

City of Yreka 2007-08 Projected Budget
City Manager's Comment and Budget Narrative

City Manager - Horizon issues for the state and community:

There are several close horizon issues facing state and local governments that will have a significant impact on their financial futures. Tops among these are aging infrastructure, medical, and pension obligations. We have heard about a steam pipe exploding near Grand Central Terminal, a levee fails and floods New Orleans, a bridge collapses in Minneapolis. These disasters are an indication that government did not invest enough in keeping its vital infrastructure in good repair. The bulk of the nation's highway system was built in the 1950's and 1960's and is aging. The civil engineers have estimated that we have a \$1.7 trillion shortfall in this country alone. Because of the extent of these shortcomings, financial aid in the form of grants will likely not filter down to the local level.

The City of Yreka is facing these same issues. No one has wanted to pay the utility fees required for the orderly repair and replacement of the streets, water, storm drains, and sewer systems built decades earlier. Some systems such as the storm drainage system have never had a funding source and will require millions of dollars of improvements to meet the needs of a developing community.

With respect to the pension and retiree health care obligations, the City of Yreka is in somewhat better shape than many other agencies for it has not obligated itself to pay any more than the contracted CALPers minimum amount for retiree health care benefits. Also, the City has been prudent by not obligating itself to the more costly retirement programs that have the State and many other municipalities under public review. The City provides a retirement program consisting of 2%@50 for Safety personnel and 2%@55 for miscellaneous compared to a much more generous 3%@50 for Safety and 2.7%@55 that many other agencies have. The City struggles to remain competitive for recruitment and retention of good employees and yet remain financially sound by not promising the bargaining units more than it can reasonably provide. This is a difficult backdrop for meeting the challenges of the immediate future.

It is these localized issues, that the City, City Council and Citizens of Yreka will need to face and work together on and plan on how to address to keep Yreka vibrant for the next 150 years.

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Budget Introduction:

Two thousand and seven marks the year of Yreka's sesquicentennial celebration and the community has been able to both reflect and look forward to another 150 years as a community and town this summer. The City Manager and Finance Department are pleased to present the City Council and the Citizens of Yreka the Annual Budget for 2007-08, Yreka's sesquicentennial year.

This year's budget is prepared with input from the City of Yreka department managers who are responsible for managing and adhering to the guidelines of their respective departmental budgets. To reflect and look at the prior year's budget three key horizon issues were identified as being key for the City's focus.

- [1] Sale or buy the City operated landfill, consider conversation to a transfer station.
 - o The City opened escrow and on July 10 consummated the sale of the landfill to the County.
 - o The landfill is operating now as a transfer station.
- [2] Funding and equipment for fire protection services were problematic and the City's fire insurance rating was under review and possible downgrade.
 - o With the support of the citizens and an extensive campaign effort by the YVFD, a 2/3 majority vote passed Measure H. Measure H is a supplemental property tax assessment dedicated to support the volunteer fire protection services and outfit the department with new equipment. In May 2007, the City entered into a lease purchase option to obtain two new fire ladder and pumper trucks.
- [3] Deficit spending in the enterprise funds is at a critical level.
 - o This continues to be a problem. The City has received a CDBG PTAA grant contract for a water and sewer rate study. The City staff hopes the study is completed and can be presented to council by winter of 2008 for their consideration.

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Other reflections include:

- The work completion of a \$1,000,000 sewer main rehabilitation project. This project utilized grant funds from CDBG and the economic development loan revolving loan account.
- The City was awarded a \$5,000,000 Stormwater Attenuation (Prop. 40) grant administered by the State Regional Water Quality Control Board. This grant covers over 80% of the needed improvements that were identified in the City's storm drain master plan. This was a very competitive grant and the largest grant award received by the City. This project includes storm drain detention ponds, Greenhorn park restoration and storm drain infrastructure repairs. The majority of work for this grant is to be completed in 2007-08.
- The City has commenced work on the \$1,501,000 Yreka Greenway Creek trails project. This grant is complimented by the Department of Water Resources grant of \$300,000 for the acquisition of key properties along the Yreka Creek Greenway. Both grants work towards the goals identified and developed in Greenway Master Plan.
- Award and completion of a \$500,000 contract for the rehabilitation of the Broadway water line.
- State Transportation Improvement Program grants totaling \$2,270,000 are in process as the City's streets (Fairlane, Oberlin, Greenhorn and various streets for cape seal overlays) are being repaired and rehabilitated.
- The downtown bike path, from Foothill to Miner street, totaling over \$650,000 was funded in large part by federal and state TEA grant funds was completed.
- The City's arboretum grant project with the USFS was completed. The City matched with cash and in-kind services of over \$28,500 while the community matched with over \$35,200 of volunteer hours and donations.
- The Council approved the implementation of developer impact fees. Development impact fees provide a way to support the incremental cost of growth within the City by those developments that affect the City's infrastructure.

