 for a light duty rig for City Engineer
- \$80,000 outlay (or 40% share) for the 10-yard dump truck
- \$56,000 transfer (or 40% share) for the GIS mapping project
- Sewer main camera and related software and equipment \$61,000

Wastewater Debt Servicing (Fund 82)

The City's debt servicing on its USDA 2012 certificate of participation loan (2.75% maturing in 2054) and State Water Resources loan (2.6% maturing in 2023) totals \$284,217 in 2014-15 and \$284,034 in 2015-16. Principal on the USDA 2012 loan in 2014-15 is \$84,000 and interest is \$123,373. Principal on the State Water Resources loan in 2014-15 is \$60,993 and interest is \$15,850.

Wastewater Reserves (Fund 84)

Pursuant to the rate study, the City has targeted levels of reserves to reach for the maintenance and operations of the system, inflow and infiltration reduction, target area main replacement, and miscellaneous upgrades. The excess (or deficit) of revenue over expense are placed into reserves for the enterprise funds. The City is anticipating setting aside in 2014-15, \$198,047 and in 2015-16, \$450,540 of revenue into these reserves.

Agency Trust Funds are not budgeted as these are third party payments, primarily disbursement of payroll taxes and benefits through payroll clearing or pass through accounts.

BUDGET 2014-2016

GLOSSARY OF BUDGET TERMS

ACCOUNT – A classification of expenditure or revenue. Example: “Office Expense” is an account in “Services and Supplies.”

APPROPRIATION – An authorization granted by the City Council to make expenditures and to incur obligations for specific purposes. An appropriation expires at the end of the fiscal year.

APPROPRIATION LIMITS – Proposition 4 (November 1979) limited City-allowable expenditures to those budgeted in FY 1979 with annual increases for population and cost of living. This is also known as the “Gann limit.”

ASSESSED VALUATION – A valuation set upon real estate or other property by the County or State Board of Equalization as a basis for levying taxes.

AUTHORIZED POSITIONS – Positions approved by the City Council and included in the City’s Salary Resolution.

AVAILABLE FINANCING – All the components of financing a budget, including available fund balance, revenues, equity transfers and reductions of reserves.

AVAILABLE FUND BALANCE – The amount of fund equity available to finance the budget after deducting encumbrances, reserves and designations which identify limitations of its availability.

BUDGET – The planning and controlling document for financial operation with estimates of proposed expenditures and revenues for the fiscal year.

CAPITAL PROJECT – A program itemizing the City’s acquisitions, additions and improvement to fixed assets, including buildings, building improvements and land purchases.

CHARGES FOR SERVICES – Revenues resulting from fees for services provided to businesses, individuals and other governmental agencies.

COLA – Cost of living adjustment.

COST CENTER – A grouping of accounts, generally by department, to record expenditures of salary, benefits, departmental operations and capital outlay.

CONTINGENCY – An amount not to exceed a designated percent of specified appropriations of the fund in which it is allocated, appropriated for unforeseen expenditure requirements.

CONTRACTED SERVICES – Expense of services rendered under contract by personnel who are not on the payroll of the City, including all related expenses covered by the contract.

NON-DEPARTMENTAL REVENUES – The main operating funds of the City’s General Fund accounting for expenditures and revenues for Citywide activities.

DEPARTMENT – An organizational device used by City management to group programs and activities of like nature.

DESIGNATION – For government fund types, a segregation of a portion of the unreserved fund balance to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies, equipment replacement or financing receivables.

EMPLOYEE BENEFITS – Amounts paid on behalf of employees; these amounts are not included in the gross salary. Fringe benefit payments, while not paid directly to employees, are a part of the cost of salaries and benefits. Examples are group health or life insurance payments, contributions to employee retirement, Social Security taxes, workers’ compensation payments and unemployment insurance payments.

ENTERPRISE FUND – A fund established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

E.R.A.F. – Refers to the Educational Revenue Augmentation Fund was first established by the State of California in FY 1992-93. This fund was established by the State to allow distribution of property tax funds that were shifted from cities, special districts and the County to offset cuts in State revenues to schools.

EXPENDITURE – The payment for the cost of goods delivered or services rendered during the fiscal year.

FINAL BUDGET – Approved legal spending plan for a fiscal year.

FISCAL YEAR – Represents the twelve-month period for which a budget is prepared. The fiscal year runs from July 1 through June 30.

FIXED ASSET – A tangible item of a long-term character such as land, buildings, furniture and other equipment with a unit cost in excess of \$15,000 or building improvement in excess of \$50,000.

FUNCTION – A group of related budget units aimed at accomplishing a major service for which a governmental unit is responsible. The State Controller specifies these designations. Example: “Public Protection” is a function.

