

CITY OF YREKA

PROPOSED BUDGET

2010-2011

OCTOBER 7, 2010

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CITY OF YREKA
CITY COUNCIL AGENDA MEMORANDUM

To: Yreka City Council
Prepared by: Rhetta Hogan, Finance Director 
Agenda title: Adopting the 2010-2011 Budget
Meeting date: October 7, 2010

Discussion:

On August 26, 2010, the City Council met to discuss the 2010-2011 budget. The recommendation from the budget discussion meeting was to proceed with adoption of the 2010-11 budget as presented with Council revisions that include the removal of the service center automatic gates for \$15,000 and acquisition of the police annex for \$175,000 in the general capital outlay fund, decreasing the capital outlay expenses and revenue transfers by \$190,000.

In addition, a general operating fund clerical error underestimated fleet chargeback services totaling \$56,500, increasing the general operating fund deficit from \$296,756 to \$353,256. Fee revenue, for the wastewater reserves operating fund, increased by \$100,000 based on 2009-10 performance results, and a \$107,000 balancing adjustments entry to the wastewater reserve account was made.

Also since August 26, 2010 public works identified three areas that needed revisions, (1) an addition for \$20,000 in streets for updates to the pavement management system, (2) an increase of \$5,000 in the water operating fund for water pollution control supplies, and (3) an addition of \$20,000 in the wastewater operating fund for sanitary sewer overflow supplies.

The fiscal budget is subject to budget revisions throughout the course of the year, based on revised revenue projections and identified emerging needs.

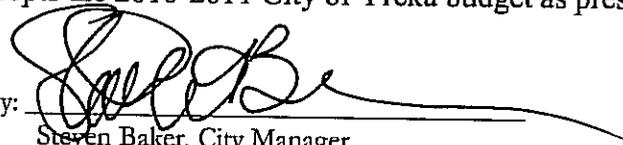
The total estimated general operating fund revenues and transfers in are \$4,759,699 and expenses and transfers out are \$5,112,955.10. The difference will be funded by reserves.

Citywide total expenses for all funds are \$26,735,191 that are covered by a combination of anticipated revenues of \$26,120,425 and accumulated balances.

Fiscal Impact: see above

Recommendation and Requested Action:

That the Yreka City Council adopts the 2010-2011 City of Yreka budget as presented.

Approved by: 
Steven Baker, City Manager

attachment

City of Yreka
Comparison of Changes in Budget Versions
Draft Budget dated 7/27/2010 and Proposed Budget dated 10/7/2010

Changes in Revenue from draft to proposed			
Fund	Fund Description	Account	Account Description
09	GF Capital Reserves	09-000-0000-898-008	Interfund Transfers
09	GF Capital Reserves	09-000-0000-898-010	Interfund Transfers
		Proposed	Increase/(Decrease) Description
		300,616.00	300,616.00
		(130,616.00)	(85,000.00)
			subtotal
			45,616.00
			45,616.00
10	GF Capital Outlay	10-000-0000-898-009	Interfund Transfers
10	GF Capital Outlay	10-000-0000-898-032	Interfund Transfers
		Proposed	Increase/(Decrease) Description
		85,000.00	(45,616.00)
		80,000.00	(144,384.00)
			subtotal
			(190,000.00)
20	Gas Tax - Roads	20-000-0000-898-021	Interfund Transfer from LTF
		Proposed	Increase/(Decrease) Description
		211,526.78	20,000.00
			subtotal
			20,000.00
70	Water Operating	70-000-0000-898-074	Interfund Transfers
		Proposed	Increase/(Decrease) Description
		384,006.00	5,000.00
			subtotal
			5,000.00
80	Wastewater Operating	80-000-0000-870-000	Sewer Collections
80	Wastewater Operating	80-000-0000-898-084	Interfund Transfers
		Proposed	Increase/(Decrease) Description
		2,000,000.00	100,000.00
		(132,380.00)	107,000.00
			subtotal
			207,000.00
84	Wastewater Reserves	84-000-0000-898-080	Interfund Transfers
		Proposed	Increase/(Decrease) Description
		132,380.00	(107,000.00)
			subtotal
			(107,000.00)
			subtotal
			(107,000.00)
			Total
			(18,384.00)
Changes in Expenses from draft to proposed			
Fund	Fund Description	Account	Account Description
01	General Operating	01-200-0000-520-300	Fuel Chargeback - Fleet
01	General Operating	01-350-0000-520-300	Maint/Labor Chargeback - Fleet
		Proposed	Increase/(Decrease) Description
		35,000.00	31,500.00
		(145,850.00)	26,000.00
			subtotal
			56,500.00
10	GF Capital Outlay	01-200-0000-620-000	Automatic Gates Service Center
10	GF Capital Outlay	01-370-0000-450-000	Automatic Gates Service Center
		Proposed	Increase/(Decrease) Description
		175,000.00	(175,000.00)
		15,000.00	(15,000.00)
			subtotal
			(190,000.00)
20	Gas Tax - Roads	20-310-0000-525-000	Professional Services
		Proposed	Increase/(Decrease) Description
		500.00	20,000.00
			subtotal
			20,000.00
21	LTF	21-000-0000-760-020	Transfers Out
		Proposed	Increase/(Decrease) Description
		211,526.78	20,000.00
			subtotal
			20,000.00
32	Special Revenue - DIF	32-200-0000-760-010	Interfund Transfer Out
		Proposed	Increase/(Decrease) Description
		144,384.00	(144,384.00)
			subtotal
			(144,384.00)
70	Water Operating	70-500-0000-416-000	Special Department Supplies
		Proposed	Increase/(Decrease) Description
		2,500.00	5,000.00
			subtotal
			5,000.00
80	Wastewater Operating	80-550-0000-450-000	SSO Response Equipment
		Proposed	Increase/(Decrease) Description
		20,000.00	20,000.00
			subtotal
			20,000.00
			Total
			(212,884.00)

Decrease the transfer out from Capital Reserves for YPD Annex \$30,616, and Automatic Gates at Service Center \$15,000

Reduce revenue received from Capital Reserves for YPD Annex \$30,616, and Automatic Gates at Service Center \$15,000

Backfill additional expenses for PW to update pavement management plan

Backfill PW for additional expense for water pollution control items

Increase based on rate increase and year end results

Rebalance FC Transfers, fund should net to zero, and backfill for SSO response equipment

Decrease Reserves Transfers from Operating Fund to Balance

Data entry error, keyed as 3,500 instead of 35,000

Rebalance Fleet Chargebacks

Decrease for YPD Annex purchase

Decrease for Service Center Gates

PW request to add on for pavement management system

Transfer to gas tax to backfill additional expenses for the pavement management system.

Reversed the transfer to capital outlay for YPD Annex

PW request for water pollution control supplies

PW request to purchase SSO equipment and trailer

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RESOLUTION NO. 2878

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF YREKA ADOPTING
THE BUDGET FOR FISCAL YEAR 2010-2011

WHEREAS, it is the desire of the City Council to adopt the 2010-2011 budget,

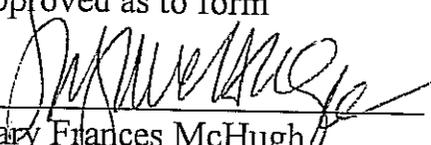
NOW THEREFORE, BE IT RESOLVED that the proposed budget for the 2010-2011 fiscal year consisting of Estimated Revenues of \$26,120,425; and Personnel, Operating, and Capital Outlay of \$26,735,191; is hereby adopted and shall be the financial plan for the 2010-2011 fiscal year. Expenditures of City funds are hereby authorized under this budget plan, titled "City of Yreka Fiscal Year 2010-2011 Budget", and the City Manager is authorized to make such transfers within major categories of expenditure (Personnel, Capital and Maintenance & Operation) as may be necessitated by changing circumstances.

Passed and adopted this 7th day of October, 2010 by the following vote:

AYES:
NOES:
ABSENT:

Rory McNeil, Mayor

Approved as to form

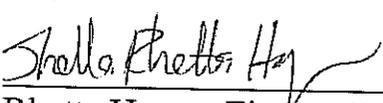


Mary Frances McHugh,
City Attorney

Attest:

Elizabeth E. Casson,
City Clerk

Approved as to content:



Rhetta Hogan, Finance Director



CITY OF YREKA
CITY COUNCIL AGENDA MEMORANDUM

To: Yreka City Council
Prepared by: Rhetta Hogan 
Agenda title: Adoption of Resolution 2879, Appropriations Limit
Meeting date: October 7, 2010

Discussion:

Article XIII B of the California Constitution (Article 4) and related implementing legislation provide for an annual "appropriations limit" for each entity of local government and require the governing body of each local jurisdiction to establish its appropriation limit by resolution each year.

The appropriation limit does not apply to the entire City budget but only to the appropriation of "proceeds of taxes" in the City's "general government" type funds. From 1980-81 to 1989-90, each year's appropriation limit was based on the previous year's limit, multiplied by the percentage change in population and the percentage change in the United States Consumer Price Index or the change in California per capita income, whichever was less. Proposition 111, which was approved by the voters in June 1990, amended the factors used in the calculation of each year's limit. The factors to be used now are:

Population Factor - At the City's option, either the annual change in City or County population.

Price Factor - At the City's option, either the change in California per capita income or increase in non-residential assessed valuation due to new construction.

The formula to be used in calculating the growth rate is:

$$\frac{\% \text{ change in population} + 100.00}{100}$$

times either

$$\frac{\% \text{ change in per capita income} + 100.00}{100.00}$$

or

$$\frac{\text{Change in non-residential assessments} + 100.00}{100.00}$$

The resultant rate times the previous appropriation limit equals the new appropriation limit.

Both the California per capita personal income price factor and the population percentage change factors are provided by the State Department of Finance (DOF) to local jurisdictions each year. Population percentage change factors estimate changes in the City's population between January of the previous fiscal year and January of the current fiscal year. These numbers provide the factor to be used in the City's calculation of the Gann limit.

In May 2010, the State Department of Finance notified each city of the population changes and the per capita personal income factor to be used in determining appropriation limits.

The Finance Director, using the change in per capita income method, has made the following calculation as applied to the City of Yreka for 2010/11 is: The population at January 1 of the previous year compared to January 1, 2010 (DOF Estimates 7,415) is a -0.23% decrease. The change in the California per Capita Income for 2010/11 is -2.54%

The factor for determining the year-to-year increase computed as:

$$\frac{-0.23 + 100.00}{100.00} \times \frac{-2.54 + 100.00}{100.00} = 0.97235842$$

Applying this year's factor of 0.97235842 to last year's limit of \$13,777,517, the Gann limit for Fiscal Year 2010/11 is \$13,396,685. With appropriations subject to the limit totaling approximately \$6,014,559, the City of Yreka is not at risk of exceeding the Gann limit.

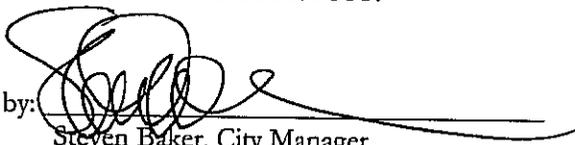
Fiscal Impact:

Restricts budgeting expenditures subject to the appropriations limit to no more than \$13,396,685. The City is budgeting \$6,014,559 for expenditures that are subject to the appropriations limit. The City is not at risk of exceeding the limit.

Recommendation and Requested Action:

Summary Recommendation: Adopt Resolution 2879 setting forth the Appropriation Limits for the City of Yreka for the Fiscal Year 2010/2011.