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- Both the water and sewer treatment plants are in the process of converting from chlorine gas disinfecting to sodium hypo chloride disinfecting at the treatment facilities.
- The City is utilizing its Federal Emergency Management Agency (FEMA) award from the 2005 storm to repair the wastewater treatment facilities. Over \$766,000 in repair and mitigation work is in process.
- Installation of new heating and air-condition systems at City Hall and YCTV as specified in the 2004 Department of Housing and Community Development, Proposition 46 (Housing Bond) Workforce Housing Reward Grant Program.
- The completion of Ringe and Lewis park playground equipment and American with Disability Act access trail utilizing 2002 Resources Bond Act, (Prop. 40 Parks and Recreation) grants funds.

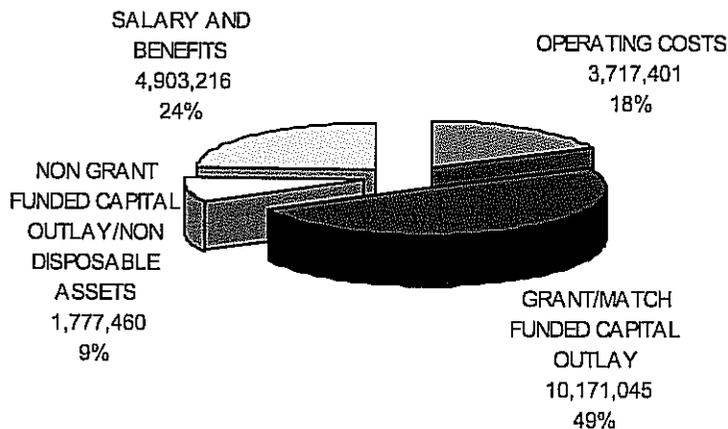


Budget Highlights for 07-08

Grant Awards:

Highlights of the budget include the continued diligence of the City to leverage public dollars with grants awards. Capital improvements and operating grants would not be included in this budget if it were not for the successful and continued efforts of City staff to obtain these grants. (Chart 1)

Chart 1
2007-2008 Proposed Budget
Citywide Budget Expenditures



Additional information on pending and approved grants (Grants - Supplement 1) immediately follows this budget narrative. The stormwater attenuation grant of \$5 million is budgeted for \$4.3 million in 2007-08 and accounts for 36% of the grant projects. Street repair, rehabilitation and transportation projects account for over \$2.8 million, or 24% of the grant projects. Supplement 2 is a report on street maintenance for the City by the Public Works Director, Steve Neill.

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General Fund Revenue Projections:

Revenue highlights include stable and slowly increasing City revenues, rising at just under 2% a year. Problematic for the City is that the revenue growth is not keeping up with the cost of compensation, primarily pension plans and medical insurance, and the City's operating costs. Presented to the City Council at the budget study sessions is the need to review fee-based revenue, such as business licenses, animal licenses, and landfill access fees to compare with the cost of providing the services.

Table 1
General Operating Fund - Fiscal Year Main Stream Revenue Comparison

	Actuals Fiscal Year 03-04	Actuals Fiscal Year 04-05	Actuals Fiscal Year 05-06	Preliminary Close 06-07	Projected 07-08
Property Tax	674,178	644,592	766,460	886,500	800,000
Transient Lodging	355,321	607,645	593,285	608,826	600,000
Sales Tax	1,772,464	1,682,590	1,599,734	1,607,462	1,800,000
Franchises	143,097	218,104	206,474	220,470	200,000
Business Licenses	67,128	69,994	75,190	77,465	80,000
Animal Licenses	9,336	9,324	9,223	10,431	9,500
Building Permits	41,301	179,318	175,363	94,546	150,000
Motor Vehicle License Fees (1)	329,024	585,464	512,914	524,463	525,000
Triple Flip In Lieu Sales Tax (2)		375,056	541,007	509,797	500,000
Subtotal General Fund Mainstream Revenue	3,391,850	4,372,087	4,479,650	4,539,960	4,664,500

(1) 2004-05 includes the 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.



