



City of Huntington Beach
Ratios of Outstanding Debt by Type
(In Thousands)
Adopted Budget - FY 2011/12

Long-Term Indebtedness	Fiscal Year Ending September 30,				
	2007	2008	2009	2010	2011
Governmental Activities:					
Judgment Obligation Bonds	10,795	10,050	6,774	5,989	5,179
Public Financing Authority	66,330	63,130	59,815	55,385	49,475
Redevelopment Agency	53,736	51,532	57,459	54,918	52,433
Other Long-Term Obligations	2,281	1,681	1,161	8,006	6,440
Total Governmental Activities:	133,142	126,393	125,209	124,298	113,527
Business Activities:					
Capital Leases	12	9	6	3	-
Total Business Activities:	12	9	6	3	-
Total Long-Term Indebtedness:	133,154	126,402	125,215	124,301	113,527
Fiscal Year Ending September 30,					
	2007	2008	2009	2010	2011*
Population	202,250	201,993	202,480	203,484	190,377
Debt Per-Capita	658	626	578	576	596
Total Personal Income (In Thousands)	7,626,443	8,000,943	8,207,324	8,440,720	7,356,548
Per - Capita Personal Income	37,708	39,610	40,534	41,481	38,642
Unemployment Rate	3.40%	4.70%	7.90%	7.50%	7.40%
Total Employment	121,100	119,300	114,100	113,100	110,600

* FY 10/11 population decrease primarily attributed to the US Census adjustment



City of Huntington Beach Statement of Direct and Overlapping Bonded Debt Adopted Budget - FY 2011/12

2010/11 Assessed Valuation:

\$26,675,158,861 (after deducting \$1,769,142,738 of incremental redevelopment valuation)

Debt Repaid with Property Taxes (Tax and Assessment Debt):

Tax Debt:	Percent Applicable	Debt Applicable to City
Metropolitan Water District	1.4920%	3,359,745
Coast Community College District	30.1890%	95,941,809
Huntington Beach Union High School District	77.6450%	175,928,039
Huntington Beach City School District	97.1950%	24,458,113
Westminster School District	41.6320%	14,044,839
Los Alamitos Unified School District Facilities District No. 1	1.2680%	871,384
Los Alamitos Unified School District Community Facilities District 1990-1	1.1470%	82,699
City of Huntington Beach Community Facilities Districts (1990-1, 2000-1, 2002-1, 2003-1)	100.0000%	41,920,000

Tax and Assessment Debt: 356,606,628

Other Debt:

Other Entities:

Orange County General Fund Obligations	18,782,115
Orange County Pension Obligations	3,393,785
Orange County Board of Education Certificates of Participation	1,356,790
MWDOC Facilities Corporation	1,022,730
North Orange County Regional Occupation Program Certificates of Participation	12,243
Coast Community College District Certificates of Participation	6,196,292
Huntington Beach Union High School District Certificates of Participation	46,327,736
Los Alamitos Unified School District Certificates of Participation	231,310
Fountain Valley School Districts Certificates of Participation	3,107,052
Huntington Beach School District Certificates of Participation	16,581,467
Ocean View School District Certificates of Participation	6,377,683
Westminster School District Certificates of Participation	10,054,128
City of Huntington Beach Judgment Obligation Bonds	5,179,000
City of Huntington Beach General Fund Obligations:	49,475,000

Total Gross and Overlapping Bonded Debt Not Repaid by Property Taxes: 168,097,331

Less Self Supporting Debt of MWDOC (1,022,730)

Total Net Direct and Overlapping General Fund Obligation Debt: 167,074,601

Gross Combined Total Debt: 523,681,229

Ratios to 2010/11 Assessed Valuation:

Total Overlapping Debt and Assessment Debt 1.25%

Ratios to Adjusted Assessed Valuations:

Combined Direct Debt (\$54,654,000) 0.20%

Gross Combined Total Debt 1.97%

Net Combined Total Debt 1.96%

State School Building Aid Repayable as of 6/30/11: \$0

Source: California Municipal Statistics and City of Huntington Beach Finance Department



City of Huntington Beach
Debt Service & Interfund Interest Expenditures
Major Funds
Adopted Budget - FY 2011/12