Approved by:


Steven Baker, City Manager

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May 2010

Dear Fiscal Officer:

Subject: Price and Population Information

Appropriations Limit

The California Revenue and Taxation Code, Section 2227, mandates the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2010, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2010-2011. Enclosure I provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2010-2011 appropriations limit. Enclosure II provides city and unincorporated county population percentage changes, and Enclosure IIA provides county's and incorporated area's summed population percentage changes. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. Consult the Revenue and Taxation Code, Section 2228 for further information regarding the appropriation limit. You can access the Code from the following website: "<http://www.leginfo.ca.gov/calaw.html>" check box: "Revenue and Taxation Code" and enter 2228 for the search term to learn more about the various population change factors available to special districts to calculate their appropriations limit. Article XIII B, Section 9(C), of the State Constitution exempts certain special districts from the appropriations limit calculation mandate. Consult the following website: "http://www.leginfo.ca.gov/.const/article_13B" for additional information. Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this issue should be referred to their respective county for clarification, or to their legal representation, or to the law itself. No State agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. Revenue and Taxation Code Section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2010.**

Please Note: Prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.



May 2010

Enclosure I

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost-of-living factor to compute their appropriation limit by a vote of their governing body. The cost-of-living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the 2010-2011 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2010-2011	-2.54

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2010-2011 appropriation limit.

2010-2011:

Per Capita Cost of Living Change = -2.54 percent
 Population Change = 1.03 percent

Per Capita Cost of Living converted to a ratio: $\frac{-2.54 + 100}{100} = .9746$

Population converted to a ratio: $\frac{1.03 + 100}{100} = 1.0103$

Calculation of factor for FY 2010-2011: $.9746 \times 1.0103 = .9846$

Enclosure II
Annual Percent Change in Population Minus Exclusions
January 1, 2009 to January 1, 2010 and Total Population, January 1, 2010

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total</u>
	2009-2010	1-1-09	1-1-10	1-1-2010
Siskiyou				
Dorris	-0.35	861	858	858
Dunsmuir	-0.49	1,823	1,814	1,814
Etna	-0.40	750	747	747
Fort Jones	0.61	654	658	658
Montague	-0.20	1,491	1,488	1,488
Mount Shasta	-0.25	3,604	3,595	3,595
Tulelake	0.00	964	964	964
Weed	-0.33	3,019	3,009	3,009
Yreka	-0.23	7,432	7,415	7,415
Unincorporated	0.62	25,223	25,379	25,462
County Total	0.23	45,821	45,927	46,010

(*) Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

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RESOLUTION NO. 2879

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YREKA
SETTING FORTH THE APPROPRIATIONS LIMIT FOR THE
CITY OF YREKA FOR FISCAL YEAR 2010-2011

WHEREAS, Article XIII B of the Constitution of the State of California as implemented by SB 1352 of 1980 and amended by Proposition 111 of 1990 specifies that the total annual appropriations limit of the City shall be adjusted for the change in population and the change in cost of living; and

WHEREAS, the Department of Finance has provided the population estimate for the City of Yreka as of January 1, 2010; to be 7,415 and

WHEREAS, the annual percentage change population estimate for the City of Yreka is a decrease of 0.23% and the change in the California per capita personal income is a decrease of 2.542%.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Yreka that it does determine that the appropriations limit for Fiscal Year 2010-2011 is \$13,396,685. Appropriations subject to the Gann Limit are \$6,014,559.

Passed and adopted this 7th day of October 2010, by the following vote:

AYES:

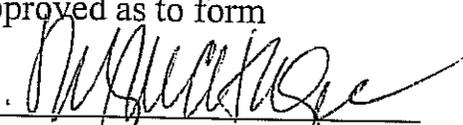
NAYS:

ABSENT:

Rory McNeil, Mayor

Approved as to form

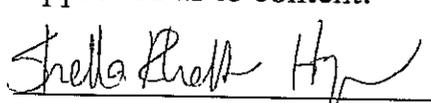
Attest:



Mary Frances McHugh,
City Attorney

Elizabeth E. Casson,
City Clerk

Approved as to content:



Rhetta Hogan, Finance Director

City of Yreka

City Council

Mayor
Mayor Pro Tempore
Councilmember
Councilmember
Councilmember

Rory McNeil
David Simmen
Rob Bicego
Brian Foster
John Mercier

Management Personnel

City Manager
Assistant City Manager and City Clerk
Building Official
Chief of Police
City Attorney
City Treasurer and Finance Director
Planning Director
Public Works Director

Steve Baker
Liz Casson
Mark Schmitt
Brian Bowles
Mary Frances McHugh
Rhetta Hogan
Pam Hayden
Steve Neill

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TABLE OF CONTENTS
October 7, 2010
Fiscal Year 2010-2011 Budget Document

Binder 1 – Budget Summary

Table of Contents
Resolution accepting the appropriations limit for 2010-11
Resolution adopting the City of Yreka 2010-2011 budget
Letter from the City Manager
Annual Budget Management Discussion and Analysis
Organization Chart
Department Descriptions
Glossary of Terms
2010-11 Projected Fund Balances with Budgeted Revenue & Expenses
2009-10 Operating Budget with Year-to-Date Revenue & Expenses
Projected Revenue Summaries – Summary by Fund, by Department
Projected Expense Summary – Summary by Fund, by Department
Salary Summary by Department
Full time equivalents by Department
Salary Schedule 2009-2010 (current schedule)

Binder 2 - Budget Line Item Detail

Revenue Detail - Sort by Fund
Revenue Detail - Sort by Department
Expenditure Detail - Sort by Fund
Expenditure Detail - Sort by Department
Grant Projects – Sort by Resource
General Fund Non-Grant Related Capital Outlay
Enterprise Fund Non-Grant Related Capital Outlay

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City of Yreka
701 Fourth Street • Yreka, CA 96097
(530) 841-2386 • FAX (530) 842-4836



To: Honorable Mayor and City Council
From: Steve Baker, City Manager
Subject: 2010-2011 Annual Budget

We are pleased to present the draft operating budget for fiscal year 2010-2011. There are many challenges and opportunities facing the City in the coming fiscal year, as we deal with the on-going economic downturn that has affected the nation and Siskiyou County.

The City's revenues in the General Fund have declined over the last few years. Particularly hard hit has been the City's sales tax, the City's largest revenue source, which declined from a high of \$1,709,256 in 2007-08 to a current estimated \$1,200,000 in 2010-11. This decline is due to overall economic conditions that have resulted in lower sales of automobiles and other major consumer goods, as well as a decline in tourism. The City's tax on hotel stays declined dramatically from 2008-09 to 2009-10, in part due to write-off of TOT revenue from a closed establishment. The budget however, assumes some rebound of revenues, as that motel has recently reopened under new ownership. Property taxes have been relatively stable to date, as tax receipts have dropped just under \$50,000 annually.

Overall, the City's major general fund revenue sources have dropped by \$956,760 or 17% since 2006-2007. The expected decrease between last year's adopted budgeted amount and 2010 is 9%. The 2009-10 operating budget, was reduced by \$478,665 in May of 2010, reflective of the dramatic decrease in sales and property tax receipts in 2009-10. Revenues though, are expected to remain at these lowered levels for the next two years, unless there is a significant increase in overall economic conditions.

Yreka is not alone in these challenges. Cities throughout California are facing declining revenues and deficits and as a result have had to take drastic actions in terms of reducing services, staffing and seeking new tax sources. Fortunately, the City of Yreka has built up significant general fund reserves, currently an estimated \$1.9 million, to help bridge the tough economic times. The City has also been prudent in not increasing employee pensions when others were doing so.

The City has received one-time funds of \$300,616 from an insurance refund that can be used for offsetting one-time expenses. These expenses included police cars, purchase of the police annex, automatic gates at the maintenance service center, completion of the Greenhorn Park ADA accessible lake trail, and a "roadmap" analysis of the biofuels power generation project.

The City has taken a number of actions in the last few years to decrease the City's expenses in response to declining revenues. The City has contracted with Madrone Hospice to run the senior programs at the community center, providing savings to the City, and allowing the opportunity to secure funding for programs only available to non-profit organizations. A group of local citizens also formed Splash, a non-profit organization dedicated to keeping the Ringe Pool open. Yreka

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also has a number of other non-profit organizations that provide services to residents and businesses, such as the YMCA, Yreka Chamber of Commerce and the Siskiyou County Economic Development Council.

The City, however, continues to have a General Operating Fund structural deficit in which operating revenues are less than operating expenses. This deficit is estimated at approximately \$350,000 in this year's budget after taking into account the matching of one-time revenues to one-time expenses. By 2012-2013, the City will also have depleted reserves in its road and street funds, fueling a \$200,000 structural deficit in those funds that will most likely impact the General Operating Fund very soon.

As part of the City Council's strategic planning process in August, we are proposing to begin a fiscal review strategy that will look at methods to balance the City's General Fund budget over the long term. This process will need to involve looking at what services the City provides as well as how, a review of revenues and other potential revenue sources, economic development opportunities, ways of cutting costs and other budget balancing strategies. As noted above, the economic conditions we are currently facing are expected to last awhile longer. In addition, revenues are unlikely to reach the previous highs in inflation-adjusted dollars, so the "new normal" is expected to be lower than in the past. The City's healthy reserves provide an opportunity to avoid precipitous decisions, allowing time to look carefully at restructuring and other decisions that will affect the City's future for years to come.

Despite the emphasis on balancing the General Fund in challenging economic times, there are bright spots in the upcoming year. The City has been successful in obtaining grant funds and is managing over 20 grants for a number of projects that include:

- Parks and Greenways:
 - land acquisition, trails, parking lots, bridges and bathrooms.
- Streets and drainage:
 - stormwater detention basins and drainage, road and street paving, bike paths, and street crossings at schools.
- Community and economic development:
 - brownfield cleanup sites, business loans, housing rehabilitation loans, technical job training and assistance.

The City has been remarkably successful in obtaining various grants in the last few years. The quantity of grant funds compared to the size of Yreka sometimes present some cash flow issues, which is yet another reason to continue to be prudent with maintaining significant reserves.

The City's water and sewer funds, which faced increasing deficits only a few years ago, are entering the third year of a five-year plan to restore health to those funds. The Fall Creek Water System loan and grant will enhance filtration, treatment, delivery, storage and control systems that are funded in part because of these more stable revenue streams.

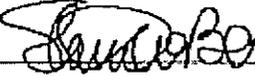
The following pages outline in more detail the City's fiscal plan for the coming year. As noted above, we face challenges, but there are also opportunities. The City of Yreka has a dedicated staff as well as a community that has stepped up to the plate a number of times to save services

that help to make Yreka the quality city that it is. During the coming year, we expect to continue to work to maintain these traditions.

In closing, special thanks to Rhetta Hogan, Finance Director, who took the lead in pulling together this year's budget. Thanks also to the Department Heads and their staff. Others that merit thanks and appreciation in putting this together include Debbie Ramirez, Accounting Manager and Lysandra Korber, Account Clerk I of the Finance staff.

We look forward to your review and consideration of this budget.

Respectfully submitted,



City Manager

Steven W. Baker, City Manager



**City of
Yreka**
2010-11
Draft Budget



Prepared by Finance 8-26-2010

The good!

- × Enterprise Funds (Water and Sewer)
 - + Revenues and expenses are in alignment with rate study
 - + City was awarded USDA \$11 million grant and loan project, in large part due to master plans on hand and rate structure in place
- × Special Revenue - (Landfill and Fire Tax)
 - + Debt servicing to fee revenue is on track
 - + Fire Tax (Measure H)
 - × Fire trucks are in service, debt servicing current
 - × Reserves for capital replacement are growing

Prepared by Finance 8-26-2010

The bad!