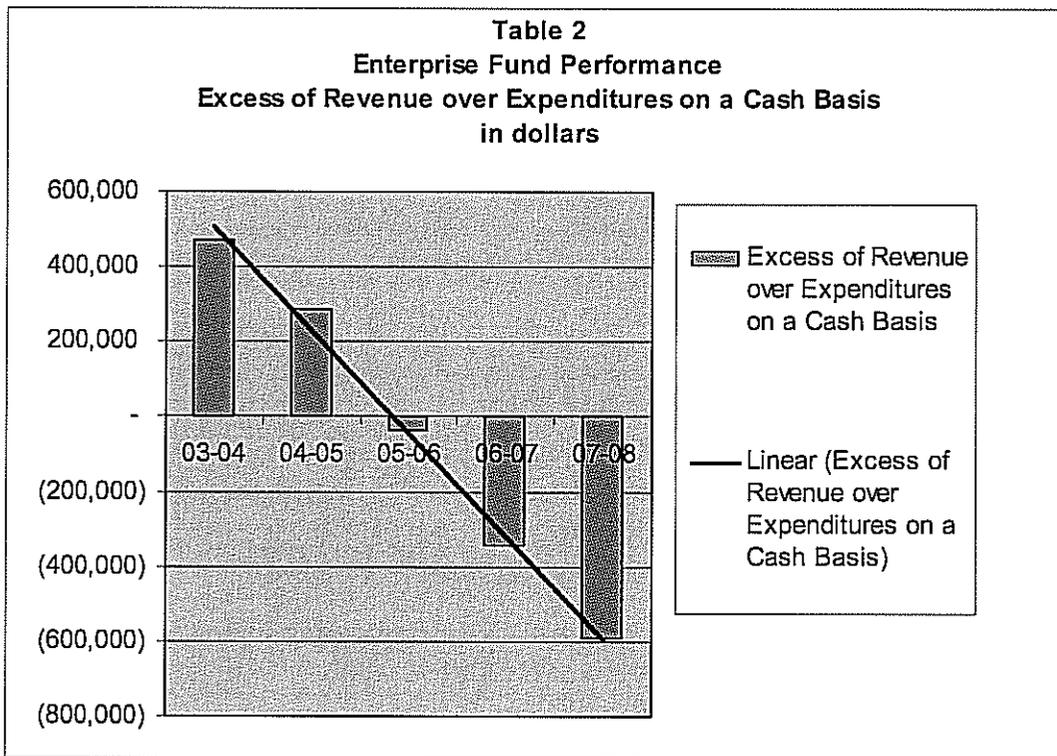
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Enterprise Fund Revenue:

As mentioned earlier, use fee revenue is not keeping up with the infrastructure costs of maintaining the City's water and sewer systems. The grant funded rate study will assist the City in determining a fee schedule to sustain current and future services, as well as to determine the revenues necessary to support ongoing maintenance. The City continues to be diligent in pursuing grants and loans to finance water and sewer improvements however the City may need to consider the issuance of bonds for needed infrastructure improvements as the City is currently using its reserves for repairs and maintenance.



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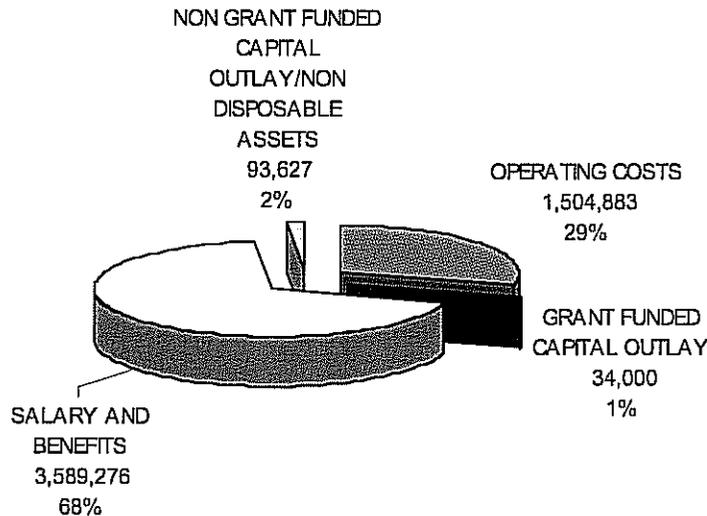
Expenditure Control:

Staff works hard to keep expenditures under control while continuing to maintain the historic levels of service that the citizens of Yreka have come to expect and rely upon. The balancing of services with resources continues to challenge most notably the Fire, Police and Public Works departments.

