SECTION I
BUDGET REFERENCE

Budget Reference Materials

OVERVIEW

The following materials are included in this section to facilitate the reader's understanding of the Financial Plan document and preparation process:

- Frequently Asked Questions
- Budget Process
- Budget Policies and Practices
- Statistical Information - Includes selected financial and demographic information, generally presented on a ten year historical basis.
- Appropriations Limits
- Long-term Debt Obligations
- Donations – (not included in proposed)
- Fund Structure Chart
- Budget Glossary - The Annual Budget contains a number of terms that may be used in a manner unique to public finance or the City's budgetary process. The purpose of the Budget Glossary is to provide common terminology in discussing the City's financial operations.
- 2007-08 Budget Resolutions, including Appropriation Limit resolution – (not included in proposed)

Frequently Asked Questions

Why can't redevelopment funds be used to pay for public safety expenses?

California State Law makes available to redevelopment agencies a method of obtaining funds called "tax increment financing." On the date the redevelopment plan is approved, the property within the boundaries of the plan has a certain base property tax assessed value. As this assessed valuation increases, most of the taxes that are derived from the increase go to the Redevelopment Agency. In order for these funds to be expended, the agency must determine that the proposed expenditure meets the intent of the local redevelopment plan and State Law, therefore these funds are restricted and cannot be used for General Fund purposes.

What is the biggest budget issue facing the City in the coming year?

In order to maintain services with available revenues in FY07-08, a significant amount of fund reserves were allowed to be drawn down, not only in the general fund, but also in the equipment operations fund and the IT operations fund. This is true "one-time" money because it will not be an option that is available next year. It is quite important that recurring costs be paid for with recurring revenues.

Why is it necessary to have reserves?

Sufficient levels of unreserved Working Capital can help to ensure the continued orderly operation of government and the provision of services to residents. The maintenance of such stability is important when considering the possible effects of external influences, such as an economic downturn, on the government's financial condition. Those governments that have recognized the economic uncertainty facing governments, and that have had the foresight to develop adequate financial resources in response to this uncertainty, will be able to deal much better with the consequences of a slowing economy than those who have not. Also a Working Capital reserve may also be legally required, such as by bond indentures. Each city has its own method for calculating its minimum Working Capital reserve. Some use from as little as 3% to as much as 20% of their operating budget. The City calculates its minimum Working Capital reserve as 60 days of the operating budget.

Where is the "real" budget?

Sufficient levels of unrestricted reserves can help to ensure the continued orderly operation of government and the provision of services to residents. The maintenance of such stability is important when considering the possible effects of external influences, such as an economic downturn, on the government's financial condition. Those governments that have recognized the economic uncertainty facing governments, and that have had the foresight to develop adequate financial resources in response to this uncertainty, will be able to deal much better with the consequences of a slowing economy than those who have not. Also a reserve may be legally required, such as by bond indentures. Each city has its own method for calculating fund reserve targets. Some use from as little as 3% to as much as 20% of their operating budget. The City of Eureka calculates its target General Fund reserve as 60 days of the operating budget.

Frequently Asked Questions

What are the major General Fund revenues?

The largest source of revenue for the City's General Fund is sales tax, representing 35% of total General Fund revenues. Representing less than 10% each are the Transient Occupancy Tax at 8.0% and property taxes at 6%.

What is the General Fund's largest expense?

$7,820,683or 35% of General Fund operating expenditures is spent on police services; this represents the largest operating budget of the City. Next is the fire services operating budget with $4,467,337 or 20% of General Fund operating expenditures. The largest expense item is for personnel (salaries & benefits) which are $16,401,763 or 71% of General Fund operating expenditures.

What is Utility Users' Tax revenues used for?

Per voter approval on November 7, 2006, Measure "U", the voter Utility Users' Tax, was extended "to fund essential services such as police, fire, street maintenance, and parks and recreation" as well as other general fund activities.

What is the "Triple Flip" and why is the City experiencing a delay in receiving State money?

To resolve the State budget crisis, a State law was passed to take 25% of the City's sales tax money and use it to pay State debt over the next fifteen years. This sales tax money will be replaced by property tax funds held by the County. This means that 75% of the sales tax revenues received by the City will be paid to us each month. The other 25% will come to the City through the County along with property tax funds and will be received only twice a year.

Budget Process

The budget process was designed to provide a strategic planning focus for the development of the City's Annual Budget.

Phase I: Goal Setting and Long Term Financial Planning

The focus on strategic goals, initiatives, and tactics led the City Council in 1997 to adopt City goals in relation to the issues of development, redevelopment, promotion, and retention. These goals have been implemented in Annual Budgets following that adoption. The Finance Advisory Committee continues to study City policies to make updated recommendations to the City Council on new and continuing strategic goals, initiatives, and tactics. The City Council has just concluded the process of establishing their vision for the community.

Phase II: Capital Improvement Planning

Annually a Five-Year Capital Improvement Plan (CIP) is prepared. Departments prepare prioritized project requests during the annual budget process coordinated with the CIP, departmental services and facilities plans. Recommended citywide funding priorities are determined and the City Manager and Department Heads approved priority lists for Capital Improvement Program for consideration in the Annual Budget.

Phase III: Department Operating Budget Requests

City departments prepare requests for operating budgets: to maintain current base operations and services and for service enhancements. Department budgets are prepared consistent with the budget development policies and procedures. These procedures tighten base budgets while focusing on priority changes needed.

Phase IV: Proposed Budget to City Council

Annually, in June, the Proposed Budget is presented to the City Council. Included in this budget are recommendations for: the base budget, service enhancements to meet increased demand, and priority capital projects. These recommendations are described in the Budget Message at the front of this document.

Phase V: City Council Reviews Proposed Budget

The recommendations are discussed by the City Council in budget workshops set forth by the Council. The City Council determines when public hearings will be held and public notices will be sent out at that time. The Finance Advisory Committee, appointed by the City Council reviews the proposed budget revenues and appropriations.

Phase VI: Final Adoption

Prior to June 30, the City Council approves the Proposed Budget as adopted following a public hearing process. If this does not occur prior to June 30, the city charter provides for the previous year's operating budget appropriations to carry over until the new budget can be approved.

FY 2007-08 Budget Preparation Calendar

Process Deadlines	Process Description
3/15/07	Finance - Initial meeting with departments to discuss budget process.
	Finance - Meet with designated department budget staff to distribute 2006-07 estimated actual expenditure worksheets.
	Finance - Meet with departments to distribute 2006-07 budget worksheets, including program reductions, capital outlay, and program/performance data worksheets.
	Finance - Project update and new project worksheets distributed to Engineering and Public Works.
4/9/07	Departments – 2006-07 estimated actual expenditures submitted to Finance (operating budgets).
	Departments - Completed 2007-08 operating budget worksheets submitted to Finance.
4/9-4/13/07	Finance and City Manager review of proposed operating budgets.
4/9-4/13/07	Finance, Personnel and City Manager review of Service Alternatives.
	Departments - Completed project forms due back to Finance from Engineering and Public Works.
4/016-4/20/07	Finance and City Manager meet with individual departments to review requested operating budgets.
	Departments - Submit program/performance worksheets for discussion during review.
4/23/07	Review of capital project requests by Finance, Engineering, Public Works and City Manager.
6/19/07	Proposed budget submitted to City Council. Council adopts schedule of budget study sessions and public hearings.
	Finance Advisory Committee meets with city staff to review proposed budget.
TBA	Finance - Notice public hearings on proposed budget.
6/20-7/01/07	Council budget study sessions.
7/02/07	Adopt 2006-07 operating and capital budget following public hearing.