- × General Fund
 - + 2009-10 preliminary closing, General Operating funds expense exceed revenue by less than \$200,000
 - + Is this the end of the downturn? 17% (or \$956,760) revenue reduction since 2006-07
 - + 2010-11 draft budget expense exceeds revenue by \$300K
 - + Personnel costs and commodity costs are rising, without wage increases
- × Special Revenue – Developer Impact Fees
 - + DIF fees are discounted at 50% - revenue loss since Jan. 2007 is over \$621K. Will the City have to reimburse the Enterprise Funds for their share (rate payer subsidy) and backfill from General Fund?
 - + Impacts from WWTP expansion study and Storm Drain master plan study are not included in rates

Prepared by Finance 8-26-2010

What does this status quo budget mean?

- × Personnel costs are the same but for
 - + PERS employer contribution increase
 - + Vacancy at YPD not budgeted (overall 14 sworn, down from 16)
 - + YVFD – back up to full stipend for medical calls (payout was limited to two per call)
 - + Staffing shifts and job absorption
 - × YPD officers
 - × City Hall staff (Community Theater and Center)
 - × Grant funding part-time help for grants activity and admin
- × Purchases for mandated compliance (diesel filters)

What does this status quo budget mean? (cont.)

- × Capital Outlay and Grants
 - + USDA project ramps up for an estimated \$10 mil
 - + End of \$5 million SWAG project
 - + Crandall capital projects
 - × Black's building teardown and breezeway
 - × Downtown parking lot
 - × Hi-Ridge parcels acquisition
 - + \$300K SCORE refund tied to capital outlay
 - + Continued expenditures on existing grants

Head them up, move them out –

- × Getting organized through the Strategic Plan and targeting the next 1-4 years on:
 - + Economic Development
 - + Infrastructure
 - + Community Development
 - + Fiscal Policy
 - + Level of Service
 - + City Staff
 - + Relevant City Vision



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Budget Discussion Notes
Changes from 2009-10 to 2010-11

OPERATIONAL

General Fund:

- Police Dept: Staffing with one less officer \$88K
- Fire Dept:
 - Removal of pay two volunteers limit on medical calls \$20K
 - Survivor airparks, turnout suits and other equipment purchases \$48K
- Building and Planning: Employee reallocation, shift 25% clerical employee from building & planning to 12.5% water and 12.5% wastewater \$14K
- Fleet Maintenance: Purchase of Diesel particulate filters \$25K
 - pursuant to a mandate for air quality compliance
- Storm Drains: Storm Drain new required water monitoring and testing \$2.5K
- Senior Allocation: Termination of unemployment benefits to the City paid Senior Program employees \$20K and 10% reduction of support to Madrone \$7.5K
- Community Theatre and Community Center: reduced budget for part-time facility coordinator, administrative functions have been absorbed with existing City Hall staff, \$38K

CAPITAL

Crandall Funds:

- Tear down Blacks \$100K
- Build pedestrian breezeway and create downtown parking \$360K
- Acquire Hi-Ridge property currently in escrow \$200K

GF Capital Outlay:

- Matching of one-time capital from SCORE refund for patrol cars \$80K

DIF Fees used for capital:

- Purchase of property on S. West for Miner St. park addition \$80K

Water Capital Outlay (non-grant):

- Steel main replacement \$500K
- Water meter replacements \$90K

Wastewater Capital Outlay (non-grant):

- New USDA appl. + engineering \$100K
- Inflow and infiltration reduction \$100K
- Sewer line replacement \$200K

Capital Grants:

- Streets:
 - Safe Schools \$425K (carryover from 2009-10)
 - STIP Planning grants Foothill and Oregon \$55K,
 - Bikepath improvements on Greenhorn & Oregon Street \$62K
- Storm Drains:
 - Stormwater Attenuation Grant \$2.5 million
 - Osgood Mine study \$43K

- Greenway and Parks:
 - North Yreka Creek Trail development \$1 million
 - Greenhorn Park Lakeside Trail development \$120K
 - Greenhorn park bridges \$108K
- Water Conservation:
 - PTAE Grant to Water Conservation study \$43K
- Economic Development:
 - EPA Hazardous Substance Cleanup \$150K
 - Biomass Feasibility Study \$50K
- Economic Development:
 - Microenterprise training grant \$200K
 - Business loans \$40K
- Housing:
 - Housing loan rehabilitation \$112K
- Water Treatment:
 - System wide improvements USDA Grants \$10 million

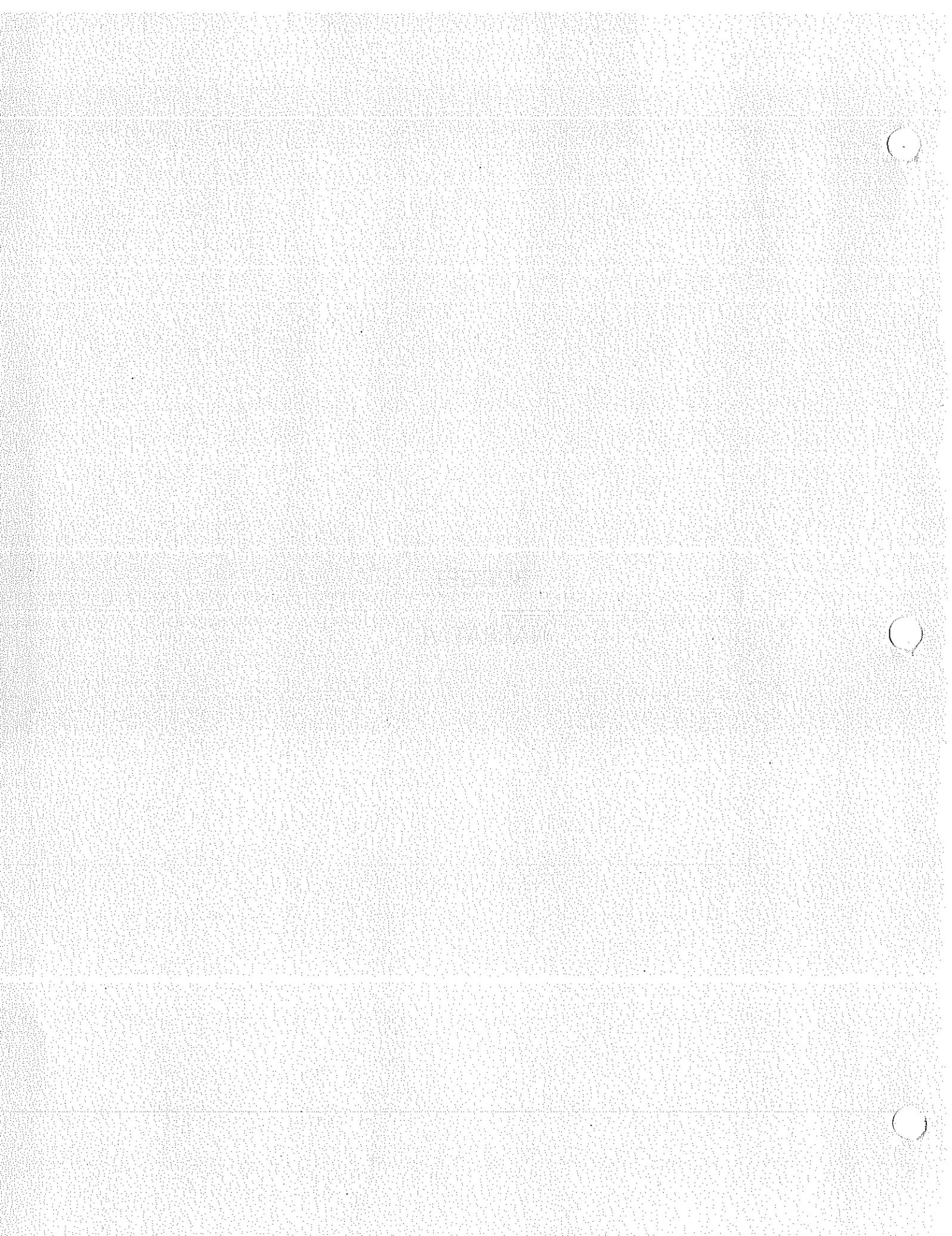
DEBT SERVICING

Water Debt Servicing:

- Paid off Davis-Grunsky 40-year note in 2009-10
- Repayment on new debt servicing USDA loan will begin in 2011-12.

BUDGET

NARRATIVE



City of Yreka 2010-11
Projected Budget Narrative

Highlights

Revenue:

From 2006-07, the City has been experiencing declining revenues on sales tax and property taxes to its general operating fund. The good news in the 2010-11 budget is that Finance anticipates that the City has “bottomed” out on its sales tax and property tax declines, and that revenue will remain flat at the present lows.

The City’s special revenue funds match revenue (fees and taxes) with legally restricted expenses, generally debt servicing and capital outlay. These funds are on track with specific revenue funding goals.

The enterprise utility funds for water and sewer services are in alignment with the five-year rate plans. Those plans cost out the rates required to sustain and maintain the water and sewer systems. The underlying importance of developing a long term fiscal plan along with needs of the water and wastewater systems, is that the City is now reaping the rewards in its ability to receive substantial grant and loan money from federal (and potentially state grant and loan) programs.

Revenue from grants is on track, though the City 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, awaiting agency reimbursement. Other grant risks are compliance and contract risks, discussed later.

Employees:

Staffing levels have decreased. Since 2007-08, the City has dropped six full-time equivalent positions (three managers, two safety officers and one clerical assistant) and has re-allocated others positions from the general fund to other funds as appropriate. The City is currently in negotiations with all of its bargaining units for 2010-11. In 2010-11, medical insurance premiums are increasing by just over 11%. The City’s share of the medical premiums in the budget is assumed to remain at the existing payment cap. In 2009-10, there were no cost of living allowances given (commonly referred to as



COLA's) except for police who were in an existing contract for 4% to officers and 2% to administrative support and dispatch.

The City has added two part time grant funded staff (employment contracts are tied to grant funds) and funded seasonal summer help for public works (3 parks, 3 traffic safety, 1 streets, 1 water treatment and 1 fleet) and one college student intern at City Hall.

Operating Costs:

Pricing for utilities (propane and electric), treatment chemicals, petroleum based products (asphalt), along with fuel and oil have had marked increases. Other operating costs for maintaining new bathrooms, bridges and trails in the parks and on the greenway are expected to increase. The City also needs to include maintenance costs for the new storm drains and detention basins. These grant funded projects provide additional facilities that do not have a dedicated revenue source to cover the ongoing maintenance costs.

Capital Outlay:

In the 2010-11 budget capital outlay is match funded from either one-time revenue or grant and loan funds. Capital projects in the utility enterprise funds are financed from either fee revenue as specified in the 5-year rate study that included capital projects or from grants and loans.

Grant awards play an important role in Yreka. Grants have been the "engine" for the City to build and develop itself. There is however a risk to grants, those being:

- Cash flow - grants put the City in a highly leveraged position,
- Performance cost - contract performance both with the granting agency and contractor; and
- Audit and Monitoring - grants require technical and audit compliance.

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

Deferred Maintenance:

The 2010-11 budget includes many ongoing maintenance and capital projects, however, there remains a list of deferred maintenance projects to buildings, roads, underground utilities and delayed equipment replacement due to lack of funding. In 2007-08, Public Works estimated the repair value of deferred maintenance to its infrastructure (roads and streets, drainage, street lighting, curbs, sidewalks and gutters, bridges, water and wastewater treatment and distribution systems) to be \$29 million. That estimate did not include deferred maintenance to public facilities (City Hall, Fire and Police Stations, Community and Parks facilities).