Fund/ Business Unit	Object Account & Description	FY 2007/08 Actual	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Adopted	FY 2010/11 Revised	FY 2010/11 Actual	FY 2011/12 Adopted	
Non-Departmental									
10040101	88030 - Principal		208,526	254,117	300,000	300,474	298,526	300,000	
10040101	88070 - Interest		90,000	44,409					
Total Non-Departmental			298,526	298,526	300,000	300,474	298,526	300,000	
Citywide Leases									
10040102	88030 - Principal		510,490	49,691					
10040102	88070 - Interest		68,287	3,125					
Total Citywide Leases			578,777	52,816					
PARS Annuity Payments									
10040108	88010 - Debt Service Exp					1,586,767			
10040108	88030 - Principal			81,937		0	1,586,767	1,586,767	
Total PARS Annuity Payments					81,937	1,586,767	1,586,767	1,586,767	
Administration									
20945101	88090 - Interfund Interest GF	66,096	35,149	15,862					
Total Administration			66,096	35,149	15,862				
Rehabilitation Loans									
21580301	88070 - Interest	92,131	62,532	42,233			17,532		
Total Rehabilitation Loans			92,131	62,532	42,233		17,532		
HBPFA 1997									
40140101	88030 - Principal	80,000	84,418	90,000					
40140101	88070 - Interest	162,883	158,633	78,211					
Total HBPFA 1997			242,883	243,051	168,211				
HBPFA 2000A									
40140102	88030 - Principal	700,000	730,000						
40140102	88070 - Interest	743,996	713,371	340,261					
Total HBPFA 2000A			1,443,996	1,443,371	340,261				
HBPFA 2001A									
40140103	88030 - Principal	675,000	700,000	725,000	750,000	750,000	750,000	785,000	
40140103	88070 - Interest	1,311,969	1,287,500	1,261,250	1,234,000	1,233,156	1,174,510	4,000	
Total HBPFA 2001A			1,986,969	1,987,500	1,986,250	1,984,000	1,983,156	1,924,510	789,000
HBPFA 2001B									
40140104	88030 - Principal	1,745,000	1,800,000	1,880,000	1,955,000	1,955,000	1,955,000	2,030,000	
40140104	88070 - Interest	874,818	818,105	737,105	662,000	662,000	661,610	589,000	
Total HBPFA 2001B			2,619,818	2,618,105	2,617,105	2,617,000	2,616,610	2,619,000	
HBPFA 2010A									
40140105	88030 - Principal			925,000	931,300	931,300	620,000	937,000	
40140105	88070 - Interest			158,494	311,300	311,300	619,311	302,000	
Total HBPFA 2010A					1,083,494	1,242,600	1,242,600	1,239,000	
Debt Svc Grand Coast CFD2000-1									
40540101	88030 - Principal	295,000	305,000	325,000	340,000	340,000	340,000	340,000	
40540101	88070 - Interest	943,223	928,473	912,460	895,000	895,000	894,116		
40540101	88090 - Interfund Interest GF							895,000	
Total Debt Svc Grand Coast CFD2000-1			1,238,223	1,233,473	1,237,460	1,235,000	1,235,000	1,234,116	1,235,000
Debt Svc Special Tax CFD1990-1									
40640101	88030 - Principal	95,000	95,000	100,000	110,000	110,000	110,000	110,000	
40640101	88070 - Interest	87,419	83,259	78,500	70,000	72,211	71,859	65,000	
Total Debt Svc Special Tax CFD1990-1			182,419	178,259	178,500	180,000	182,211	181,859	175,000
Non-Departmental									
40740101	88030 - Principal	2,354,329							
40740101	88070 - Interest	345,654							
Total Non-Departmental			2,699,983						
RDA Project Debt Payments									
40780101	88010 - Debt Service Exp				500,000	500,000			
40780101	88030 - Principal		2,986,697	1,115,248	3,285,000	3,285,000	679,341	2,524,000	
40780101	88070 - Interest		584,459	2,272,146	287,000	287,000	59,444	633,000	
Total RDA Project Debt Payments				3,571,156	3,387,394	4,072,000	4,072,000	738,785	3,157,000