The City negotiated three-year contracts ^{with} each of its bargaining units. This is the last year of those contracts with four of the five units. The City continues to explore cafeteria plans. The bargaining unit contracts cap the employer cost of medical benefits in the final year of the agreement. This is in response to the increased pressure of rising costs for defined benefit plans and medical insurance, which negatively affects the City's ability to increase salaries.

The unrestricted general fund is the primary operating fund for the City and over 68% of the revenue is allocated to salary and benefits, hence the emphasis on keeping wages and benefits costs both in fiscal control and yet competitive with other local agencies.

Chart 2
2007-2008 Unrestricted
General Fund Operating Expenditures



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Table 3 shows the general unrestricted operating fund expenditures by department. Safety services that include Fire, Police and Animal Control comprise of over 48% of the budget. That is the equivalent of 91 cents per day per citizen for safety services.

Table 3

Unrestricted General Fund – Expenditures by Department

Department	Expense	As a %
Police, DARE and Animal Control	2,209,444	42%
Public Works	483,046	9%
City Council and City Administration	393,206	8%
Finance and Information Technology	315,716	6%
Parks & Pool	300,298	6%
Building and Planning	292,643	6%
Fire	280,153	5%
Insurance, Elections, and Other	251,757	5%
Legal	205,996	4%
Community Promotion, Airport, Library	151,571	3%
Community Center & Theater	142,956	3%
Sr. Programs and Channel 4	110,000	2%
Landfill Access Fee (deficit)	85,000	2%
Total	5,221,786	100%



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Horizon Issues:

Not reflected in the budget, but of concern, to the City are the following three issues:

[1] Evaluate fees for services, in particular landfill access fees, dog licenses, business licenses, and encroachment fees.

[2] Completion and implementation of the water and sewer enterprise fund rate study. In addition, consider taking to the voters an infrastructure improvement bond to complete the needed repairs and help ensure adequate clean water supply and wastewater treatment.

[3] Consider a special assessment for parks and recreation. The assessment would to support the maintenance of improvements to parks and recreation areas, including the Ringe pool facility. From grant projects, the City expects to add four public restrooms and miles of walking trails in Greenhorn Park and along Yreka creek in 2007-08 that requires cleaning and maintenance.