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, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations. Funds are logical grouping of like governmental and enterprise fund activities. The City maintains 25 active funds. These funds are consolidated in the financial statements as by:

- 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, and Capital Outlay Fund

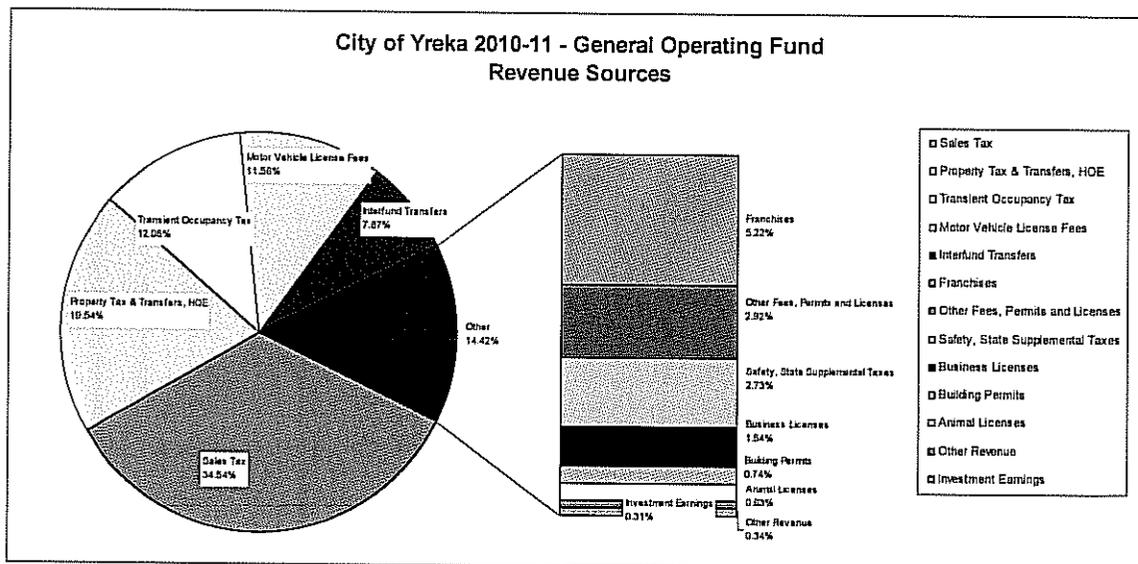
General Operating Fund (Fund 01)

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

City Council, administration and legal, finance, insurance and information technology, planning and 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).

GF Revenue Projections (\$4,759,699):

The revenue sources that support these expenditures are taxes (property tax, sales 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 State allocations and operating grants. These include motor vehicle license fees (MVLFF) in lieu, Citizens Options for Public Safety (COPS) grant from motor vehicle license fee revenue shifts, 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, the cost recovery of central administrative services.



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Revenue predictions are flat, but stabilizing from the large decreases since the high of 2006-07 as seen on the revenue trends graph below. The City's general operating fund revenue for 2010-11 is projected at \$4,759,699. Revenue as a percentage of expenditures is 93%, meaning, the City is projecting deficit spending. Salaries and benefits in the general operating fund total \$3,514,329 and are 74% of all general operating fund revenue.

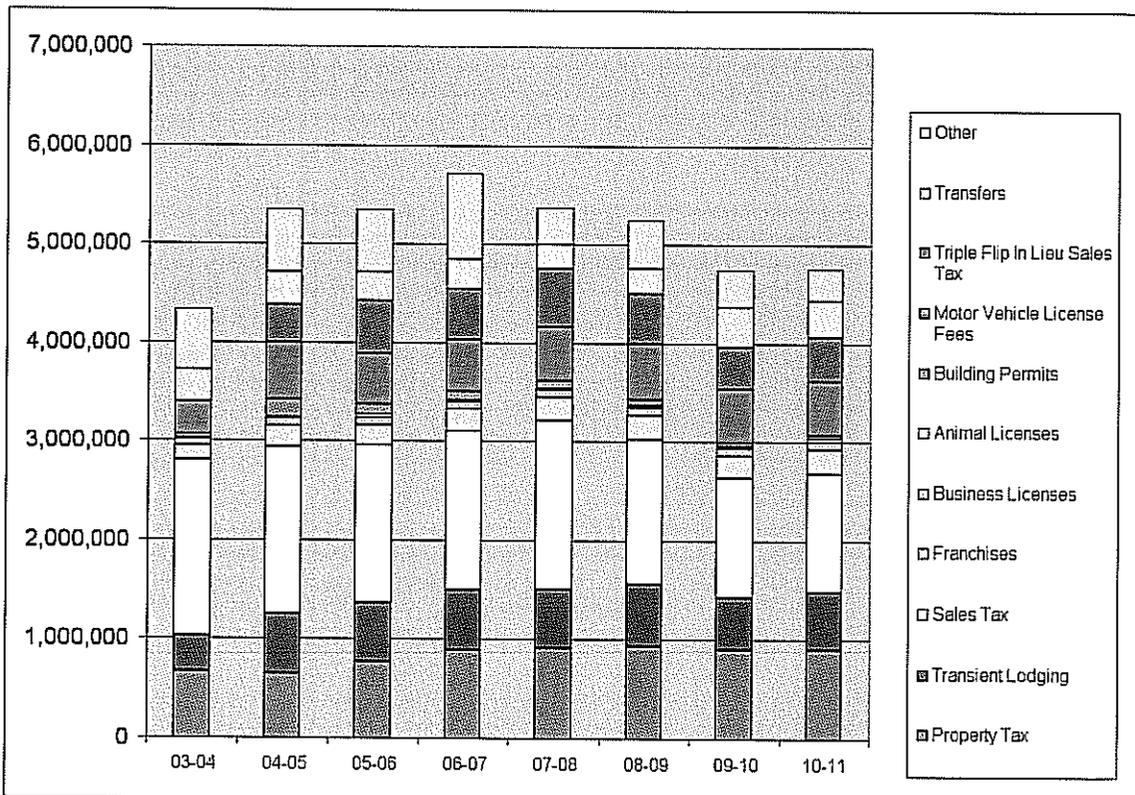
General Operating Fund Revenue Trends

	Actuals Fiscal Year 03-04	Actuals Fiscal Year 04-05	Actuals Fiscal Year 05-06	Actuals Fiscal Year 06-07	Actuals Fiscal Year 07-08	Actuals Fiscal Year 08-09	Operating Budget 09-10 (3)	Budget Projection 10-11
Property Tax	674,178	644,592	766,460	887,856	915,035	941,360	904,500	905,000
Transient Lodging	355,321	607,645	592,365	608,826	592,729	626,360	525,000	575,000
Sales Tax	1,772,464	1,682,590	1,599,734	1,607,462	1,709,256	1,462,862	1,200,000	1,200,000
Franchises	143,097	218,104	206,474	220,470	234,541	242,229	230,000	248,500
Business Licenses	67,128	69,994	75,191	77,491	80,060	79,378	72,000	73,150
Animal Licenses	9,336	9,324	29,057	10,431	10,842	21,488	29,000	30,000
Building Permits	41,301	179,318	100,000	94,546	77,344	51,279	35,000	35,000
Motor Vehicle License Fees	329,024	585,464 (1)	512,914	524,463	542,789	570,778	548,000	550,000
Triple Flip In Lieu Sales Tax	-	375,056 (2)	541,007	509,797	597,296	501,648	424,000	444,000
Interfund Transfer (ICA)	324,896	341,393	287,106	300,028	241,775	253,281	397,500	374,500
Other Revenue	610,404	639,035	640,596	875,090	373,057	494,963	375,039	324,549
Total Revenue	4,327,150	5,352,515	5,350,925	5,716,459	5,374,723	5,245,626	4,740,039	4,759,699
Total Expenditures	4,699,542	4,736,932	4,904,241	4,911,637	5,043,881	5,368,625	5,119,541	5,112,955
Revenue as a % of Total GF Op	92%	113%	109%	116%	107%	98%	93%	93%

(1) Includes one-time proceeds of \$109,442.14 from the sale of the VLF note receivable.

(2) Includes the tax shift impact of the Triple Flip in Lieu Sales Tax, whereas the State is withholding of 0.25% Sales Tax, that is offset by the Property Taxes ERAF shift to in-lieu Sales Tax that is payable to the City as in-lieu Sales Tax.

(3) Includes May 2010 Budget Revisions.



GF Expense (\$5,112,995):

Employee Wages (\$2,239,267)

Estimated Wages are \$2,239,267, Taxes, Workers Comp & Benefits are \$1,275,062, and total compensation is \$3,514,329. Salary negotiations for all the bargaining units are currently open, and no cost of living wage adjustments or contract settlement considerations have been assumed in this budget.

Employee Benefits (\$1,275,062)

Included in the budget is the pension plan cost increase for 2010-2011. The employer's contribution rate increased 0.333% for miscellaneous and 0.713% for safety. Health plans include PERS Choice and PORAC medical plans, VSP vision care and BRMS dental care. As mentioned early, the medical premiums paid for by the City are capped. The employer paid dental insurance plan is a self-insured policy therefore; accrual estimates are made based on prior year trends. In 2010-11, the internal accrual rate was increased 10% and the departmental chargeback rate is now \$27.50 individual rate, \$55 2-party rate and \$82.50 3-party + rate.

Other Expenses by major object (\$1,598,626)

- Professional and contractual services - \$350,891
- General liability, property, employment liability insurance premiums - \$234,729
- Community allocations and promotions - \$212,570
- Maintenance and operating costs - \$199,670
- Department and special departmental supplies - \$154,445
- Utilities - \$147,790
- Transfers to other funds - \$122,181
- Employee related (travel, training) - \$73,950
- Fire equipment - \$48,900
- Telecom - \$33,350
- Other (small tools, advertising, fines, refunds, etceteras) - \$20,150

Expenditures are controlled using purchase order approval authority within the organization. Finance is working with departments to utilize online purchase order processing.

Expenditures by Department

Operating changes in the 2010-2011 budget include:

- *Police Dept:* Staffing with one less officer, an \$87,841 cut.
- *Fire Dept:* The removal of the pay two volunteers limit on medical calls, a \$23,000 increase, and the purchase of survivor airpicks, turnout suits and other equipment \$48,400.
- *Building and Planning:* Employee reallocation, shift 25% clerical employee from Building and Planning to 12.5% Water and 12.5% Wastewater \$14,230.
- *Fleet Maintenance:* Purchase of diesel particulate filters \$25,000 pursuant to air quality compliance mandates.
- *Storm Drains:* New requirement for storm drain water monitoring and testing, a \$2,500 increase.
- *Senior Allocation:* Termination of unemployment benefits to the City paid Senior Program employees, a \$20,652 savings and 10% reduction of support to Madrone \$7,500.
- *Community Theatre and Community Center:* The budget was reduced for the part-time facility coordinator. The administrative functions have been absorbed with existing City Hall staff, \$38,047.

The table below looks at General Operating Fund expenditures by department to see by function, the support activities funded by the City's revenue.