City of Huntington Beach
Debt Service & Interfund Interest Expenditures
Major Funds
Adopted Budget - FY 2011/12

Fund/ Business Unit	Object Account & Description	FY 2007/08 Actual	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Adopted	FY 2010/11 Revised	FY 2010/11 Actual	FY 2011/12 Adopted
RDA 1999 Tax Allocation Bond								
40780201	88030 - Principal	380,000	390,000	410,000	430,000	430,000	430,000	450,000
40780201	88070 - Interest	364,989	349,789	333,799	317,000	317,000	313,794	298,000
Total RDA 1999 Tax Alloc:		744,989	739,789	743,799	747,000	747,000	743,794	748,000
RDA 2002 Tax Allocation								
40780202	88030 - Principal	845,000	870,000	910,000	945,000	945,000	945,000	995,000
40780202	88070 - Interest	771,743	742,168	711,718	677,000	677,000	629,965	641,000
Total RDA 2002 Tax Allocation Bond		1,616,743	1,612,168	1,621,718	1,622,000	1,622,000	1,574,965	1,636,000
Debt Svc McDonnell CFD 2002-1								
40840101	88030 - Principal	25,000	30,000	40,000	50,000	50,000	50,000	55,000
40840101	88070 - Interest	297,490	296,315	295,230	293,000	293,000	291,718	290,000
Total Debt Svc McDonnell CFD 2002-1		322,490	326,315	335,230	343,000	343,000	341,718	345,000
Debt Svc Bella Terra CFD2003-1								
41040101	88030 - Principal	465,000	485,000	500,000	520,000	520,000	520,000	545,000
41040101	88070 - Interest	1,339,995	1,323,488	1,304,815	1,284,000	1,284,000	1,284,065	1,263,000
Total Debt Svc Bella Terra CFD2003-1		1,804,995	1,808,488	1,804,815	1,804,000	1,804,000	1,804,065	1,808,000
BID - Auto								
70180101	88010 - Debt Service Exp				92,400	22,000		22,000
70180101	88030 - Principal						20,418	
70180101	88070 - Interest	9,736	2,719	817			747	
Total BID - Auto		9,736	2,719	817	92,400	22,000	21,165	22,000
2004 Judgment Obligation Bond								
70740101	88030 - Principal	745,000	3,275,000	785,000	810,000	810,000	810,000	840,000
70740101	88070 - Interest	389,339	369,018	253,806	217,000	217,000	216,669	188,300
Total 2004 Judgment Obligation Bond		1,134,339	3,644,018	1,038,806	1,027,000	1,027,000	1,026,669	1,028,300
City Gym & Pool (Section 108)								
85881502	88030 - Principal	110,000						
85881502	88070 - Interest	147,702						
Total City Gym & Pool (Section 108)		257,702						
City Gym & Pool (Section 108)								
85981502	88030 - Principal		120,000					
85981502	88070 - Interest		139,762					
Total City Gym & Pool (Section 108)			259,762					
City Gym & Pool								
86081502	88050 - Interfund Principal GF			125,000				
86081502	88070 - Interest			131,125				
Total City Gym & Pool				256,125				
City Gym & Pool								
86081502	88050 - Interfund Principal GF					135,000	135,000	
86081502	88070 - Interest					121,814	60,755	
Total City Gym & Pool						256,814	195,755	
GRAND TOTAL(S)		16,463,511	20,643,156	17,291,357	17,266,000	19,041,022	15,546,146	16,688,067



City of Huntington Beach Revenue Descriptions and Assumptions Adopted Budget – FY 2011/12

GENERAL FUND REVENUE

Property Tax: \$68,421,750

This category represents Huntington Beach's largest revenue source, accounting for 37% of total budgeted General Fund revenue for FY 2011/12. The real estate market has remained relatively flat in the City of Huntington Beach, which is fortunate, as foreclosures and negative assessed valuation growth is still prevalent in many other Cities in Orange County.

The Property Tax Category is comprised of four sub-categories: Secured, Unsecured and Supplemental Property Taxes; Triple Flip Reimbursement; In-Lieu of Vehicle License Fee (VLF) Proceeds; and, Employee Retirement Override taxes.