City of Yreka – Supplement 1
Report of Grants
2007-08 Projected Budget

Grants Budgeted 07-08 Active and in Process

- (SubFund 650) 2002 Resources Bond Act, 2002 Bond Act Per Capita (Prop. 40 Parks and Recreation) Revenue \$206,970
 - Downtown Plaza Restroom, now \$206,970, was \$104,385, combined from the old Miner Street Park Restroom project that was \$102,585.
- (SubFund 650) Roberti Z'berg-Harris Non Urban Needs
 - 2002 Resources Bond Act -Greenhorn Park Pedestrian Bridge \$423,000 (\$296K State, \$148,000 Workforce Housing, and \$63,600 Crandell)
- (SubFund 650) Work Force Housing Grant (WFHG) 2005-06 Revenue \$129,751
 - Theatre Projects
 - ADA restroom \$46,000
 - Parking Lot \$40,000
 - Storage Room \$35,000
 - Other Community \$8,751
- (SubFund 650 – Dept 40) Yreka Urban Stream Grant (DWR) \$300,000
 - \$5,000 (05-06 spent \$12,000 appraisals and \$8,500 Young Property acquisition) City Match to Yreka Urban Streams \$300,000 DWR grant.
- (SubFund 650) STIP Greenhorn Road \$638,000 (Construction Phase)
- (SubFund 650) STIP Oberlin Road \$388,000
- (SubFund 650) STIP Fairlane Road \$642,000
- (SubFund 650) STIP Cape Seal \$602,000
- (SubFund 650) TEA Bike Path Phase 2 \$115,000 #2398
- (SubFund 650) STIP 4th Street Rehabilitation – Design Grant \$25,000
- (SubFund 650) STIP Various Collector & Residential Streets Rehab – Design Grant \$50,000
- (SubFund 650) Transit Buses, CTC Fund allocation in June, STIP –UTA, \$250,000
- (SubFund 650) UTA Bus Barn PPNO 2451 \$410,000
- (SubFund 101 – Dept 6) CDBG PTA GIS Base Mapping \$3,500 closeout to City Council (Full Grant was \$35,000)
- (SubFund 302) CDBG PTA WWTP Expansion Study \$35,000 award, budgeted \$44,000 – multi-year project.
- (SubFund 650) CDBG PTA Water Conservation \$35,000 award, budgeted \$35,000 – multi-year project.
- (SubFund 650) CDBG PTA Enterprise Zone \$45,526 award, budgeted \$45,526 – multi-year project.
- (SubFund 651) 2005-06 Economic Development Grant \$300,000 multi-year, budgeted \$300,000 divert \$15,000 Program Income to CDBG Ph3 Sewer Rehabilitation.
- (SubFund 650) Safe Schools \$396,000 State, \$44,000 Match (Streets SubFund 251) – Project Cost \$440,000
- (SubFund 650) CDBG 3 Year Grant (Years 1 & 2 are Budgeted)
 - (SubFund 302) \$1 million sewer rehabilitation with EDBG match of Program Income revenue of \$15,000 – mostly complete.

- (SubFund 651) Housing Rehab (for 2007-08 budget \$500,000)
- (SubFund 651) Micro Enterprise Grant \$500,000 multiyear – Community Kitchen
- (SubFund 700) SCADA software grant \$15,000 mostly complete 2006-07
- (SubFund 650) WFHG 05-0168 Grant \$418,984
 - Miner St Building that will house a restroom (108 W. Miner) \$225,000
 - Office Space Rehab & GIS Unit \$25,000, of which \$20,000 completed in 06-07 and \$5,000 budgeted in 07-08..
 - Greenhorn Park Accessibility Trail w/ Roberti Z'berg \$148,000
 - Other Community \$45,984
- (SubFund 650) Yreka Creek Greenway Project \$1,501,000 Grant Request, Project Cost
 - Development Project \$1,071,750
 - Design \$250,000
 - Land Acquisition \$72,000
 - Project admin \$107,250
- (SubFund 650) Storm Water Attenuation (Prop. 40) Grant Application (\$5 Million), possible city match of up to 25% - waiver requested, anticipate match with RAC Ecological Stormwater Mitigation Grant and City Funds of approximately \$100,000 over 2.5 years for grant admin, survey, legal, and starting the environmental review
- (Fund 650) RAC Ecological Storm Drain Mitigation Grant \$81,400 (City Match \$57,000 – Storm Drain Master Plan) total project \$138,400 – (this is peripherally related to City Hall Storm Drain Demonstration project, and directly related to the Storm Water Attenuation grant proposal)

Recurring Operating Grants in 2007-08 Budget

- SubFund 670 – Dept 67,68,69) Federal and State Grant Sr. Programs
 - (SubFund 670) GF Cash Match \$75,000
- (SubFund 101 – Dept 20) OTS Seat Belt Grant \$3,000
 - Officer O/T \$3,000
- (SubFund 101 – Dept 19) COPS Supplement \$100,000, Community Police
 - Grant funds 2 officers, GF Match \$53,262
- (SubFund 101 – Dept 20) Prop. 172 (1/2% sales tax for safety) \$32,000
 - Funds are used to purchase and outfit one patrol car.

Other Community Promotional in 07-08 Budget

- (SubFund 437) DARE \$10,000 expense
- (SubFund 405) Channel 4 expense (\$35,000)
- (SubFund 101 – Dept 9) Chamber Rent and Support expense (\$8,500 rent and \$49,000 support)

Other Matched Funding Included in 07-08

- (SubFund 302) FEMA repairs WWTP \$359,000 in 07-08, completed in 06-07 was \$273,000 for a total project cost of \$632,000.
- (SubFund 302) FEMA mitigation WWTP \$100,000 in 07-08.
- (SubFund 302) FEMA effluent repairs Zones 5 & 7, possible FEMA match \$34,000.