2010-2011 General Operating Fund Expenditures by Function

Department	Budget Unit	Budget	as a %	
Public Safety	200-Police	2,129,154	41.5%	
	210-Fire	288,947	5.7%	
	230-Animal Control	71,646	1.4%	
	205-DARE	5,793	0.1%	
	<i>Public Safety</i>	2,495,540	48.7%	
Administration	020-Administration	340,193	6.7%	
	030-Finance	271,321	5.4%	
	110-Insurance	248,489	4.9%	
	040-Legal	200,510	4.0%	
	010-City Council	29,604	0.6%	
	<i>Administration</i>	1,090,117	21.6%	
Public Works	400-Parks	280,506	5.5%	
	350-Vehicle Maint.(net of chargebacks)	212,384	3.7%	
	310-Streets	115,105	2.3%	
	080-Building Maintenance-City Hall	58,540	1.2%	
	050-Information Technology	42,304	0.8%	
	300-PW Administration	41,209	0.8%	
	420-Swimming Pool	39,479	0.8%	
	311-Street Sweeping	30,792	0.6%	
	313-Weed Control	4,000	0.1%	
	390-Storm Drains	2,400	0.0%	
	<i>Public Works</i>	826,719	15.9%	
Community	090-Community Service & Promotion	138,226	2.7%	
	450-Senior Services-Madrone Hospice	67,500	1.3%	
	480-Community Center	40,120	0.8%	
	470-Community Theater	25,567	0.5%	
	140-Channel 4 TV	11,105	0.2%	
	460-Comm. Concerts/Portable Stage	5,597	0.1%	
360-Airport	5,000	0.1%		
	<i>Community</i>	293,116	5.8%	
Building and Planning	060-Planning	161,428	3.2%	
	220-Building Inspection	123,853	2.4%	
	<i>Building and Planning</i>	285,282	5.6%	
Transfers	000-Unassigned - Transfers Out	122,181	2.4%	
	<i>Transfers</i>	122,181	2.4%	
	Total	5,112,955	100.0%	

GF Operating Budget Summary - Deficit Spending \$353,256

The City's general operating fund has budgeted revenue of \$4,759,699 and expenditures of \$5,112,955. This means that the City will be deficit spending \$353,256 in the current fiscal year. When the City's expenses exceed its revenues, it is deficit spending. The City relies on ending reserves to sustain operations between fiscal years. The City has over the past four years made staffing cuts, program changes and deferred purchases to minimize the deficit. However, the current structural deficit of \$350,000 will most likely grow in the near future without adjustments.

Restricted and or Designated General Governmental Funds

Other restricted and or designated general fund (Funds 02 through 10) activities are gifts and donations, YVFD Volunteer Fund, Crandell/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, travelers assistance, as well as public contributions to the K9 and DARE programs. Budgeted revenue is \$780 and expenditures \$1,200. 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 \$12,500 and expense \$12,500.

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 2010-11 is \$40,000.

Budgeted revenue sources for the Crandall Fund include investment earnings on cash and equivalent investments as well as rental income on City owned property purchased from these funds.

Budgeted expense for 2010-11 is \$674,400.

Projects include the Black's building demolition for \$110,000, and rear parking lot paving and landscaping (along with the creation of a pedestrian breezeway from the parking lot to Miner Street) for \$350,000. Also, anticipated is the close of escrow on the Hi-Ridge properties currently in escrow \$199,800 for the development of an industrial business park. The remaining \$14,600 is for maintenance and utilities for the North Street Apartments and Black's Building.

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

The City maintains operating and capital reserves. Excess of insurance premiums, if rebated are added to these operating reserves. On June 30, 2010, the City's JPA (joint powers authority) SCORE (small cities organized risk effort), of which the City is a member, authorized an insurance refund of \$300,616 for 2009-2010.

One-time Capital Outlay 2010-2011

	General Fund -01	Ins Refund - 08	Develop Fees - 32	Total
Capital Outlay - Fund 10				
Springbrook Debt Servicing + Conversi	65,000			65,000
YPD Vehicles Replacement		85,000		85,000
Miner Street Park addition			80,000	80,000
Capital Outlay - Fund 60				
Greenpark Accessibility Trail		120,000		120,000
Biofuels Roadmap		50,000		50,000
	65,000	255,000	80,000	400,000

The one-time money is budgeted for capital outlay projects YPD Vehicles \$85,000 (purchase approval by resolution in 2009-10). In addition, a transfer-out to the Special Grants Fund will pay for the consulting services for the biofuels feasibility study \$50,000, and completion of Greenhorn Park accessibility trail \$120,000.

Capital Outlay (Fund 10), not covered by the one-time insurance refund includes the purchase of the Miner Street Park addition \$80,000 (developer impact fees), and \$65,000 of debt servicing and conversion costs relating to the Springbrook software conversion project. In 2010-11, the City will implement the inventory control, work orders, project management and fixed assets.

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). HUTA now includes the recent shift of State Traffic Congestion Relief Funds (TCRF Prop. 42) to HUTA. Funds received from these state allocations are restricted in use for improvement of the City's streets including roads and 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 is projected that the City will continue to receive in 2010-11 its full allocation, without any deferrals.

The City is deficit spending in its Gas Tax and Traffic Congestion funds approximately \$200,000. To balance, the City is using reserves from the Local Transportation Fund. However, once those reserves are depleted (estimated by 2011-2012), the City will need to support road and street maintenance from other revenue sources, like the General Operating Fund or cut services. This means that the City faces an estimated structural deficit of \$350,000 in the General Operating Fund and \$200,000 in the Road and Street funds. By 2012-2013, this may rollover to a \$550,000 combined annual deficit in the General Operating Fund if measures are not taken to either increase revenue or decide on cuts in other areas.

Gas Tax Fund 20 Revenue Projections (\$630,527):

The revenue budget for 2010-11, includes recurring revenue from HUTA funds \$107,000 and TCRF shift to HUTA of \$65,000. One-time revenue is budgeted from Proposition 1B, transportation programming funds. Proposition 1B, was a voter-approved state tax measure to issue one-time bonds. The City of Yreka received \$400,000 as part of that allocation. Public Works is using these funds to chip seal streets throughout the City in 2009-10 (\$200,000) and into 2010-11 (\$200,000). Other revenue is the use of reserves, or \$211,527 transfer in to the Gas Tax and Traffic Congestion Fund from Local Transportation Fund reserves.

Gas Tax Fund 20 Expenditures (\$630,527):

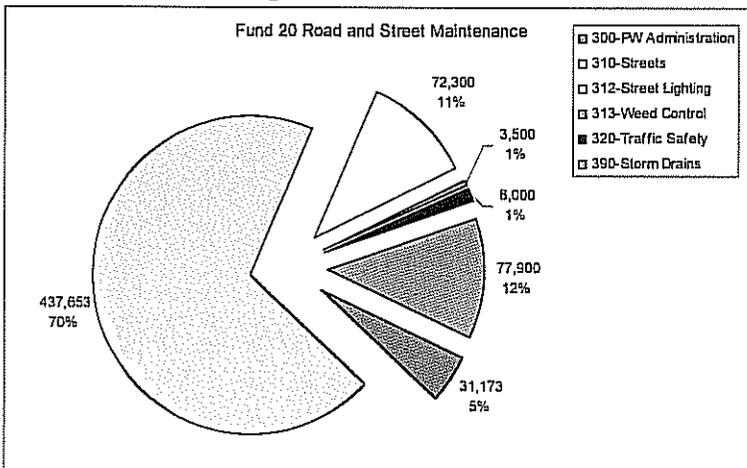
Salary and Wages (\$177,172)

Expenditures include \$107,406 in wages and \$69,766 in benefits or \$177,172 (29%) in wages and salaries.

Other expenses (\$453,355):

- Maintenance (includes Prop 1B Chip Sealing \$200,000) - \$233,300
- Utilities (electric for street lights \$45,000) - \$73,000
- Equipment maintenance and fuel - \$63,055
- Special supplies (asphalt, gravel, etceteras) - \$49,000
- Consulting and contractual services - \$33,500
- Employee related, clothing, training - \$1,500.

Expenditures by Department:



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Local Transportation (Fund 21)

Local Transportation Fund 21 Revenue (\$200,000)

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). In the past, excess transit funds were allocated to the cities for road and street improvement. At present, however, there are no longer any surplus funds for the City and that has effectively reduced Yreka's overall road and maintenance budget. Budget revenue for 2010-11 is \$200,000 for County STAGE support.

Local Transportation Fund 21 Expenditures (\$391,527)

Expenditures are \$200,000 for County STAGE services and \$211,527 transfer out (backfill) to the Gas Tax fund for deficit spending.

Fines - Traffic Safety (Fund 24)

Traffic Safety Fund 24 Revenue (\$87,731)

Revenue from traffic fines is budgeted in 2010-11 at \$48,000. The remaining revenue of \$39,231 is a general fund transfer out (backfill) to the Traffic Safety Fund (transfer 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 (\$87,731)

Salary expenditures of \$47,081 cover wages of \$32,019 and benefits of \$15,062. Other expenses of \$40,650 include:

- Special departmental supplies (street striping paint) - \$32,000
- Employee related (clothing, travel and training) - \$1,000
- Consulting and contractual services - \$2,100
- Equipment maintenance and operations - \$5,000
- Other (telecommunication and small tools) - \$550

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 is 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)

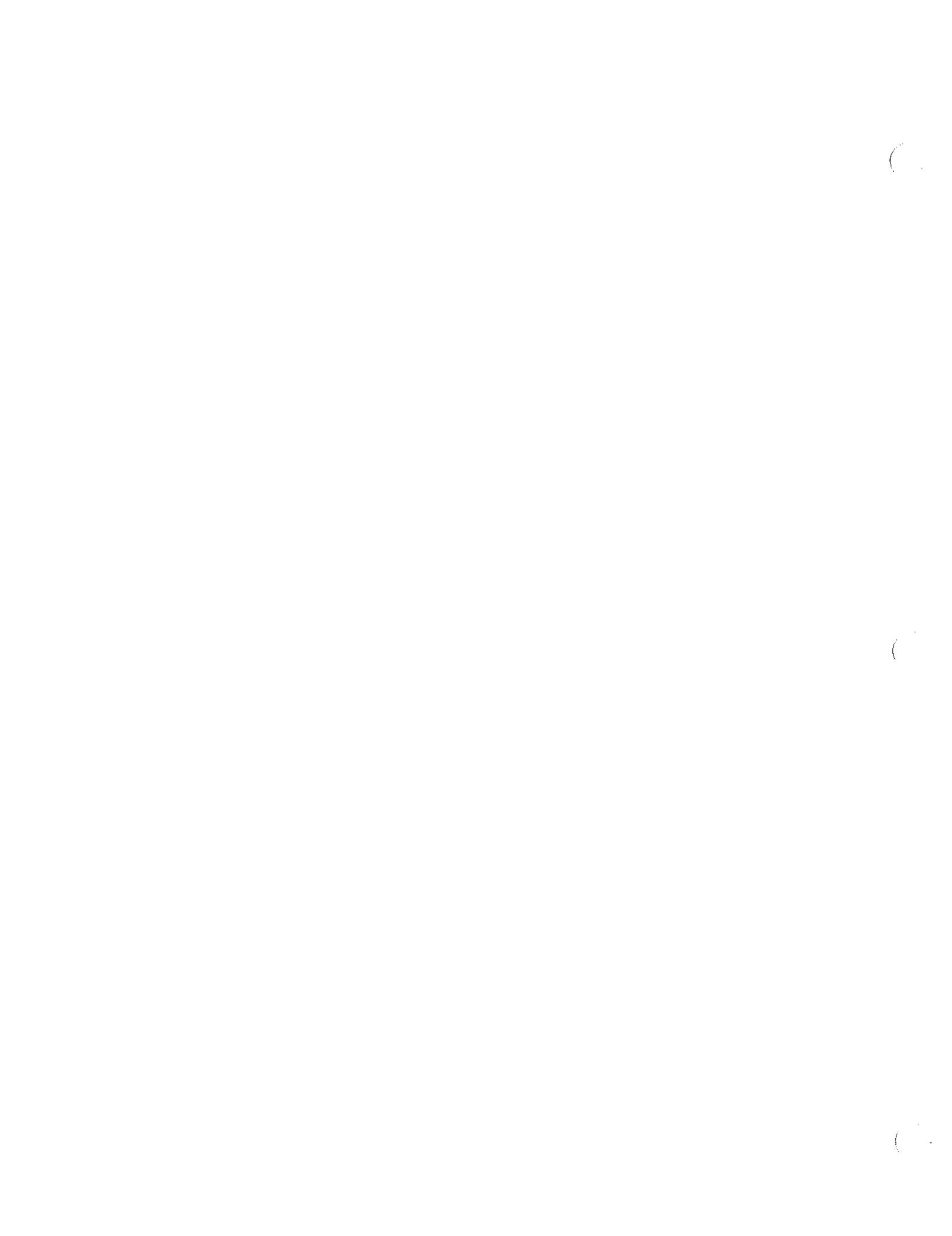
The Fire Assessment Tax is a result of a special ballot Measure H passed November 2006, to assess property owners a tax on property to support fire related services, primarily capital outlay.