Budget Policies & Practices

The City Council has adopted a set of budgetary and financial policies as recommended by the Finance Advisory Committee. These policies are presented below, along with other long-standing policies.

GENERAL

Budget decisions will be driven by City Council vision, values and priorities.

The City Manager will provide a financial impact analysis of all policy initiatives, service changes and new projects.

CITIZEN INVOLVEMENT

Citizen involvement shall be encouraged in the annual budget decision making process through public hearings.

BUDGET SYSTEM

The City will maintain a budget control system to adhere to the budget.

Decision making for capital improvements will be coordinated with the operating budget to make effective use of the City's limited resources for operating and maintaining facilities.

OPERATING BUDGETS

The City uses a program budget. The program level is the lowest level in the organization for which budgets are prepared. Each program's budget will include financing and spending plans.

Each program will also propose an annual performance plan. The plan must identify ongoing program objectives and corresponding indicators which measure performance. The plan should also include specific project objectives which have results during the budget year. All performances at the program level must meet the budget goals and policies established by the City Council.

Department and program managers will not exceed the Council-approved appropriations for operating budgets.

CAPITAL IMPROVEMENTS

The City will actively pursue grant and other outside funding sources for all capital improvement projects.

The City will undertake to maintain all of its assets at a level adequate to protect the City's capital infrastructure and to minimize future maintenance and replacement costs.
The City will use a five-year Capital Improvement Plan (CIP) to systematically plan, schedule, and finance capital projects as determined by the City Council. The CIP will include major ongoing maintenance and rehabilitation costs to existing infrastructure and facilities, as well as the cost of new facilities or capital improvements.

Whenever the City finances capital projects by issuing long-term debt, it will repay the debt within a period not to exceed the expected useful life of the project.

WORKING CAPITALS

Unappropriated revenues and Working Capitals in governmental funds at the end of each fiscal year will be appropriated for future use into a "Reserve for Working Capital."

The appropriation of carryover Working Capitals must be approved judiciously. This should ensure that recurring expenditures will be budgeted only to the extent that recurring revenue streams exist.

STABILIZATION FUNDS (RESERVES)

General Fund

The General Fund Working Capital should be adequate to handle extraordinary unbudgeted expenditures and economic downturns, which could cause revenues to come in lower than estimated. The minimum Working Capital should be 60 days of the operating expenditures, not including designated or reserved components of Working Capital (approximately $3.7 million for 2007-08). All budgetary decisions will be viewed in light of this goal. The City shall undertake to reach this goal by budgeting a minimum of $250,000 per year to increase the Working Capital until the goal is reached.

Once this goal is attained, should the Working Capital fall below 60 days of operating expenditures, a plan for expenditure reductions and/or revenue increases shall be submitted to the City Council via the Finance Advisory Committee. If, at the end of a fiscal year, the Working Capital falls below 60 days of operating expenditures, then the City shall rebuild the balance within one year.

If the Working Capital exceeds 60 days of operating expenditures, the difference may be used to fund the following activities:

- One-time capital expenditures which do not increase ongoing City costs
- Other one-time costs
- Capital maintenance projects
- To increase reserves

A minimum of $50,000 will be allocated on an annual basis to be deposited in the Contingency Reserve Fund to fund ongoing capital maintenance.

The 2007-08 budget does not include the $250,000 increase to working capital or the $50,000 for the contingency reserve.

Enterprise Funds

Appropriate levels of contingency funds will be determined and maintained in the City's enterprise funds. As with the General Fund, an amount approximating 60 days of operating expenditures should be maintained in the City's Water, Wastewater, Transit and Harbor funds. Those amounts are $575,790, $659,344, $279,158 and $117,186 respectively.

Equity balances will also include amounts to be used for future capital projects.

The City will establish reserves to comply with the terms and conditions of the debt instruments and grants used to finance capital projects. Current reserve requirements are listed below.

1973 Municipal Harbor Improvement Bonds: The City maintains at least one year's debt service as a reserve.

California Department of Boating and Waterways Loan: The City is required to deposit annually: $20,000 into a Dredging Reserve Fund for the term of the Loan Contract (until 2028) to pay for the cost of a five year dredging cycle program; $100,000 into a Debt Service Reserve Fund until the balance equals (including interest earned thereon) $1,000,000; $30,000 annually into a Capital Improvement Reserve for the term of the Loan Contract to pay for all anticipated costs of berth replacement and other normally occurring capital improvements within the project area (Small Boat Basin).

EPA Wastewater Treatment Plant Grant: The City is annually required to deposit $250,000 into a Reserve for Treatment Plant Replacement, to be capped at $3,700,000, and $150,000 into a Reserve for Collection Facilities Replacement, to be capped at $2,000,000.

Internal Service Funds

The City will maintain adequate reserves to fund claims and increased costs in Risk Management Fund that houses the Workers' Compensation, Liability and Group Health and Benefits insurance benefits. Adequate reserves are estimated to be:

Risk Management Fund $1,000,000

The City will maintain adequate reserves to fund scheduled vehicle maintenance and replacement in the Equipment Operations Fund.

The City will maintain adequate reserves to fund scheduled computer maintenance and replacement in the Information Technology Operations Fund.

REVENUES AND FEES:

The City will endeavor to maintain a diversified and stable revenue base to minimize the effects of economic fluctuations on revenue accumulation.

The City currently follows this policy

The level of user fee cost recovery should consider the *community-wide* versus *special service* nature of the program or activity. The use of general purpose (tax) revenues is appropriate for community-wide services, while user fees are appropriate for services which

are of special benefit to easily identified individuals or groups.

The City will set fees and rates at levels which fully cover the total direct and indirect costs including debt service, reserve requirements, and capital costs of the following enterprise programs:

- Water Utility
- Wastewater Utility
- Building
- Humboldt Bay

The City will set transit fare charges adequate to maintain a cost fare box ratio sufficient to comply with the Transportation Development Act.

Fees will be reviewed annually, and after recommendations from staff for adjustments, the City Council shall annually adopt a resolution establishing fees and service charges for the City. Items to be considered when reviewing fees include:

- Comparability with other communities
- Special benefit
- Service recipient vs. service driver
- Effect of pricing on the demand for the service
- Feasibility of collection and recovery
- Factors that favor low cost-recovery levels
- Factors which favor high cost-recovery levels

The following fee cost recovery policies apply:
Recreation fees: Charges will be assessed for use of City facilities, gymnasiums, ball fields, special use areas, and recreation equipment for activities not sponsored or con-sponsored by the City. Such charges will generally conform to the fee-supported categories listed below. Activities covered include commercial, private non-profit, youth, and schools.

The following programs are considered "maximum" user fee-supported programs, which should recover 100 percent of direct program costs, along with a percentage of indirect program costs, as follows:

Youth and Adult Sports	50%
Special Classes	85%
Roller Skating	50%

Other "maximum" user fee-supported programs include Special Events and Junior Athletics.

"Minimum" user fee-supported programs include Senior Activities, Youth Centers and Activities, Playground Activities and Co-sponsored Special Interest Activities.

The Public Works Department examines these fee schedules annually and recommends changes as needed.

Planning fees: Fees should be set to recover 100% of the estimated cost of processing permits or providing services.

Building fees: As part of an annual fee resolution adoption process, the City will adopt the most current valuation data as published in Building Standards, and give consideration to adopting any new fee rate increases as published in the Uniform Administrative Code (UAC) [adopted by the City Council March 01].