FUND – An independent fiscal and accounting entity with a self-balancing set of accounts. Revenue from property tax as well as other sources is deposited in the General Fund for the support of a wide variety of activities. Other revenues are deposited in special funds which support appropriations for limited purposes. Examples are the Gas Tax and LTC funds which exist to segregate money that is legally required to be expended for specific purposes.

FUND BALANCE – The excess balance of assets of a fund over its liabilities. A portion of this balance may be available to finance the succeeding year’s budget. “Carryover” or “Carryover Funds” are terms synonymous with Fund Balance.

GASB 34 –GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, provides a new look and focus of reporting public finance. Under the new standard, anyone with an interest in public finance—citizens, the media, bond raters, creditors, legislators, and others—will have more and easier-to-understand information about their governments. Among the major innovations of Statement 34, governments will be required to:

- Report on the *overall* state of the government's financial health, not just its individual "funds"
- Provide the most complete information ever available about the cost of delivering services to their citizens
- Include for the first time information about the government's public infrastructure assets—such as bridges, roads, and storm sewers
- Prepare an introductory narrative section analyzing the government's financial performance.

GENERAL FUND – The main operating fund of the City. The use of this fund is unrestricted.

GENERAL RESERVE – An amount in a fund used to meet cash requirements, emergency expenditures, or future defined requirements. A reserve is not an appropriation, and there is no limitation on the amount of reserve that can be established.

GRANT – A contribution from one governmental unit to another - usually made for a specific purpose and time period.

INTERFUND TRANSFER – An account used to budget for transfers of costs between budget units in the same fund. Interfund transfers are used to distribute staff costs for budgetary and internal operating statement purposes.

MANDATED PROGRAMS – Mandated programs are those programs and services which the City is required to provide under specific State and/or Federal law.

MATCH – The term “match” refers to the percentage of local discretionary City monies in the General Fund which, by law, must be used to match a certain amount of State and/or Federal funds.

NEGOTIATED SALARY ADJUSTMENTS – Employee salary adjustments as approved by the City Council under contracts (Memorandum of Understanding) with the City’s five bargaining units.

OPEB – Other post employment benefits (OPEB) acronym refers to GASB 45, which requires agencies to measure, report and place in trust the present value of other retirement benefits, primarily retiree health benefits.

OPERATING BUDGET – Current years adopted budget including all subsequent budget revisions approved during the fiscal year.

PROGRAM REVENUE – Revenue which is derived from and dedicated to specific program operations.

PROJECTED BUDGET – The City Manager’s annual recommended budget to the City Council.

PROPOSITION 172 – Proposition 172, passed in November 1993, established a ½ cent sales tax to be used to fund eligible public safety activities. The Police Department is eligible for funding under this proposition.

REAL PROPERTY – Land and the structures attached to it.

REIMBURSEMENT – Payment received for services/supplies expended for another institution, agency or person.

RESERVE – An account used to earmark a portion of fund equity which is legally or contractually restricted for future use, or not available for expenditure.

RETAINED EARNINGS – An equity account reflecting the accumulated earnings of an Enterprise or Internal Service Fund.

REVENUE – Money received to finance ongoing City services. Examples: property taxes, sales taxes, fees and State and Federal grants.

SALARIES AND EMPLOYEE BENEFITS – An object of expenditure which establishes all expenditures for employee related costs.

SALARY SAVINGS – The dollar amount of salaries which can be expected to be saved due to vacancies and turnover of employees.

SERVICES AND SUPPLIES – An object of expenditure which establishes expenditures for the operating expenses of City departments and programs.

SPENDING LIMITS – Refers to the Gann Initiative (Proposition 4 on the November 1979 ballot) which imposed limits on the allowable annual appropriations of the State, schools, and most local agencies. The limit is generally prior year appropriations factored by Consumer Price Index and population changes.

SUBVENTION – Payments by an outside agency (usually from a higher governmental unit) for costs which originate in the City.

TRIPLE FLIP - Prior to 03-04 cities have generally received 1% of Bradley Burns state-wide sales tax, however, as of 7/1/04 the State reduced this to 0.25% with a dollar for dollar allocation of local property tax from the County ERAF funds. The 0.25% is to pay for the State’s Economic Recovery Bonds.

UNINCORPORATED AREA – The areas of the County outside city boundaries.

UNFUNDED MANDATE – An unfunded mandate is a requirement imposed by Congress or other governmental agencies on state and local governments with no funding to pay for it.

UNREIMBURSED COST – The difference between total appropriations and total revenues for a given department.

VLFF SWAP – Vehicle License Fees previously assessed Motor Vehicle License fees at 2% of value, but in 03-04, the State dropped this fee from 2% to 0.67%. State has back-filled this fee reduction with additional allocation of local property tax from County E.R.A.F. fund.