Budgeted revenue is \$219,500. Tax receipts are \$218,000 and interest earnings on revenue are \$1,500. Annually the tax may increase based upon the Engineering News Record, Construction Cost Index. In January 2010, this index had a slight decrease, resulting in a slight reduction of tax assessment. No revenue increase or decrease has been assumed due to cost index fluctuations.

Budgeted expense is \$139,091. The cost of collections is \$3,287 (wages and benefits for finance). Debt servicing on the purchase of two fire engines is \$135,804 (principal \$101,617 and interest \$34,187).

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 \$216,000 arising from access fee assessments. Annually the assessment may increase based upon the Engineering News Record, Construction Cost Index. No revenue increase or decrease has been assumed due to cost index fluctuations.

Budgeted expense is \$180,769. The cost of collections is \$5,769 (wages and benefits for finance). Debt servicing to the County on the landfill access fee is \$175,000 (principal \$119,901 and interest \$55,099).

The **Ending Fund Balance** estimated increase is \$35,232. 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 the developer 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 nearly \$400,000 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 \$30,500 for impact fees.

DIF Budgeted expense is \$80,000 for the purchase of property on S. West Street to square out Miner Street park for \$80,000.

DIF Ending Fund Balance or reserve is projected to be a negative -\$51,850 and in essence, the City will be borrowing forward against itself for future developer impact fee revenue. This will create an interfund loan 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 \$4,616,159 of expenditures for capital improvements. Wrapping up in 2010 is the original grant award of \$5.0 million for the City’s storm drainage system. Known as the Storm Water Attenuation Grant or SWAG, \$2.5 million of drainage upgrades and new storm detention basins will be in place this fiscal year. Not in place however, is the needed funding to maintain these basins and drainage systems. Many cities have storm drain fees added to their utility bills to maintain these systems. Another large continuing grant award is the River Parkways project for \$1.061 million that will provide restrooms, greenway parking and trails along the north town end of Yreka Creek.

Summary of Capital Grants by Resource

Resource	Resource Description	2010-11 Projected Revenue	2010-11 Projected Expense	Department
1022	Biomass Feasibility Study - internal	(50,000.00)	50,000.00	630
3000	05FEMA Greenhorn Bridge Repair	(75,000.00)	75,000.00	400
3005	Safe Routes - School Project	(425,000.00)	425,000.00	310
3008	PFW No Yreka Cr Aug \$55K	(120,000.00)	120,000.00	400
3015	PFW Grnwy Master Plan \$29K	(29,000.00)	29,000.00	400
3017	TE ARRA Greenhorn/Oregon Bike	(62,159.00)	62,159.00	310
3215	EPA 09 Brownfields \$400K	(150,000.00)	150,000.00	610
3216	08PTAE5415 Blight/Kitchen/Web	(79,200.00)	79,200.00	630
3217	09PTAG6494 Osgood/WtrConservat	(43,750.00)	43,750.00	390
3217	09PTAG6494 Osgood/WtrConservat	(43,750.00)	43,750.00	520
6006	STIP - 4th St 2297 \$570K	-	1,000.00	310
6007	STIP - Coll 2296 \$1.026K	-	1,000.00	310
6009	Rvr Prkwy Design \$1.429M	(1,060,000.00)	1,060,000.00	400
6010	STIP - Foothill Rehab PPNO2452	(25,000.00)	25,000.00	310
6012	STIP - Oregon PPNO2293 \$30K	(30,000.00)	30,000.00	310
6016	SW Attenuation 5MM Prop 40	(2,500,000.00)	2,500,000.00	390
6017	Greenhorn Access R/ZBerg \$296K	(120,000.00)	59,050.00	400
6029	Rvr Parkway Grnt App TBA	-	10,000.00	400
6031	Prop40 RZ Backfill	-	60,950.00	400
9001	SRCF GHPED-Bridge \$25K	-	33,000.00	400
		(4,812,859.00)	4,857,859.00	

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Community Development Grants (Fund 65)

The City has applied for and received federal Community Development Block Grants, commonly referred to as CDBG. The grants are 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 anticipated revenue (\$407,329) and expense (\$352,000) grouped by resource below are from grant awards. The City’s microenterprise training grant is a technical assistance grant geared to career training for low-income businesses with five or fewer employees. The City expects more housing rehabilitation loans this year.

Resource	Resource Description	2010-11 Projected Revenue	2010-11 Projected Expense	Department
0000	Unrestricted - Program Income	(31,429.00)		630
3500	Business Loans - 99EDBG0675	(4,000.00)		630
3501	Business Loans - 02EDBG0895	(1,500.00)		630
3502	Business Loans - 05EDBG1968	(42,100.00)	40,000.00	630
3503	Housing Rehab Loans - 05STBG1422	(16,000.00)	-	620
3504	Housing Rehab Loans - 08STBG4782	(112,300.00)	112,000.00	620
3505	Hospitality Grant - 08EDEF5874	(200,000.00)	200,000.00	630
		<u>(407,329.00)</u>	<u>352,000.00</u>	

Enterprise Funds are business “corporate” like activities. The City provides water and wastewater utility services. These funds are restricted, whereby the fees charged from 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 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.

Included in the 2010-11 budget is the third step-up of rates pursuant to the water and wastewater utility rate study. The third year of rate increases will go into effect on October 1, 2010. In the rates for water and wastewater utilities, not only has the rate

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increased, but the shifting of who pays for the utilities aligns fees to those businesses and individuals that use the utilities most. The fee increases are being phased-in over five years, gradually increasing each year to a rate needed to sustain the system.

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

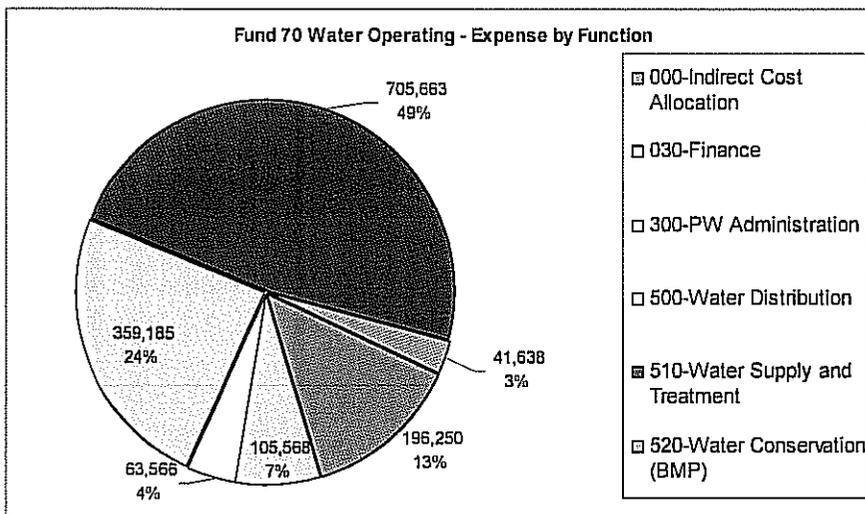
Water Operating (Fund 70)

The Water Operating fund revenue and expenses are \$1,471,870. The excess (or deficit) of revenue is transferred to the water reserves account. Operating expenses of wages and salaries are \$682,362 of which \$434,543 are wages and \$247,819 benefits.

Other expenses of \$789,508 are:

- Utilities - \$227,650
- Indirect Cost Allocation - \$196,250
- Operations and maintenance - \$165,088
- Specialized supplies - \$71,500
- Consulting and contracting - \$59,100
- Miscellaneous equipment (non-capitalized) - \$23,700
- General office and supplies - \$18,700
- Taxes, fees and fines - \$17,520
- Employee related (training, travel, memberships) - \$6,000
- Telecommunication - \$4,000

Expenditure by function, departmental breakouts:



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Water Capital Projects (Fund 71)

The 2010-11 City budget of \$10,059,000 for USDA Rural Development Loan and Grant capital outlay includes a new water tank, new supply mains, tank repairs, telemetry system upgrades, water treatment plant upgrades, the construction of a flocculation and backwash facilities and an additional pump at the Fall Creek pump station. From fee revenue, \$500,000 of steel pipe main replacement and \$90,000 for water meters replacement capital projects are planned.

Water Debt Servicing (Fund 72)

The City's debt servicing on its USDA 2010 certificate of participation loan will commence in 2011-2012. At that time, the City will debt service over the next forty years a principal and interest payment of \$265,000 on an anticipated loan amount of \$6,810,000 at 2.25%. Interest payments are semiannual and principal payments annual.

Water Reserves (Fund 74)

Pursuant to the rate study and the USDA Rural Development agreements, the City has targeted levels of reserves to reach for the maintenance and operations of the system, the Fall Creek pipeline reserve (adequate reserves repairs along the 23-mile 14" pipeline), short-lived assets reserves, steel main replacement and miscellaneous upgrades. The excess (or deficit) of revenue over expense are placed into reserves for the enterprise funds. The City anticipates setting aside in 2010-11, \$384,006 of revenue into these reserves and earning \$20,000 interest on the reserve balances.

Wastewater Enterprise Funds are composed of the following funds:

Wastewater Operating, Wastewater Capital Projects, Wastewater Debt Servicing and Wastewater Reserves.

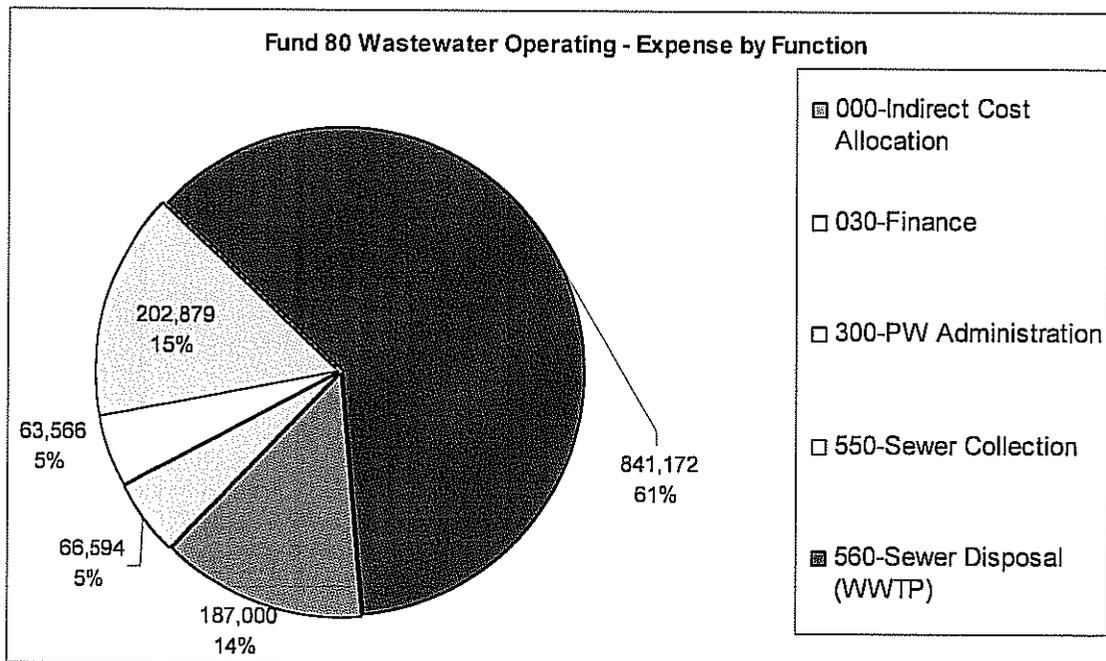
Wastewater Operating (Fund 80)

The Wastewater Operating fund revenue and expenses are \$1,361,211. The excess (or deficit) of revenue is transferred to the wastewater reserves account. Operating expenses of wages and salaries are \$518,973 of which \$325,366 are wages and \$193,607 benefits.