The permit fee schedule is published in the UAC, which is updated every three years. As mandated, the City takes the permit fee schedule to the Board of Appeals for review, as they do when the codes themselves are presented for adoption. At this time, the Humboldt Builders' Exchange and North Coast Homebuilders are noticed and asked to comment as a courtesy.

It is the intention of the City to establish and update the permit fee schedule when codes set forth by the UAC are adopted.

DEBT ISSUANCE AND MANAGEMENT:

The following elements should act as a guide when considering the use of debt financing:

The City will consider the use of long-term debt financing only for one-time capital acquisitions and construction projects, and only under the following circumstances

- When the acquisition's or project's useful life will equal or exceed the term of the financing
- When the project revenues or specific resources will be sufficient to service the long-term debt
- When a public-private or public-public partnership is judged to be fiscally sound and the resources of the City are a small, but necessary, element of the project.

Debt financing will not be considered appropriate for:

- Current operating and maintenance expenses except for issuing short-term instruments such as revenue anticipation notes or tax anticipation note
- Any recurring purpose

DEBT LEVEL AND CAPACITY

The City will not incur debt beyond the legal debt limitation within any one fiscal year. State law requires the City's legal debt limitation not to exceed 3.75 percent of the assessed value of all real and personal property within the city limits. Long-term debt which is secured by specific revenue sources, and where the general taxing authority of the City is specifically excluded as a funding source for the obligation; and short-term securities repaid with current revenues will not be subject to the legal debt limitation in compliance with State law.

USE OF ONE-TIME REVENUES

One-time@ revenues should not be used to balance budgets, and will be used for time-limited services, capital projects, equipment requirements, establishment of reserves, or services that can be terminated without significant disruption to the community or City organization. Before accepting one-time revenues such as grants for specific projects or programs, consideration and careful analysis should be given to the long-term implications of accepting the revenue. Funding for positions or projects should not be accepted if the City cannot afford to maintain the project or continue funding the positions after the one-time revenue is gone.

EVALUATE THE USE OF UNPREDICTABLE REVENUES

The City will evaluate the use of unpredictable revenues in the matching of current revenues to current expenditures. State subventions and reimbursements are examples of such unpredictable revenues.

BALANCING THE OPERATING BUDGET

The operating budget will be balanced with current revenues, which may include beginning Working Capitals less required reserves as established by the City Council.

REVENUE DIVERSIFICATION

To the degree possible, the City will strive to maintain a diversified and stable revenue base to protect against short-term fluctuations in any one revenue source, and to ensure its ability to provide ongoing service.

CONTINGENCY PLANNING

At appropriate intervals throughout the budget year, the City Council will review recommended reductions to annual appropriations should anticipated revenues not be received. This review process will be considered the City's Contingency Planning Process.

OVERHEAD COST ALLOCATION

Identifiable overhead costs shall be allocated to the appropriate program within the limits of state and federal law.

RETIREMENT

The budget will provide for the adequate funding of all retirement systems.

FUNDING FOR OUTSIDE ORGANIZATIONS

The following process will be used for the distribution of City funds (both cash and in kind contributions or services) to outside organizations:

All City fund distributions will be based on performance measures as delineated within each contract between the City and an outside organization. Performance measures are statements of specific direction, purpose, or intent based on the needs of the community and the goals established for a specific program. These performance measures will be clearly stated as objectives that are measurable in quantitative terms.

Accomplishment of the objectives stated within each contract with an outside organization will be measured through performance indicators. The performance indicators will be similar to those used for each program within the City's annual budget. Performance indicators are measures of output, efficiency or outcome, for each contract objective.

The City will contract with outside organizations to administer City or Redevelopment programs that are required or desired by the City and can be done more cost effectively by the contracted organization. The contract for service with an outside organization will be regularly updated maintaining current performance measures and performance indicators.

The City will conduct an annual review of current contracts with outside organizations receiving funds from the City during the City's annual budget preparation process (January through March). Requests for City or Redevelopment funds from additional outside organizations will be reviewed during this same time period.

BUDGETS AND BUDGETARY BASIS

The City uses two fund types to account for its activities. Governmental funds (the General Fund, special revenue funds, debt service funds, capital projects and expendable trust funds), focus on measurement of current financial resources. Proprietary funds (enterprise, internal service, and pension trust funds), which are used to account for activities similar to private businesses, focus on the determination of net income. Under generally accepted accounting principles (GAAP), the modified accrual basis is followed by governmental funds, which means that revenue is recognized when measurable and available for paying the liabilities of the current period. Also, under GAAP, the full accrual basis of accounting is used by proprietary funds. This means that revenues are recognized when earned and expenses are recorded at the time liabilities are incurred. All annual appropriations lapse at year end except amounts that have been encumbered.

Annual appropriated budgets are adopted for all funds of the City except agency funds. In general, the budget is prepared on a basis consistent with GAAP. However, the budget varies from GAAP basis in the following areas:

- Budgetary revenues include such items as repayments of loans receivable and other items which on a GAAP basis are considered as reclassifications of Working Capital between reserved Working Capital and unreserved Working Capital
- Non-GAAP (budgetary basis) expenditures include encumbrances (in the year of commitment to purchase), loans, debt principal payments, and capital outlay in the proprietary funds.
- Depreciation expense is not budgeted in the proprietary funds of the City.

The Comprehensive Annual Financial Report (CAFR), shows the status of the City's finances on a GAAP basis. It also contains budgetary basis financial statements, which include revenues and expenditures that are not presented in accordance with GAAP, as explained above. These budgetary statements show reconciliation to the GAAP basis financial statements.

All annual, operating appropriations lapse at fiscal year end (on a budgetary basis). Project-length financial plans are adopted for capital and other projects. Appropriations for these projects are included in the annual appropriated budgets for each of the applicable funds. Unspent project amounts are included in the annual budgets of subsequent years until project completion.

MID-YEAR BUDGET ADJUSTMENTS/AMENDMENTS

Legally adopted budgetary appropriations are enacted at the departmental level for current operating expenditures, with separate appropriations for capital and other projects, debt service, reserves, transfers and contingencies. Expenditures cannot legally exceed appropriations at these control levels. Amendments to the budget at the legal appropriation level must be approved by City Council. Amendments to the budget at less than the legal appropriation level may be made by management.

In general, ongoing budget changes should be dealt with during the annual budget process, while one-time budget changes may be considered by the City Council either during the annual budget process or at any meeting after the adoption of the budget.

Demographics & Statistics

Date of incorporation as a city:	February 19, 1874
Date Charter adopted:	February 8, 1895
Council-Manager form of government Adopted:	March 5, 1959
Area:	17.71 square miles
Population:	27,052
Miles of streets:	125
Miles of water line:	150
Miles of sewers:	100
Street lights:	1,918
Signals:	
City	25
State	26
Fire protection:	3 stations with 40.0 employees
Police protection:	1 station with 79.0 employees
Business licenses:	2,305
Parks - number of acres	242
Parks	13
Golf courses	1
Community recreation facilities	10
Tennis courts	6
Ballfields	4
Outdoor amphitheater	1
Zoo	1
Water utility:	
Customers	9,550
Average daily consumption	3,285,088 gallons
Transit (1)	
Customers	239,295
Revenue service miles	169,573

(1) Includes regular/specialty transit operations

Information from City of Eureka, 2006 Comprehensive Annual Financial Report

Demographics & Statistics

Demographics

The following tables provide additional demographic statistics for the City of Eureka and its citizenry from the 2000 U.S. Census.