Under the Secured, Unsecured and Supplemental Property Taxes category the total net taxable value on the 2011/12 local assessment roll is up 0.87% for the City of Huntington Beach per the Orange County Assessor's Office. This percentage increase is included in the 2011/2012 property tax projection.

The Triple Flip Reimbursement, which began in 2004, is a swap of sales tax for property taxes. The statewide base sales and use tax is set at 7.25%, but the local government portion of the statewide rate was decreased by .25% in 2004, hence Cities are now reimbursed this .25% in the form of Property Taxes. The Triple Flip Reimbursement in FY 2010/11 for the City of Huntington Beach was \$6.8 million which was approximately \$1.0 million over the anticipated amount. This is due to a slowly recovering local economy that experienced sales increases during the year. For FY 2011/12 this performance is anticipated to continue with the Triple Flip Reimbursement budgeted at \$7.5 million.

In Lieu of VLF proceeds are budgeted to remain relatively flat at \$14.9 million for FY 2011/12. As part of the 2004 State budget package over 90% of City annual VLF revenue was exchanged for Property Tax. The City has received this swap under this category since 2004.

In July of 2011, the Huntington Beach City Council passed a resolution to keep the Employee Retirement Override Tax at the same level, or \$0.0150 per \$100 of assessed value. This retirement property tax is collected on all real property tax in the City of Huntington Beach to recover costs related to pre-1978 employee retirement benefits and currently generates approximately \$4.0 million annually.

Other Local Taxes: \$55,595,000

This revenue category represents the second largest source of General Fund revenue. In total, the revenue in this category compromises 31% of General Fund revenue budgeted for FY 2011/12.

Sales Tax: \$22,775,000 – The FY 2011/12 budget for Sales Tax is 13% higher than the FY 2010/11 budget. This large increase is due to the unexpected upward swing in sales tax revenue in FY 2010/11, which is anticipated to exceed the budget by approximately \$1.8 million. While sales tax revenue is improving, it is still short of the approximately \$24.0 million that the City received on an annual basis from 2005 through 2007. After two years of relatively flat sales tax, the rebound of the automotive sales industry and higher fuel costs has been the catalyst for this positive swing in sales tax projections.

Utility Users Tax: \$20,200,000 – The City charges a 5.0% utility user tax (UUT) on water, gas, and electricity usage and a 4.9% rate on cellular and land line telephone and cable/video usage. This source of income accounts for 11% of General Fund revenue. Measure P which was passed in 2010 lowered the tax on telecommunication and cable usages to 4.9%. This modernization of the City's UUT ordinance was necessary in order to maintain revenue from telecommunications and cable/video usage in light of numerous new technologies emerging in recent years.



City of Huntington Beach Revenue Descriptions and Assumptions Adopted Budget – FY 2011/12

Franchises: \$6,520,000 – Franchise agreements make up 4% of the City's General Fund revenue. The franchise agreements include the following: gas and electric utility franchises (Southern California Gas and Southern California Edison), transfer station franchise (Rainbow Disposal), pipeline franchises (Various), refuse franchise (Rainbow Disposal), cable television franchises (Various), and bus bench franchises (Clear Channel). In 2010, the City entered into a new franchise agreement with Southern California Gas which was ratified by the California Public Utilities Commission in December of 2010 and implemented during 2011.

Transient Occupancy Tax (TOT): \$6,500,000 – TOT tax is returning to normal levels as the hospitality industry has seen an increase in occupancy as well as daily room-rate averages. In both 2006 and 2007, TOT revenue averaged \$6.5 million per year which was a high point for the City of Huntington Beach. However, TOT comprises a relatively small portion of the General Fund budget at 4% when compared to property taxes and sales taxes. For FY 2011/12 it is anticipated that the tourism industry will continue the positive strides made in 2010/11.

Use of Money and Property: \$13,753,000

This category is comprised of a variety of sub-categories including; pooled cash interest revenue, lease and concession income, oil royalties, parking revenue, and jail booking fees among others. The category as a whole makes up 8% of General Fund revenues for FY 2011/12.

Pooled cash interest revenues are projected to be lower in FY 2011/12 than FY 2010/11 as interest rates continue to be at an all-time low.