Other expenses of \$842,238 are:

- Operations and maintenance - \$220,538
- Specialized supplies (includes treatment chemicals) - \$198,500
- Indirect Cost Allocation - \$187,000
- Utilities - \$148,300
- Fees and fines - \$43,100
- Miscellaneous equipment (non-capitalized) - \$38,000
- Employee related (training, travel, memberships) - \$3,100
- General office and supplies - \$1,900
- Consulting and contracting - \$1,000
- Telecommunication - \$800

Expenditure by function, departmental breakouts:



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Wastewater Capital Projects (Fund 81)

In 2010-11, an estimated \$400,000 of capital outlay projects include \$100,000 for the elimination of pipeline inflow and infiltration, \$200,000 for sewer line replacement, and \$100,000 of engineering costs relating to another USDA Rural Development capital project application.

Wastewater Debt Servicing (Fund 82)

The City's debt servicing on its USDA 2003 certificate of participation loan (4.5% maturing in 2044) and State Water Resources loan (2.6% maturing in 2023) totals \$128,534. Principal on the USDA 2003 loan in 2010-11 is \$12,000 and interest is \$38,295. Principal on the State Water Resources loan is \$55,042 and interest is \$23,197. Interest earnings on debt servicing reserves are \$1,000.

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 2010-11, \$137,380 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.

City of Yreka
2010-11 Projected Budget
Function/Department Description

Department	Description
000	Unassigned
010	City Council
020	Administration
030	Finance
040	Legal
050	Information Technology
060	Planning
080	Building Maintenance-City Hall
090	Community Service & Promotion
110	Non-Departmental
140	Channel 4 TV
150	GIS
200	Police
201	K-9
205	DARE
210	Fire
220	Building Inspection
230	Animal Control
300	PW Administration
310	Streets
311	Street Sweeping
312	Street Lighting
313	Weed Control
320	Traffic Safety
330	Public Transportation
350	Vehicle Maintenance
360	Airport
370	Municipal Services Center
380	Waste Disposal
390	Storm Drains
400	Parks
410	Recreation
420	Swimming Pool
450	Senior Services
460	Comm. Concerts/Portable Stage
470	Community Theater
480	Community Center
500	Water Distribution
510	Water Supply and Treatment
520	Water Conservation (BMP)
550	Sewer Collection
560	Sewer Disposal (WWTP)
600	Community Development
610	Redevelopment
620	Housing
630	Economic Development

Unassigned, Interfund Transfer Allocations - 000

Interfund transfers show the allocations between funds as required for grant funding, required maintenance of effort matching, and internal cost recovery for administrative costs.

City Council - 010

The Yreka City Council consists of five members elected for four-year terms. The City Manager serves at the will of the Council and has ultimate responsibility for all City operations and services.

Administration - 020

The Administration Department consisting of the City Manager and the Assistant City Manager/City Clerk is responsible for administering personnel rules, assisting in labor negotiations, administering all employee benefit programs, maintaining personnel files and assisting city departments with personnel issues. The City Manager is responsible for the operation and performance of all city departments and the implementation of all city policies and ordinances. The Assistant to the City Manager/City Clerk maintains official records for the City and custody of the City Seal; prepares agendas and agenda packets for City Council; records and prepares proceedings of Council meetings; serves as filing officer for the Fair Political Practices Commission regulations; administers oaths; records official documents; prepares, publishes, and posts legal notices; maintains Municipal Code books, administers City claims, litigation records, vehicle registrations, and insurance policies; provides research and information services to the public, media, and staff; and assists the City Manager in the administration of the City.

Finance – 030

Under the direction of the City Manager, the Finance Department is responsible for the City's accounting and financial operations; duties include: Payroll, Accounts Payable, Accounts Receivable, Utility Billing and Collections, and Dog License processing. Finance prepares and processes the Revenue and Expense Budget for the city along with annual financial reports to the State. Finance staff developed and maintains the City's website and prepares the community newsletter. The Finance Department facilitates office administrative functions, centralized clerical support, and Information Technology help desk assistance. Finance staff is responsible for the reservations and collections of recreation and community facility fees. The Finance Department is responsible for fiscal aspects of grant reporting and compliance. Employees in finance are the Finance Director, Accounting Manager and two Account Clerks.

Legal - 040

The City Attorney advises the City Council, City Manager, Planning Commission, Historical Commission, and other standing committees of the City Council as well as city staff on all legal matters relating to the business of the City. Drafts and reviews all contracts for goods or services purchased by the City. Drafts proposed legislation, ordinances, resolutions and regulations which are within the City's jurisdiction. Drafts zoning ordinances and amendments; advises regarding general plan and amendments. Conducts litigation or supervises counsel engaged pursuant to City approval for performance of legal services in specialized fields; conducts litigation for tort defense; confers with and advises with management and claims management personnel regarding litigation regarding municipal employees and any municipal matters, including litigation for tax abatements, nuisance abatements and eminent domain cases. Implements employment practices and advises regarding personnel problems. Legal renders daily legal advice on most of the activities of the city. The Legal Department handles public meetings and other internal city procedures. The Legal Department consists of the City Attorney and shares the confidential administration assistant with the Public Works Director.

Information Technology - 050

The Information Technology budget (a combination of finance staff and contractual IT services) supports the City's information systems that include help and assistance, secure mail, data and financial servers, the wireless network and provides help desk support to the City's desktop applications and hardware.

Planning - 060

The Planning Department staff consists of the Planning Director and a half-time accounting clerk. The Planning Department acts as technical advisor to the Planning Commission and the Historic District and Landmarks Commission.

The Department:

- (a) assists the public by interpreting plans, zoning regulations and related policies and procedures and provides advice to applicants on the City's permitting systems and procedures;
- (b) assists applicants in submitting forms, applications and other documents that are required for the effective and efficient processing of Permit applications;
- (c) performs planning and zoning review including application processing for planning permits;
- (d) supervises or prepares special studies, reports and other official documents such as the general plan, zoning ordinance, sign ordinance, CEQA studies, and environmental impact reports; and
- (e) monitors and enforces zoning regulations.

Government Buildings - 080

Government Buildings includes the funds for regular maintenance of all city buildings. Most expenditures are direct charges to those departments housed in those facilities, however, unallocated costs are charged to department 080.

Community Service - 090

The Community Services Budget sets forth expenditures for community promotion and economic development, including support to the Yreka Chamber of Commerce, Siskiyou County Public Library, and Siskiyou County Economic Development Council.

Insurance Premiums - 110

The Non-Departmental Budget includes expenditures for Liability, Property, Vehicle, PERS Liability Repayment and Miscellaneous insurances. The expenses are included in the calculation of the City's indirect cost allocation formula, used to general fund expenditures for indirect services rendered charged to those enterprise funds.

Cable 4 TV - 140

YCTV Cable Channel 4 is a volunteer-based community access station. Budgeted costs include maintaining the equipment, building and operations of the station. The community promotions coordinator, who reports to the City Manager, oversees station administration.

GIS Database Maintenance and Support - 150

The GIS Database Maintenance and Support Department supports and maintains the City's GIS database and the infrastructure mapping layers. At present there are no resources allocated to the City's GIS database project.

Police - 200 (K-9 201, Dare 205)

The Yreka Police Department provides criminal law and traffic enforcement within the city. The Department budget consists of the Chief of Police, Lieutenant, (3) Sergeants, (1) Detective, (8) Police Officers, (4) Dispatchers, an Administrative Secretary, a Records Supervisor and (5) Part-Time Workers. The Yreka Police Department provides criminal law and traffic enforcement within

the City. The Citizens Options for Public Safety (COPS) grants provides for over half the cost of two Community Police officers.

Fire - 210

The primary duty of the Yreka Volunteer Fire Department is to provide fire protection, emergency medical response and rescue services for the citizens of the City of Yreka. In addition, the department is committed to providing mutual aid assistance for neighboring towns and the California Department of Forestry whenever the need arises. These services are provided by trained volunteers. All members are required to be certified in first aid and CPR on a yearly basis. Some of the members also have First Responder, EMT or EMT II certificates.

Building Inspection - 220

The Building Department is responsible for the administration and enforcement of all laws regulating construction. Some of the activities included are the examining and approving of plans, inspections of all aspects of construction, Fire Marshall duties, zoning administration and enforcement, the issuing of permits pertaining to the building codes, issuing of certificates of occupancy, educating the public in regards to the code requirements and investigating nuisances and complaints of unsafe buildings or conditions.

Animal Control - 230

Animal Control, a division of the Police Department, provides code enforcement regarding animals within the city limits and is responsible for the operation of the City Animal Shelter.

Public Works Administration – 300

The Public Works Director is responsible for operating and maintaining the water supply and treatment facilities, water distribution system, wastewater collection system, wastewater treatment plant, storm drain system, streets and alleys, traffic signs, streetlights, the City's Municipal Service Center, Ringe Pool, and parks. It is also responsible for maintaining certain City buildings and assists other departments with maintenance of their buildings. The Department maintains all vehicles, motorized equipment, and heavy equipment. Other functions are engineering including review and approval of parcel maps, subdivision maps, and plans for public infrastructure improvements; issuing encroachment permits and inspecting encroachment permit work; inspecting the work for all other public infrastructure improvements; managing the City's transportation improvement program; and managing the design and construction of City capital improvement projects.

Streets (Public Works) – 310 (includes Street Sweeping 311, Street Lighting 312, Weed Control on Streets 313)

Streets Maintenance, part of Public Works, is responsible for street maintenance and repair, street lighting, and weed control on streets and right of ways, as well as street sweeping.

Traffic Safety (Public Works) - 320

Traffic Safety is a part of the Public Works Department that is responsible for traffic lights, traffic signs and traffic markings.

Fleet Management (Public Works) - 350

Fleet Maintenance is a part of the Public Works Department that services and repairs the city's vehicles and equipment.

Airport - 360

The Montague-Yreka Airport Advisory Commission is a Joint Powers Authority, formed in 1974 to act as an advisory body to the City of Montague in the operation of the Montague Airport.

Service Center (Public Works) - 370

The Service Center budget is part of the Public Works Department. Utilities, general office, and custodial and building supplies are charged to the Service Center department. These costs are allocated back to the public works budgets at year-end based on an estimated percent of use methodology.

Transfer Station Facility Access – 380 (former City and County Landfill)

The City has a contract with the County of Siskiyou for continued access to residents, commercial accounts and solid waste haulers for access to the Siskiyou County Transfer station.