Gender

Male	49.5%
Female	50.5%

Age Composition

Under 5 years	5.7%
5 to 9 years	6.2%
10 to 14 years	6.4%
15 to 19 years	7.3%
20 to 24 years	8.4%
25 to 34 years	13.8%
35 to 44 years	15.0%
45 to 54 years	15.2%
55 to 59 years	4.7%
60 to 64 years	3.6%
65 to 74 years	6.5%
75 to 84 years	5.1%
85 years and over	2.1%
Median age (years)	36.6

Occupation Composition

Mgmt, professional, and related	24.3%
Service	24.1%
Sales and office	28.0%
Farming, fishing, and forestry	1.7%
Construction, extraction, and maintenance	9.2%
Production, & transportation,	12.7%

Race/Ethnic Origin

White	82.5%
Black or African American	1.6%
American Indian and Alaska Native	4.2%
Asian	3.6%
Asian Indian	0.3%
Chinese	0.2%
Filipino	0.2%
Japanese	0.2%
Korean	0.2%
Vietnamese	0.1%
Other Asian 1	2.2%
Native Hawaiian and Other Pacific Islander	0.3%
Native Hawaiian	0.1%
Samoan	0.1%
Other Pacific Islander 2	0.2%

Education Attainment

Less than 9th grade	5.4%
9th to 12th grade,	12.9%
High school graduate	26%
Some college, no degree	29.4%
Associate degree	8.7%
Bachelor's degree	11.4%
Graduate or professional degree	5.5%

Household Income

Less than $10,000	16.5%
$10,000 to $14,999	11.0%
$15,000 to $24,999	21.1%
$25,000 to $34,999	14.2%
$35,000 to $49,999	14.3%
$50,000 to $74,999	14.6%
$75,000 to $99,999	3.9%
$100,000 to $149,999	2.8%
$150,000 to $199,999	0.2%
$200,000 or more	1.3%
Median household income	$25,849

Population

1996	27,473
1997	27.506
1998	27.519
1999	27,562
2000	27,527
2001	26,250
2002	26,050
2003	26,100
2004	26,258
2005	26,381
2006*	27,052

* Projected

Demographics & Statistics

Employment by Industry

	Employment	Percent
Agriculture, forestry, fishing and hunting, and mining	399	3.7%
Construction	695	6.5%
Manufacturing	597	5.6%
Wholesale trade	363	3.4%
Retail trade	1,507	14.1%
Transportation and warehousing, and utilities	421	3.9%
Information	228	2.1%
Finance, insurance, real estate, and rental and leasing	688	6.4%
Professional, scientific, management, administrative, and waste management services	695	6.5%
Educational, health and social services	2,662	24.9%
Arts, entertainment, recreation, accommodation and food services	1,179	11.0%
Other services (except public administration)	647	6.1%
Public administration	613	5.7%

Largest Employers in Eureka

Company	Type of Business	Employees
Schmidbaur Lumber	Wood Products	165
Security National	Banking/Loans	137
Costco Wholesale #125	Department Store	127
Times Standard	Newspaper	106
Pierson Building Center	Lumber & Building Materials	100
Mervyns	Department Store	96
Pacific Choice Seafoods	Fish & Seafoods	90
Winco	Grocery Store	87
Eureka Internal Medicine	Medical Office	84
Target	Department Store	82

Source: Top Ten Employers from City of Eureka business license records

Principal Property Taxpayers June 30, 2006

Company	Type of Business	Assessed Valuation	% of Total Assessed Valuation
Bayshore Mall	Shopping Mall	$49,172,717	2.46%
L & H Properties LLC	Developer	8,547,729	0.43%
Commercial Realty, Inc.	Developer	7,900,000	0.39%
The Bayshore Inn	Motel	7,457,327	0.37%
Chevron USA	Petrol Manufacturer/Dist.	7,171,328	0.36%
MDS Realty I LLC	Realtor	5,776,681	0.29%
Coastal Care Centers Inc.		4,721,320	0.24%
Sedgefield Properties LLC		4,692,759	0.23%
Gottschalks	Department Stores	4,360,500	0.22%
Natomas Trestle .	Durable Goods	5,181,600	0.26%

Source: HdL Coren and Cone

Demographics & Statistics

Eureka Per Capita General Revenue Information
June 30, 2004

Eureka has a per capita general revenue of $546.95, ranking 3rd out of 10 cities in Humboldt, Del Norte and Northern Mendocino counties.

Rank	CITY	COUNTY	POPULATION	GENERAL REVENUE	PER CAPITA
1	Trinidad	Humboldt	315	214,542	681.09
2	Fort Bragg	Mendocino	6,898	3,914,341	567.46
3	Eureka	Humboldt	26,258	14,361,837	546.95
4	Ukiah	Mendocino	15,910	7,809,009	490.82
5	Willits	Mendocino	5,034	2,467,363	490.14
6	Crescent City	Del Norte	7,542	2,308,458	306.08
7	Ferndale	Humboldt	1,394	420,797	301.86
8	Arcata	Humboldt	17,111	4,721,385	275.93
9	Blue Lake	Humboldt	1,171	319,252	272.63
10	Fortuna	Humboldt	11,075	2,732,525	246.73

Source: 2003-04 State Controllers Report

Revenue & Expenditures - Comparison of Cities
June 30, 2004

	Eureka		Arcata		Fortuna	
	City Total	$ Per Capita	City Total	$ Per Capita	City Total	$ Per Capita
Population	26,258		17,111		11,075	
Net Assessed Values	$1,455,689,877	$55,438	$811,619,792	$47,433	$569,405,401	$51,414
CITY REVENUES						
Taxes	13,959,921	$532	4,546,741	$266	$3,403,823	$307
Assessments					44,499	
Licenses & Permits	377,490	14	244,422	14	240,337	22
Fines & Forfeitures	310,658	12	299,949	18	61,294	6
Use of Money & Property	329,025	13	262,926	15	1,437,288	130
Intergovernmental	4,802,274	183	2,209,860	129	2,762,477	249
Current Service Charges	10,961,444	417	7,001,171	409	4,053,927	366
Other Revenues	738,935	28	845,827	49	(288,054)	(26)
TOTAL REVENUES	$31,479,747	$1,199	$15,410,896	$901	$11,715,591	$1,058
CITY EXPENDITURES						
General Government	3,474,196	$132	1,091,066	$64	$433,791	$39
Public Safety	11,316,115	431	3,474,399	203	1,554,938	140
Transportation	6,607,774	252	2,142,489	125	1,441,311	130
Community Development	3,555,616	135	1,410,524	82	817,993	74
Health	6,683,141	255	4,882,512	285	1,283,807	116
Culture & Leisure	1,213,353	46	1,195,396	70	885,824	80
Public Utilities	8,836,323	337	1,979,302	116	1,298,121	117
Other	0	0				
TOTAL EXPENDITURES	$41,686,518	$1,588	$16,175,688	$945	$7,715,785	$697

Source: 2003-04 State Controllers Report

Appropriations Limit FY 2007/08

Article XIII B of the California Constitution, adopted by Proposition 4 in 1980, and amended in 1990 by Proposition 111, imposes restrictions on the amount of revenues that can be received and appropriated in a fiscal year. Only revenues defined to as "proceeds of taxes" are restricted by the limit. Generally, revenues restricted as to use, enterprise fund revenues, redevelopment agency revenues, and charges for services not exceeding the cost of providing the service are not considered proceeds of taxes. Also, certain expenditures are considered exempt from the limit. During any fiscal year, a city may not appropriate any proceeds of taxes they receive in excess of their Limit.