2007-08 PROJECTED BUDGET - SUPPLEMENT 2

CITY OF YREKA

INTEROFFICE MEMORANDUM

TO: Mayor and Councilmembers

FROM: Steve Neill, Director of Public Works

SUBJECT: Street Maintenance

DATE: July 20, 2007

INTRODUCTION

The Department of Public Works, Maintenance Division, is responsible for maintaining approximately 52 miles of streets. This includes all the streets in the City except State Route 3, State Route 263, and a small number of private streets. Caltrans maintains the two State Routes that include sections of the streets commonly known as Main Street, Fort Jones Road and Montague Road that are within the City Limits.

The street maintenance activities that are typically performed by the Department include street sweeping, patching, crack sealing, controlling weeds, repairing sidewalks, repairing curb and gutter, removing snow, striping, maintaining signs and street lights, maintaining records, responding to complaints and public inquiries, administering agreements and coordinating activities with Caltrans and Siskiyou County, engineering, managing the design and construction of capital improvement projects and development projects, and applying for and managing State and Federal transportation funds.

PAVEMENT MANAGEMENT SYSTEM

In 2001, a Pavement Management System was prepared for the City. All streets were inspected, rated, and assigned a pavement condition index. A treatment and year for the treatment was recommended for each street, and a cost for the treatment was estimated. At that time, the estimated cost to bring all the streets up to a "maintainable condition" was approximately \$8.5 million. If that could have been done or could be done now, major expenditures would still be needed each year to keep the streets in a "maintainable condition".

The Pavement Management System has been used as one of the criteria for spending the gas tax funds received from the State. It has also been used as the basis for selecting streets for State and Federal funds such as State Transportation Improvement Program (STIP) and Regional Transportation Planning Agency (RTPA) Exchange funds.

The Pavement Management System is due to be updated. However, we do not want to spend the money to do this yet, because we are still waiting for approximately \$2.4 million for four projects originally programmed in the 2002 STIP. We hope to be able to delay the expenditure for updating the System until we receive the money to complete these projects and have an opportunity to apply for additional funds.

CURRENT MAINTENANCE ACTIVITIES

We continue to patch potholes and patch other deteriorated sections of pavement every year. We use cold-mix asphalt concrete for patching pot holes in the winter, and do more extensive patching with hot-mix asphalt concrete when the local asphalt concrete plant opens in the spring or early summer.

We typically seal cracks in the streets every winter. This has not been done the last few years because of staff shortages and the flood response and restoration work in the winter of 2006.

CURRENT CITY-FUNDED PROJECTS

We completed the following projects last summer with gas tax monies:

Foothill Drive Chip Seal, easterly RR tracks to Granite	\$69,000
Oregon Street Chip Seal, Jackson to Miner	\$43,000

We reconstructed Allen Street from Lennox Street to Warrens Avenue this summer at a cost of approximately \$110,000 and constructed the Third Street/Knapp Street Connector.

CURRENT STATE AND FEDERALLY FUNDED PROJECTS

The Downtown Bicycle/Pedestrian Project that constructed bicycle and pedestrian facilities along Foothill Drive, Miner Street, and Center Street, between Main Street and the Siskiyou Family YMCA was completed last summer at a cost of \$663,000. The funds were from the federal Transportation Enhancement Activity (TEA) program, Transportation Enhancement (TE) program, and gas tax.

We obtained an additional \$115,000 in TE funds from the Local Transportation Commission to do a Phase 2 of the project that will install curb, gutter, sidewalk and bike lanes at Kleaver, W. Center, and N. Foothill.

We are starting engineering for a Safe Routes to School Project funded with a \$440,000 grant. It will install curb ramps and high-visibility school signage on certain streets near schools.

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP) PROJECTS

The City has nine current STIP projects. The Greenhorn Road Reconstruction Project was programmed in the 2000 STIP, and the other eight were programmed in the 2002 STIP. The schedule for the projects is as shown below.