In regards to lease and concession income and parking revenue, the budget for FY 11/12 is down 5% from the FY 2010/11 budget. This is in large part due to economic factors such as decreasing amounts of expendable income, which affect visits by families to Central Park and/or the beach. In 2011, an agreement was reached with a new tenant for the vacant "Alice's at the Park" at Central Park. It is anticipated that this business will open up in mid-year 2011 and increase revenues for FY 2012/13.

Licenses and Permits: \$6,269,750

This category of revenue includes Planning and Building and Public works development related permit and license fees. FY 2010/11 has seen some renewed development activities along the Beach and Edinger Corridors as major developments take root at Bella Terra and near Beach Boulevard and Atlanta Avenue. Although Licenses and Permits are projected to remain flat for FY 2011/12, future fiscal years may see gains in this category.

Fines, Forfeitures, and Penalties: \$4,078,000

This category records revenues from traffic and parking tickets as well as fines levied on delinquent library materials. This category represents 2% of the General Fund revenue for FY 2011/12.

Revenue from Other Agencies: \$3,570,200

Revenue actuals in this category are considerably less than what was budgeted for in the FY 2010/11 budget. This is in large part due to the un-anticipated State take away of Motor Vehicle License Fees (VLF), which was anticipated to bring in \$600,000 for FY 2011/12. This loss in VLF revenue accounts for a 19% drop from the FY 2010/11 budget in this category alone.



City of Huntington Beach Revenue Descriptions and Assumptions Adopted Budget – FY 2011/12

Charges for Current Services: \$23,015,657

Huntington Beach receives revenue from various “fee for service” activities representing 13% of General Fund Revenue. Some of these fees include plan check reviews by Public Works and Planning and Building, fees for recreational classes and programs, FireMed membership and billing service reimbursement, and other activities.

The FireMed program is the largest source of revenue in this category and is budgeted to receive \$7.1 million in FY 2011/12. A second large source of revenue within this category is recreational fees which are budgeted to bring in \$3.1 million in FY 2011/12 which has been the average for the past three fiscal years.

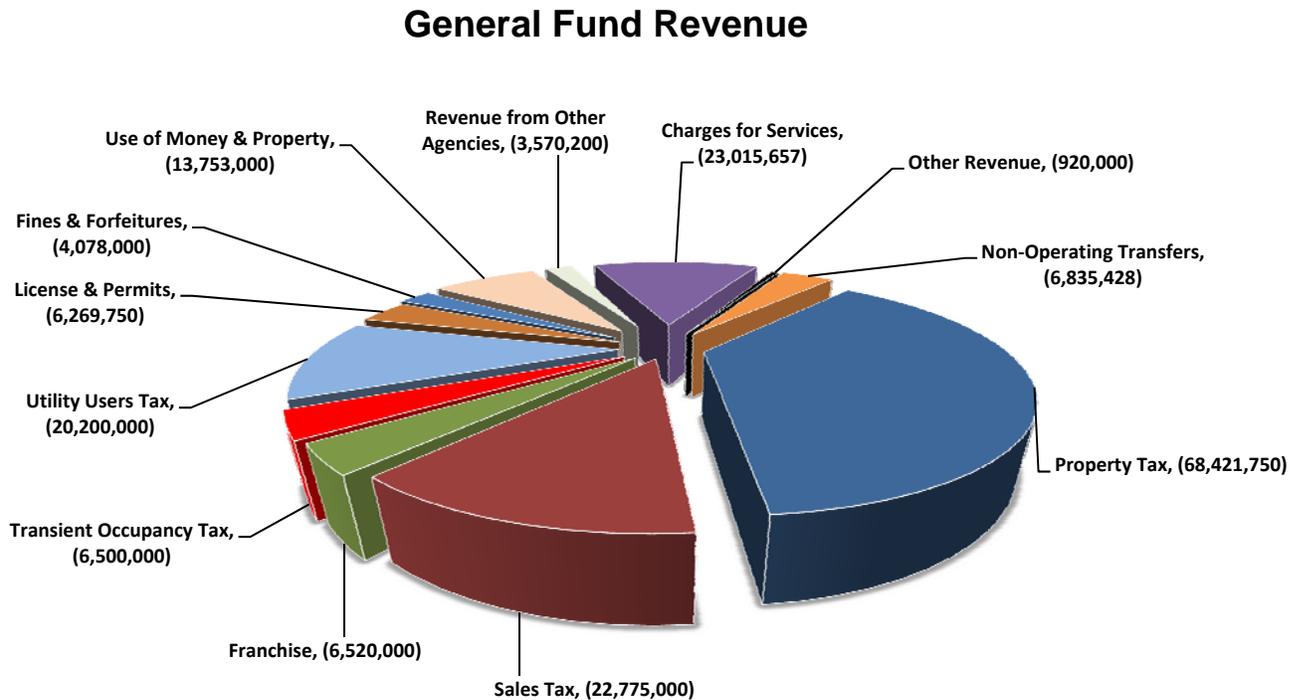
Also included in this category are the transfers from proprietary funds such as Water and Sewer to pay for expenditures incurred by the General Fund. These transfers amount to \$7.4 million for FY 2011/12.