The appropriations limit is based on actual appropriations during the base year of 1978-79, and is adjusted each year using the growth in population and inflation. The limit, cost of living factor, and population change factor must be adopted each year by resolution of the City Council.

FISCAL YEAR 2006-07 CITY OF EUREKA APPROPRIATIONS LIMIT CALCULATIONS

A. LAST YEAR'S LIMIT	$91,108,057
B. ADJUSTMENT FACTORS	
1. Population % (County population growth)	.44%
2. Inflation % (Change in Non-Residential Valuation due to new construction)	7.95%
Total Adjustment ((1+B1)x(1+B2))-1	8.42%
C. ANNUAL ADJUSTMENTS:	$7,671,519
D. OTHER ADJUSTMENTS:	
Sub-total	
E. TOTAL ADJUSTMENTS:	$7,671,519
F. THIS YEAR'S LIMIT	$98,779,576

APPROPRIATIONS SUBJECT TO LIMIT AND AMONT UNDER LEGAL LIMIT

A. PROCEEDS OF TAXES	$15,357,000
B. EXLUSIONS	0
C. APPRORIATIONS SUBJECT TO LIMITATION	$15,357,000
D. CURRENT YEAR LIMIT	$98,779,576
E. UNDER LIMIT	$83,422,576

Appropriations Limit FY 2007/08

Reviewing the City's appropriation limit calculations over the past years indicates the City should remain well within its legal limit for many years to come. During the seven year period between fiscal years 2000-01 to 2007-08 the calculated appropriation limit has increased by 148% from $39,779,108 to $98,779,576. During this same time period appropriations subject to this limitation have increased only 23% from $12,527,086 to $15,357,000. In spite of slow population growth, and a moderate inflation rate, tax revenues are growing more slowly than the appropriation limit.

The City of Eureka's adopted appropriations should remain well below the appropriation limit as prescribed in Article XIII B of the California Constitution and adopted by Proposition 4 in 1980 for the foreseeable future.

Bonds Payable

Bonds payable as of June 30, 2007 are comprised of the following revenue bond issues:

2003 Tax Allocation Revenue Refunding Bonds, issued by Eureka Public Financing Authority (Authority), in the amount of $15,250,000. Of the total bonds issued, $13,140,000 were to refund the Authority's outstanding 1993 Tax Allocation Revenue Bonds, refinance a loan agreement between Six Rivers National Bank and the Eureka Redevelopment Agency (Agency), and to refinance a loan between the City of Eureka and the Agency. A portion of the proceeds was used to fund reserve accounts established under loan agreements between the Authority and the Agency and to pay the costs of issuing the bonds. The bond issue consisted of the following: $15,250,000 serial bonds carrying interest rates of 4.00% to 4.80% and maturing in annual increments of $1,000,000 to $1,600,000 with maturity dates of November 1 each year from 2012 through 2023. These bonds are secured by a first lien on and pledge of all the amounts payable by the Agency and the Authority pursuant to loan agreements between the Agency and the Authority, and other revenues specified in the indenture. Each loan agreement is secured by a first pledge of and lien on the incremental tax revenues received by the Agency from redevelopment project areas. Each loan is additionally secured by a first and exclusive pledge of and lien upon all of the money held in the Reserve Account established with respect to the related loan. These bonds are payable solely from the revenues discussed in this paragraph and are not secured by the general taxing power of the City of Eureka.	$15,250,000
1973 Municipal Harbor Improvement Bonds due in annual installments of $35,000 to $105,000 through July 1, 2014; interest at 6.75%. Used to build a fish plant and dock facilities in Humboldt Bay. These bonds are payable exclusively from the revenues of an enterprise comprising the City's municipal harbor, and are secured by a lien and pledge of such revenues. The bonds are not secured by the taxing power of the City of Eureka.	495,000
Total revenue bonds	$ 15,745,000

Long-Term Purchase Agreements Payable

Long-term purchase agreements payable as of June 30, 2007 are comprised of the following revenue bond issues:

On April 18, 2000, June 25, 2002, and May 20, 2003 the City, along with other California cities, entered into installment purchase agreements with the California Statewide Communities Development Authority (CSCDA), a joint exercise of powers agency which issued bonds to finance and refinance certain public capital improvements of the program participants and to pay the costs incurred in issuing the bonds.

CSCDA Wastewater Revenue Bonds(Pooled Financing Program), Series 2005C principal amount of $8,110,000, due in annual installments through April 1, 2026; interest rates at 2.60% to 5.00%. Proceeds were used to advance refund the City's CSCDA 2000A Water and Wastewater Revenue Bonds. These bonds are payable exclusively from the City's Wastewater, and are secured by a lieu and pledge of such revenues. The bonds are not secured by the taxing power of the City of Eureka. The outstanding balance as of June 30, 2006 was $8,110,000.	7,840,000
CSCDA Water Revenue Bonds (Pooled Fiancing Program), Series 2002B principal amount of $3,625,000, due in annual installments of $131,938 to $254,286 through April 1, 2028; interest at 4.00% to 5.25%. Used to finance various Water Utility projects. These bonds are payable exclusively from the revenues of the City's Water Utility, and are secured by a lien and pledge of such revenues. The bonds are not secured by the taxing power of the City of Eureka. The first principal payment was made October 2003.	3,270,000
CSCDA Wastewater Revenue Bonds (Pooled Financing Program), Series 2003A principal amount of $4,040,000 due in annual installments of $233,339 to $264,989 through April 1, 2029; interest at 2.00% to 5.25%. Used to finance various Wastewater Utility projects. These bonds are payable exclusively from the revenues of the City's Wastwater Utility, and are secured by a lien and pledge of such revenues. The bonds are not secured by the taxing power of the City of Eureka. Payments include interest and principal, the first payment was made October 2003.	3,620,000
CSCDA Water Revenue Bonds (Pooled Fiancing Program), Series 2006A principal amount of $1,570,000, due in annual installments of $118,125 to $123,919 through October 1, 2031; interest at 3.25% to 4.60%. Used to finance various Water Utility projects. These bonds are payable exclusively from the revenues of the City's Water Utility, and are secured by a lien and pledge of such revenues. The bonds are not secured by the taxing power of the City of Eureka. The first principal payment was made October 2006.	1,795,000
Total long-term purchase agreements payable	$16,525,000

Intergovernmental loans payable are comprised of the following:

On September 26, 1996, the City and Redevelopment Agency jointly entered into a loan and operation contract with the California Deparment of Boating and Waterways for the purpose of repairing and refurbishing the Eureka Boat Basin. The loan of $2,750,000 is payable at 4.5% interest, over 30 years.	$2,402,380

Long-Term Debt Obligations & Capital Leases

Long-term Debt Summary

The annual requirements to amortize outstanding bonded and purchase agreement indebtedness as of June 30, 2006, are as follows:

Fiscal Year Ending June 30	California Department of Boating	CSCDA Bonds	Harbor Bonds	EPFA	Total
2008	174,282	1,252,729	95,300	378,343	1,900,654
2009	174,282	1,255,682	96,313	678,343	2,204,619
2010	174,282	1,252,322	97,050	678,343	2,201,997
2011	174,282	1,257,928	97,513	678,343	2,208,065
2012-16	871,410	6,154,548	195,313	8,394,488	15,615,758
2017-21	871,410	6,206,759		8,394,490	15,472,659
2022-26	871,410	6,194,749		3,356,275	10,422,434
2027-31	348,572	1,851,788			2,200,360
2032		117,587			117,587
Subtotal	3,659,930	25,544,092	581,488	22,558,623	52,344,132
Less interest	1,257,550	9,019,092	86,488	7,308,623	17,671,752
total payable	2,402,380	16,525,000	495,000	15,250,000	34,672,380

Legal Debt Margin

The City has a legal debt limitation not to exceed 3.75% of the assessed value of all real and personal property within the city limits. This applies to bonds, notes or any other type of general obligation debt. The following types of obligations are not considered in determining the debt limitation: Any long-term debt which is secured by specific revenue sources, and where the general taxing authority of the City is specifically excluded as a funding source for the obligation; and short-term securities repaid with current revenues.