Storm Drains (Public Works) - 390

Storm Drains is a part of the Public Works Department that is responsible for street drainage.

Parks - 400, Recreation 410, Swimming Pool - 420, and Portable Stage – 460 (all Public Works)

The Parks, Recreation, and Swimming Pool (Public Works Depart.) plans, develops programs, operates and maintains all of the City's parks, landscape, recreation facilities, and programs. The Portable Stage is used for community park concerts and is available for rental to other non-profit and governmental agencies.

Senior Services - 450

City's Senior Services budget is an allocation to the continuance of the Senior Programs, operated by the Madrone Hospice, a non-profit group.

Community Theatre – 470 and Community Center - 480

The Community Theatre provides the community with performance facilities. The Community Center is a facility used by the Senior Programs and is available for events by the outside public and private groups. City Hall staff books, monitors and oversees events within budgeted guidelines. The community facilities are staffed with part-time staff, building attendants, who are on site for scheduled events.

Water Distribution (Public Works) - 500

Water distribution, an enterprise fund, is part of the Public Works Department responsible for water distribution service within the city.

Water Supply & Treatment (Public Works) - 510

Water supply and treatment, an enterprise fund department, is part of the Public Works Department responsible for water supply and treatment.

Water Efficiency & Conservation (Public Works) - 520

Water efficiency and conservation, an enterprise fund department, is part of the Public Works Department responsible for State regulations for water conservation and best practices management that involves consumer education and implementation of water efficiency measures.

Wastewater Collection (Public Works) - 550

Wastewater collection, an enterprise fund department, is a part of the Public Works Department that maintains and repairs the city's sewer lines.

Wastewater Treatment Plant (Public Works) - 560

The Water Treatment Plant, an enterprise fund department, is part of the Public Works Department. The Water Treatment Plant is responsible for the sewer plant, wastewater treatment and disposal.

Community Development – 600, Redevelopment – 610, Housing – 620 and Economic Development 630

These budgets capture grants and capital projects funded by specialized grants, or designated budget allocations. Projects include grant-funded programs from Housing and Urban Development Block Grants. City Hall staff administers these programs. Subrecipient agreements, contracts or bid awards typically perform program activity and delivery services.

Redevelopment – Current projects include the downtown parking lot development and administration of the EPA Brownfields grant for hazardous substance cleanup.

Housing - administrative and activity delivery costs for housing rehabilitation grant projects.

Economic Development – includes economic development activities for the Hi-Ridge Business Park land acquisition, biomass feasibility roadmap, and the City operated Economic Development Grants. These grants include business loans, micro enterprise assistance and planning and technical assistance grants.

BUDGET 2010-2011 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 \$5,000.

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.

INTRAFUND TRANSFER – An account used to budget for transfers of costs between

budget units in the same fund. Intrafund 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.

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.

VLF 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.

Yreka City Council

Rob Bicego, Brian Foster, Rory McNeil, John Mercier, and David Simmen

Mary Frances McHugh - City Attorney

Steve Baker - City Manager

Steve Neill - Director of Public Works

Jeannette Hook - Administrative Assistant

See Public Works Org. Chart

Pam Hayden - Planning Director

Kim Bridwell - Account Clerk 1, Building and Planning

Mark Schmitt - Building Official

Kim Bridwell - Account Clerk 1, Building and Planning

Liz Casson - City Clerk & Asst. City Mgr

Rhetta Hogan - Finance Director & City Treasurer

Debbie Ramirez - Accounting Manager

Elaine Kuck - Account Clerk 2, Water and Dogs

Lysandra Korber - Account Clerk 1

Brian Bowles - Police Chief

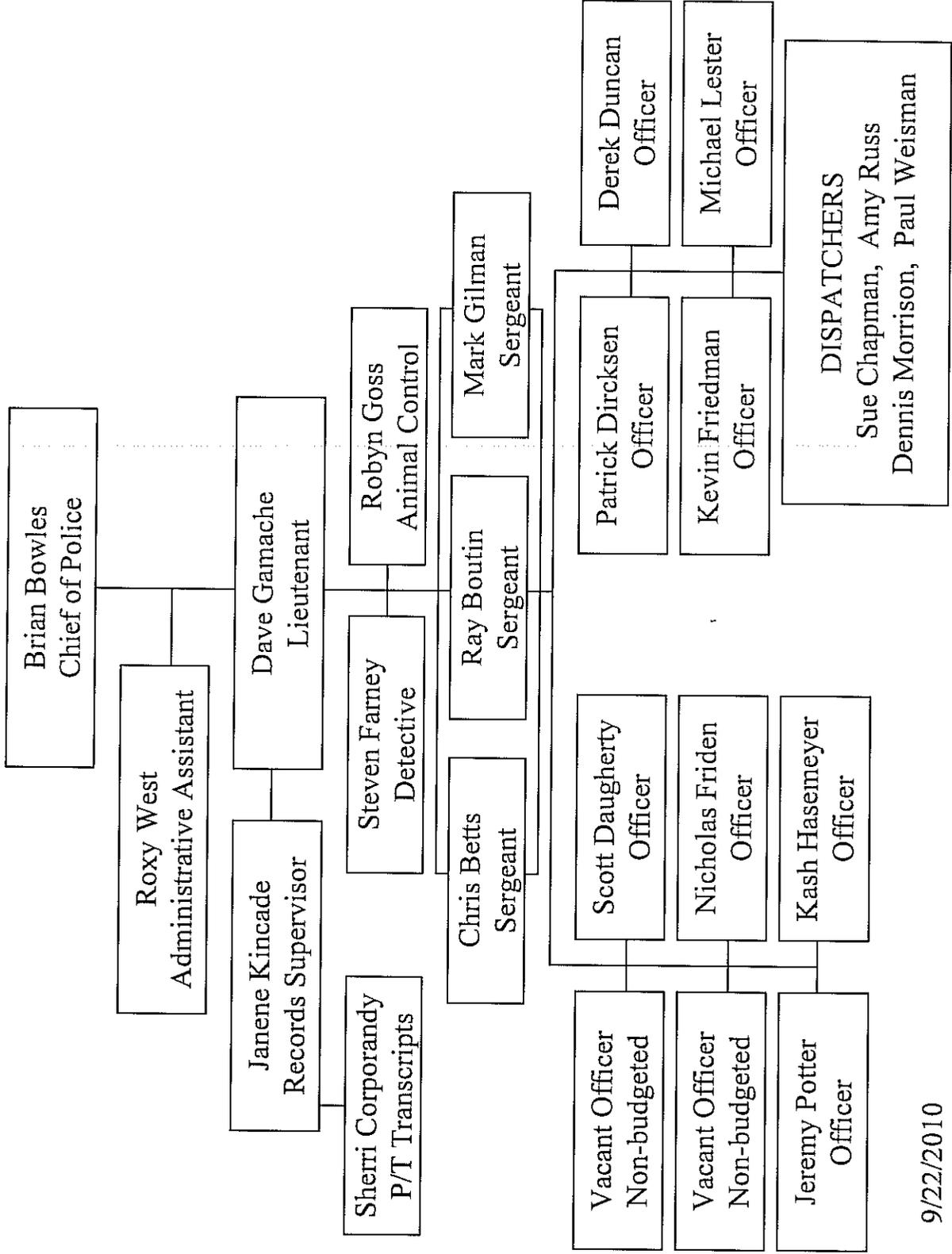
See Police Department Org. Chart

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POLICE DEPARTMENT



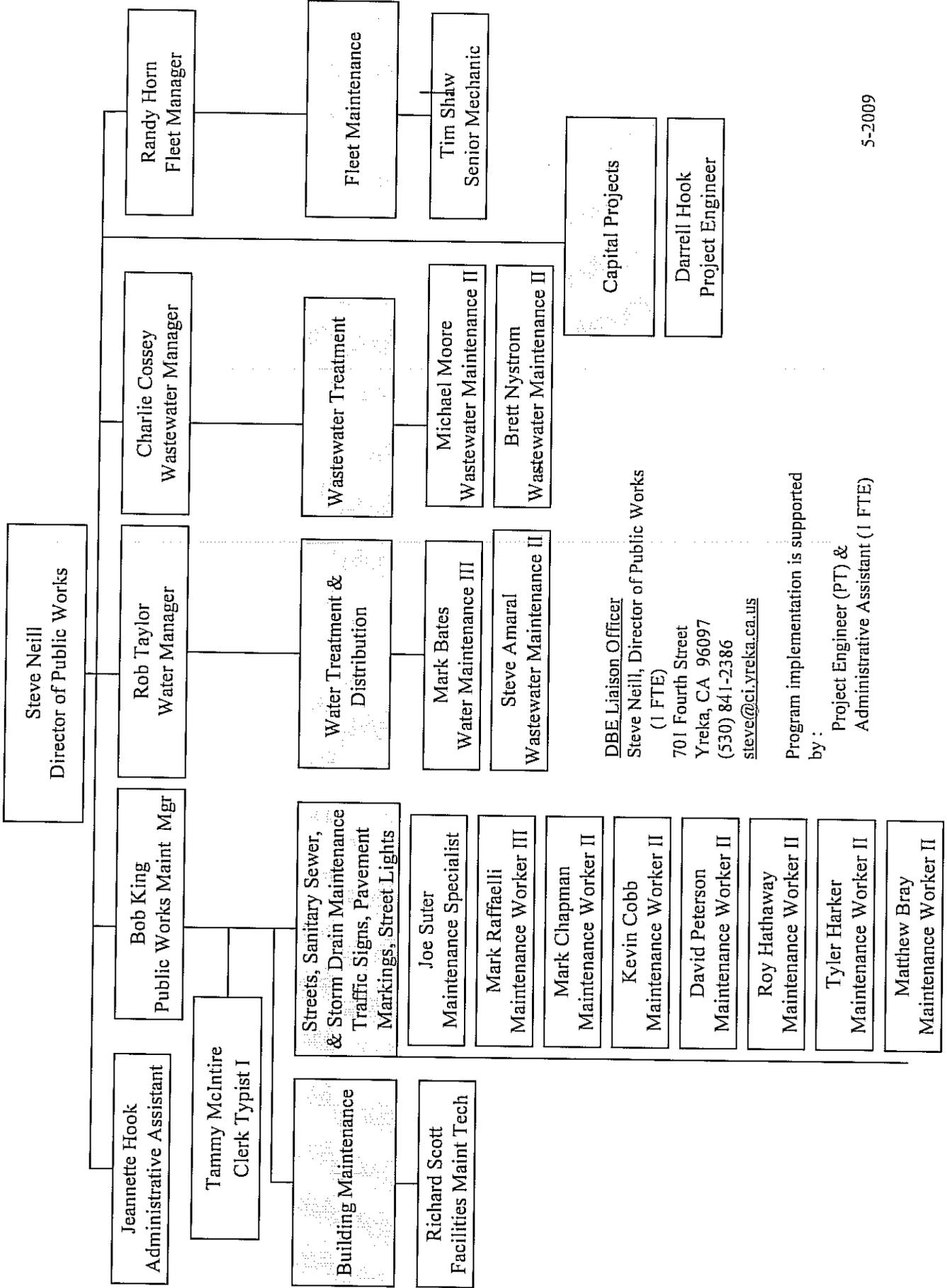
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DEPARTMENT OF PUBLIC WORKS



DBE Liaison Officer
 Steve Neill, Director of Public Works
 (1 FTE)
 701 Fourth Street
 Yreka, CA 96097
 (530) 841-2386
steve@ci.yreka.ca.us

Program implementation is supported
 by:
 Project Engineer (PT) &
 Administrative Assistant (1 FTE)

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