<u>Project</u>	<u>Engineering</u>	<u>Engineering</u> <u>Cost</u>	<u>Construction</u>	<u>Construction</u> <u>Cost</u>	<u>Total Cost</u>
Greenhorn Rd Reconstruction	Completed		Ongoing	\$999,000	\$999,000
Oberlin Road Overlay	Completed	\$58,000	Completed	\$315,000	\$373,000
Fairlane Road Overlay	Completed	\$45,000	Completed	\$580,000	\$625,000
Collector & Residential Chip Seals	Completed	\$25,000	Completed	\$282,000	\$307,000
Collector & Residential Rehab.	FY 07-08	\$50,000	FY 10-11	\$1,032,000	\$1,082,000
Fourth Street Overlay	FY 07-08	\$25,000	FY 09-10	\$545,000	\$570,000
Hwy 3 & Ager/Quarry Lt. Turn Lane	Completed	CalTrans	Completed	\$219,000	\$219,000
Oregon St Overlay	FY 09-10	\$30,000	FY 10-11	\$351,000	\$381,000
Bruce St Overlay	FY 09-10	\$25,000	FY 10-11	\$312,000	\$337,000
TOTALS		\$258,000		\$4,635,000	\$4,893,000

Deadlines set by the California Transportation Commission required the engineering for three of the above-completed projects to be completed and the contracts for construction of four of the above-completed projects to be awarded in the six-month period between April 26, 2006 and October 27, 2006. This was an unusually large amount of work to complete in less than six months, but we were able to successfully do it and deliver the projects.

STREET MAINTENANCE BUDGET

The City receives approximately \$165,000 to \$170,000 every year in gas tax funds. It also receives Local Transportation Funds that are remaining after Siskiyou County meets its transit needs. These funds have varied between approximately \$32,000 and \$81,000 per year for the

last six years. The amount is estimated to be \$135,000 this year. These funds could be reduced to nothing if the cost of the County operating the STAGE public transit continues to rise as projected.

The Street Maintenance Budget has ranged from approximately \$380,000 to \$610,000 per year for the last four years.

The figures in the above two paragraphs show that the General Fund has to contribute approximately \$200,000 to \$400,000 every year to augment the Gas Tax Funds the City receives in order to maintain the streets at the level that they have been maintained at for the last four years.

A CURRENT ISSUE

We continue to do a lot of patching of pavement on the sides of streets that we believe is caused by larger and heavier trucks that were purchased a couple years ago by Yreka Transfer to pick up and haul municipal solid waste in the City. The trucks have created more damage to our streets due to their heavier weight.

The City has an agreement with Yreka Transfer Company that allows it to collect municipal solid waste and transport it to the Yreka Landfill. Yreka Transfer Co. pays the City 2% of its gross receipts for the right to do this. It generated approximately \$20,500 in FY 05 and approximately \$24,500 in FY 06 in revenue for the City. The revenue has historically been designated for street maintenance.

The Department of Public Works recommends that the Council raise the fee when the agreement terminates on November 30, 2009, or sooner if possible. The additional revenue would help to pay for the additional damage that the trucks are doing to the streets.

CONCLUSION

We have made good progress in maintaining some of our streets this past year by completing four projects with a value of approximately \$1,420,000, and the Greenhorn Road project at almost \$1,000,000 is under construction. However, the big picture is still that the streets in the City are not in good condition and are not in a "maintainable condition." The majority of the maintenance recommended in the Pavement Management System has not been completed in the last six years because of the lack of gas tax and general fund money, and we have not received funds from the State for some of the projects originally programmed in the 2002 STIP. We have been reluctant to spend significant amounts of money from the gas tax fund until we get the STIP funds from the State, because the streets in the worst condition are included in the STIP projects.

The Department of Public Works will continue to maintain the streets in the best condition it can with the resources it has. We will use the gas tax funds as efficiently as possible. We will also continue to try to get the STIP funds from the State and seek other sources of funds. Council may have to consider implementation of a "street fee" at some time in the future.

BUDGET 2007-2008

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.

E.R.A.F. III: ERAF III is a two year (FY 04-05, and FY 05-06) property tax revenue reduction and shift to the State in exchange for Support for measure A. The revenue shift will be implemented through a temporary reduction in the City's local property tax allocation and a corresponding contribution to the County ERAF fund. The County ERAF fund provides for distributions back to the Cities for the Triple Flip and VLF Swap.

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.

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.

SPECIAL DISTRICT – Independent unit of local government generally organized to perform a function(s) for a specific area. Examples: street lighting, waterworks and libraries.

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 during 03-04, the State dropped this fee from 2% to 0.67%. Except for the first three months of the year, the State has back-filled this fee reduction with additional allocation of local property tax from County ERAF fund.