The legal debt margin for the City as of June 30, 2006 (the most recent calculation date) is shown below:

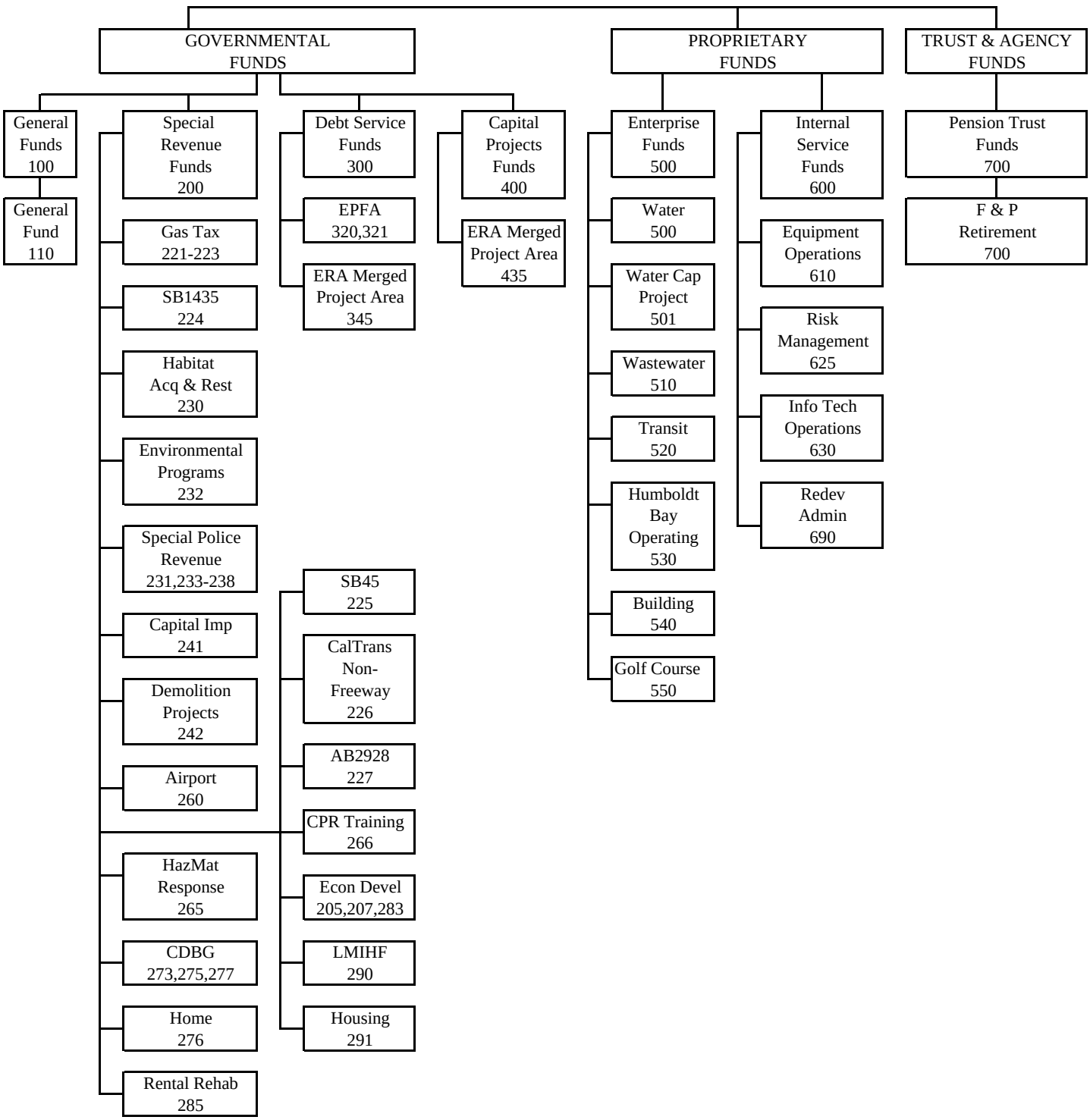
Total assessed value of all real and personal property	$ 1,736,748,821
Debt limit percentage	3.75%
Total debt limit	65,128,081
Amount of debt applicable to debt limit	-
Legal debt margin	$ 65,128,081

Capital Leases

The city has various capital leases which are summarized in the table below:

Item purchased	Date of inception	Original amount	Principal Balance at 6/30/07	Interest rate	Last scheduled payment
Fire Truck	March 17, 2006	501,277	501,277	4.39%	7/15/2013
City Hall remodel Phase I	July 19, 2005	925,000	847,992	4.01%	7/19/2015
City Hall remodel Phase II	July 24, 2006	270,000	269,910	4.69%	7/24/2015
Incode software	November 1, 2004	310,000	131,464	4.07%	11/1/2008
Automated Water Meters	December 19, 2006	2,904,129	2,853,500	4.17%	12/19/2016

Fund Structure FY 2007-08



Glossary Of Terms

Activities
Specific services performed in accomplishing program objectives and goals (See Program).

ADA
Americans with Disabilities Act is federal legislation governing the abilities of all citizens to have equal access to all city buildings and materials.

Appropriation
An authorization made by the Council which permits the City to incur obligations and to make expenditures of resources.

Appropriation Limitation
Imposed by Propositions 4 and 111, creates a restriction on the amount of revenue which can be appropriated in any fiscal year. The Limit is based on actual appropriations during the 1978-79 fiscal year, and is increased each year using the growth of population and inflation. Not all revenues are restricted by the limit; only those which are referred to as "proceeds of taxes." Some examples of proceeds of taxes are sales tax, property tax, and business license tax.

Assessed Valuation
A value established for real property for use as a basis in levying property taxes. For all agencies in the State of California, assessed value is established by the County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under Article XIII of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. Proposition 13 also modified the value of real taxable property for fiscal 1979 by rolling back values to fiscal 1976 levels. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal. Property taxes for general purposes cannot exceed 1% of assessed value.

Audit
Prepared by an independent certified public accountant (CPA), the primary objective of an audit is to determine if the City's financial statements present fairly the City's financial position and results of operations in conformity with generally accepted accounting principles. In conjunction with their performance of an audit, it is customary for an independent auditor to issue a Management Letter stating the adequacy of the City's internal controls as well as recommending improvements to the City's financial management practices.

BASIS OF ACCOUNTING

Accrual Accounting
Use of accrual basis of accounting is considered appropriate for proprietary funds, nonexpendable trust funds, and pension trust funds of governmental units. Accrual accounting means that revenues should be recorded in the period in which the service is given, although payment is received in a prior or subsequent period; and that expenses should be recorded in the period in which the benefit is received, although payment is made in a prior or subsequent period.

Examples of funds using the accrual basis of accounting are the Water, Wastewater, and Humboldt Bay Funds.

Modified Accrual Accounting
Funds such as general funds, special revenue funds, capital project funds, debt service funds, special assessment funds and expendable trust funds use the modified accrual accounting basis because they are not concerned with income determination. Under the modified accrual basis, revenues should be recognized in the accounting period in

which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and on special assessment indebtedness secured by interest-bearing special assessment levies, which should be recognized when due.

Examples of funds using the modified accrual basis of accounting are the General Fund, Gas Tax Fund, and Capital Improvements Fund.

Bonds
A form of borrowing (debt financing) which reflects a written promise from the City to repay a sum of money on a specific date at a specified interest rate. Bonds are used to finance large capital projects such as buildings, streets, utility infrastructure, and bridges.

Budget
A financial plan for a specified period of time that matches planned revenues and expenditures to municipal services, goals and objectives. The City of Eureka uses a financial plan covering a fiscal year, with actual budget appropriations made annually.

Budget Amendment
The City Council has the sole responsibility for adopting the City's budget, and may amend or supplement the budget at any time after adoption by majority vote. The City Manager has the authority to approve administrative adjustments to the budget as long as those changes are between objects within the same expenditure category.

Budget Calendar
The schedule of budget preparations, hearings and adoption of the annual budget.

Budget Policies
General and specific guidelines that govern financial plan preparation and administration.

CAFR
The Comprehensive Annual Financial Report encompasses the City's annual financial reports for all funds, a comparative analysis of prior year and current year financial transactions, notes to support financial transactions and financial statistics covering the past ten years.

Capital Improvement Plan (CIP)
A five-year plan providing for the maintenance or replacement of existing public facilities and assets and for building or acquiring new ones.

Capital Lease
The periodic payment for assets acquired with a lease financing instrument.

Capital Outlay
The costs of acquiring land or purchasing "fixed assets," i.e., building improvements, buildings, improvements other than building, machinery and equipment (in general, items to be purchased are those with a cost of $5,000 or more, having a useful life of greater than one year, with a few exceptions).

Certificates of Participation
Form of lease-purchase financing used to construct or acquire capital facilities and equipment.

CDBG
Community Development Block Grants are funded by the Federal Government and their purpose is to provide funds for very low and moderate income families to eliminate substandard and deteriorated housing.

Contingency
A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contractual Services

Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, maintenance agreements, and professional consulting services.

Cost Allocation
Costs which are charged to a department in the City for services of a generalized nature provided by another fund or department through a cost allocation procedure. Examples included as part of the allocation are the cost of the City Manager's Office, the City Attorney's Office, and the Finance Department. Departments which receive services from these departments are charged based on a standard formula.

CSMFO
California Society of Municipal Finance Officers. A state-wide organization whose purpose is to provide educational opportunities and interaction amongst municipal finance officers. It provides an opportunity for recognition in the achievement of excellence in operational budgeting.

Debt Financing
Borrowing funds as needed and pledging future revenues to make current expenditures. The City of Eureka uses debt financing only for one-time capital improvements whose life will exceed the term of financing and where expected revenues are sufficient to cover the long-term debt.

Debt Instrument
Methods of borrowing funds, including general obligation bonds, revenue bonds, lease/purchase agreements, lease-revenue bonds, tax allocation bonds, certificates of participation, and assessment district bonds.

Debt Service
Payments of principal and interest on bonds and other debt instruments according to a pre-determined schedule.

Deficit
The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

Department
A major organizational unit of the City which has been assigned overall management responsibility for an operation or a group of related operations within a functional area.

Depreciation
Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of physical elements, inadequacy or obsolescence.

Distinguished Budget Presentation Awards Program
A voluntary awards program administered by the Governmental Finance Officers Association on a federal level and by the California Society of Municipal Finance Officers Association on a state-wide basis to encourage governments to prepare effective budget documents.

ECEA
The Eureka City Employees Association is an employee organization representing those employees who are not management, fire or police.

EFL
Employee organization representing fire employees and who bargains with the City for employee salaries and benefits.

EFT
Electronic Funds Transfer is a term used by the banking industry to signify a transaction that occurs through electronic means rather than a physical transfer of funds.

Employee Benefits
Costs of benefits for City employees, including Unemployment Insurance, Workers' Compensation Insurance, Health Insurance, Dental Insurance, Vision Insurance, Retirement, and Life Insurance.

EOC
Emergency Operations Center is a location where emergency managers can assemble, coordinate their actions, and facilitate efficient communication during a local emergency.

EPA
Environmental Protection Agency. A federal agency that has oversight for environmental issues and that provides grant funds to facilitate environmental endeavors by the City.

EPFA
Eureka Public Financing Authority was established as a separate entity whose purpose is to borrow money to provide funding for Redevelopment Agency projects.

EPOA
Employee organization representing police employees and who bargains with the City for employee salaries and benefits.

ERA
The Eureka Redevelopment Agency was established under state law to undertake projects that will revitalize the project areas and improve the economic base of the community.

ERAF
Education Revenue Augmentation Fund. The California State Legislature enacted the ERAF in 1991 to permanently redirect property taxes from counties, cities, and special districts to public school entities within each county. This is a state level of funding for the Education system within the State of California. Revenues have been “shifted” from local governments to fund this educational fund from both the City and Redevelopment Agency.

Expenditure
The outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually paid. This term applies to all funds. Note: An encumbrance is not an expenditure; an encumbrance reserves funds to be expended.

Expenditure Savings
Under the City's budgeting procedures, personnel cost projections are based on all positions being filled throughout the year. Cost projections for major supply purchases and service contracts are projected on a similar basis. However, past experience indicates that expenditures are consistently less than budgeted amounts, due at least in part to this costing methodology. Accordingly, the expenditure savings category is used to account for this factor in preparing Working Capital projections.

FEMA
Federal Emergency Management Agency. A federal agency that provides grants for fire related equipment and also training for fire personnel.

FPPC
The "Fair Political Practice Commission" is the State agency that oversees the Political Reform Act (PRA).

Fixed Assets
Assets of long-term nature such as land, buildings, machinery, furniture, and other equipment. The City has defined such assets as those with an expected life in excess of one year and an acquisition cost in excess of $5,000.

FTE
A employee unit of measurement for one "full time employee". When employee positions are allocated within the budget, these allocations are measured in terms of full time employees. Two employees working half-time would be added together and listed as one FTE.

Fund
An accounting entity that records all financial transactions for specific activities or government functions. The six generic fund types used by the City are: General Fund, Special Revenue, Debt Service, Capital Project, Enterprise, and Trust & Agency Funds.

Fund Balance (Working Capital replaces the term Fund Balance)
Also known as financial position, Working Capital for the governmental fund types is the excess of fund assets over liabilities, and represents the cumulative effect of revenues and other financing sources over expenditures and other financing uses. For the enterprise funds, this term is used interchangeably with "working capital", a comparable (although not exact) financial position concept as Working Capital (see Working Capital).

FUND TYPES

The City uses funds to organize and operate its accounting system. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are further classified into several types, depending on the purpose and funding source, as explained below.

General Fund (Fund 110)
This fund is used for all financial transactions/resources that are not accounted for in other funds. Most City departments, except those classified as Enterprise Funds, Grants, Housing and Redevelopment, receive their funds from the General Fund.

Special Revenue Funds (Funds 205, 207, 221, 222, 223, 224, 225, 226, 227, 230, 231, 232, 233, 234, 236, 237, 238, 241, 242, 260, 265, 266, 273, 275, 276, 277, 285, 290 and 291,)
These funds account for proceeds of revenues designated for financing specified activities of the City. Special Revenue funds are also used when there is some compelling reason for segregating a revenue source from the General Fund.

Debt Service Funds (Funds 320, 321, 330, 335, 340, and 345)
These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest of the Agency and the Authority. Revenues for this purposed include property tax increment and related interest.

Capital Projects Funds (Funds 410, 420, 430, and 435)
These funds account for capital improvements of the Redevelopment Agency which are financed by proceeds of tax allocation bonds and City advances. The Agency has three capital projects funds, one for each project area of the Agency. The project areas are: Century III Phase I; Century III Phase II; and Eureka Tomorrow. For FY 2007-08 the three areas are fiscally merged.

Enterprise Funds (Funds 500, 501, 510, 520, 530, 540, and 550)
These funds account for activities which are intended to be self-supporting or where periodic determination of net income is appropriate for management control and accountability. Costs are financed primarily through user charges.

Internal Service Funds (Funds 610, 625, 630, and 690)
These funds account for activities and services provided by one City organizational unit to another, financed through cost-reimbursement.

Trust & Agency Funds (Fund 700)
Also known as Fiduciary Fund Types, these funds are used to account for assets held by the City in a trustee capacity or as an agent for private individuals, organizations, or other governmental agencies. The fiduciary funds used by the City include expendable trust and agency funds. Expendable trust funds are accounted for in the same manner as Governmental Funds (general, special revenues, debt service, and capital project funds). Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operations.

FY
The "Fiscal Year" is the beginning and ending period for recording financial transactions. The City has specified July I to June 30 as its fiscal year.

GAAP
Generally Acceptable Accounting Principals. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

GASB
Governmental Accounting Standards Board sets all requirements for governmental agency reporting and accounting methodologies.

GFOA
Government Finance Officers Association of the United States and Canada. A national organization whose purpose is to provide accounting guidance and educational opportunities to governmental finance officers. This organization sets the standards for budget documents that must meet program criteria as a policy document, operations guide, a financial plan and a communication device.

Goal
Is a broad statement of purpose for particular program within the agency.

HOME Program
A HOME grant or "Home Partnership Investment Program" provides grant funds for an Owner Occupied Housing First Time Homebuyer program.

Inter-fund Transfers
The movement of monies between funds of the same governmental entity.

Investment Revenue
Revenue received as interest from the investment of funds not immediately required to meet cash disbursement obligations.

LAFCO
Local Area Formation Commission is a regional agency that oversees land use within the Humboldt County area.

Line Item Budget
A budget that lists detailed expenditure categories (salary, materials, telephone service, travel, etc.) separately, along with the amount budgeted for each specified category. The City uses a line-item detail to maintain and record for financial reporting and control purposes. This line item budget has been developed into a Program Budget format that presents each department's operations under a broader program of service (Public Works, Community Services, etc.)

Materials and Supplies
Expendable materials and operating supplies necessary to conduct departmental operations.

Mission
Is an ideal statement of what the organization hopes to achieve.

MOU
Memorandum of Understanding is an agreement between employees and administration covering salaries, benefits and rights of employees.

NOP
Neighborhood Oriented Policing is a program utilized by the Eureka Police Department to assign personnel to areas within the community.

NPDES
The National Pollution Distribution Elimination System sets the standards for storm water runoff.

Object of Expenditure
An expenditure classification, referring to the lowest and most detailed level of classification, such as electricity, office supplies, and contract services.

Objective
Is a measurable accomplishment to be achieved within a specific period of time.

OES
Office of Emergency Services is a state-wide emergency services organizational structure. There are six mutual aid regions within California.

Operating Budget
The portion of the budget that pertains to daily operations providing basic governmental services. The program budgets in the financial plan form the operating budget.

Operations
A grouping of related programs within a functional area (See Function and Program).

Performance Measures (Objectives)
A statement of specific direction, purpose, or intent based on the needs of the community and the goals established for a specific program. Performance measures are clearly stated objectives that are measurable in quantitative terms.

PERS
The Public Employee Retirement System is a statewide retirement system in which all full time and regular part time employees participate as one of their employee benefits. Alternately referred to as CalPERS to designate the retirement system within the State of California.

PLC
A Programmable Logic Controller is a type of computer that is used to control the water treatment process.

POST
"Peace Officers Standards and Training" is a requirement or standard that all police officers within California must meet.

Program
A grouping of activities organized to accomplish basic goals and objectives.

PSAPS
Public Safety Answering Point System is a county-wide computerized connection process with law agencies within the County. The Eureka Police Department maintains this networking system.

Reserve
An account used to indicate that a portion of a fund's balance is legally restricted for a specific purpose or designated by Council and is, therefore, not available for general appropriation.

Reserve Draw Down
Refers to the amount of Working Capital required as a revenue funding source to balance fund budgets where appropriations exceed current revenues. If current revenues exceed appropriations, the Working Capital will increase and be referred to a reserve improvement.

Revenue Bonds
Bonds sold to construct a project that will produce revenues pledged for the payment of related principal and interest (See Bonds).

Resolution
A special or temporary order of a legislative body: an order of a legislative body requiring less legal formality than an ordinance or statue.

Resources (sources)
Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

RFP
Request for Proposals is a method of inviting proposals from qualified vendors of a specific commodity or service.

RPT
Regular part time employees who are employed by the City less than 40 hours per week but whose position is allocated as a permanent position within the annual budget process.

Salaries
Costs of salaries of City employees, including full-time and part-time/temporary employees, overtime and miscellaneous categories apply.

SCADA
The Supervisory Control and Data Acquisition is a software package that is installed in a PLC to gather necessary data on the water treatment process.

Services and Supplies
The costs of services or supplies purchased by the City. Examples of such services and supplies include consultants, architectural, engineering, legal services, contractual services for construction/maintenance of public facilities, removal and repair of equipment, purchase of gasoline and diesel fuel, payment of gas and electrical bills, payment for water purchased from Humboldt Bay Municipal Water District, office supplies, chemicals and other operating

supplies, cost of liability and fire insurance and principal and interest payments on outstanding City debt.

Significant Accomplishments
Outlines the changes and accomplishments that occurred over the past fiscal year. Significant changes would be changes that effect the structural nature of a department or program that may or may not impact the way services are rendered. Accomplishments review how performance objectives were met.

STAF
State Transit Assistance Funds are disbursed locally by the Humboldt County Association of Governments for local transit needs.

Subventions
Revenues collected by the State (or other level of government), which are allocated to the City on a formula basis. The major subventions received by the City from the State of California include motor vehicle in-lieu and gasoline taxes.

Tax Allocation Bonds
Bonds sold to fund capital projects, whereby principal and interest payments are secured by tax revenues.

Units of Measure
A set of reasonable, realistic standards of precise units of measures whereby performance data can be compared. The resulting information is the feedback for management, the City Council, and citizens concerning the relative success and efficiency of the various city programs.

Unencumbered Working Capital
The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

USDA
United States Department of Agriculture rules and regulations are guidelines by which our City zoo is operated.

USDI
United States Department of the Interior rules and regulations are guidelines by which our City zoo is operated.

Working Capital
Also known as financial position in private sector accounting and in enterprise fund accounting in the public sector, working capital is the excess of current assets over current liabilities. For the enterprise funds, this term is used interchangeably with "Working Capital", a comparable (although not exact) financial position concept in the governmental fund types (see Working Capital).