Other Revenue: \$920,000

This category of revenue records fees from the City Clerk's passport processing, sales of City owned equipment, restitution and settlement payments.

Non-Operating Revenue: \$6,835,428

This category of revenue includes the repayment of debt from the Redevelopment Agency to the General Fund (\$4.9 million) as well as the repayment of a General Fund Loan to the Park Acquisition and Development Fund of \$660,000.





City of Huntington Beach Revenue Descriptions and Assumptions Adopted Budget – FY 2011/12

NON-GENERAL FUND REVENUE

Enterprise Funds: \$58,725,500

The City has four major enterprise funds: Refuse, Sewer, Sewer Service, Water, and Water Master Plan. The Water fund is the largest of the four and is budgeted to bring in \$36.3 million in FY 2011/12. Water utility operations are funded by charges to municipal users (residential and commercial) of City water.

The Refuse Fund is also a large source of enterprise revenue and is budgeted to bring in \$10.8 million in FY 2011/12. The City has a contract with Rainbow Disposal and monthly refuse charges are deposited in, and in turn the cost of refuse service paid out, of the refuse fund.

Redevelopment Agency: \$20,040,000

This category is comprised of Redevelopment Agency (RDA) project area tax increment funds for the two redevelopment areas in Huntington Beach: the Merged Project area and the Southeast Coastal Project area. The largest source of revenue in this category is tax increment (i.e. property taxes) from the Merged Project Area (\$17.3 million). Tax increment is forecasted to be down from the FY 2010/11 budget by 12%, this is in large part due to the large number of assessment appeals, which have taken place.

In addition to tax increment, the Redevelopment Agency will be receiving \$1.2 million from the General fund in the form of savings from a bond re-finance. This is to assist in the payment of the \$6.7 million due to the State, which will allow for the Redevelopment Agency to continue operating. The payment is due per Assembly bills 26 and 27, which looked to abolish redevelopment and divert local money to the State level. These bills are currently being reviewed by the California Supreme Court.

The Redevelopment Agency also administers the Low-Income Housing (Housing Set-Aside) fund that receives twenty percent of the tax increment revenue from the redevelopment areas within Huntington Beach. However, due to the \$6.7 million payment due to the state, this allocation has been suspended for FY 2011/12.

Public Financing Authority/Debt Service/Assessment Districts: \$10,519,300

Huntington Beach has a Public Finance Authority (PFA), which was established in 1988 to issue debt for the financing of public improvements and other capital purchases. In FY 2011/12, the PFA Fund is budgeted to receive \$4.7 million in non-operating revenue. This non-operating revenue is from the repayment of debt by the General Fund, Redevelopment Agency Merged Project Area, and other funds related to various improvement projects over the years. The revenue is recorded as a transfer or "non-operating revenue" and is then used to pay debt service according to an amortization schedule.

The City also has several community facility districts (CFDs), which receive assessment revenue to pay off debt related to developments in specific areas of the city (e.g. Bella Terra)

Special Revenue/Other/Capital Project Funds: \$9,862,310

This category includes Special Revenue Funds such as Measure M, Gas/Tax/Highway Users Tax, and Fourth of July Parade funds; the Capital Project fund is used to account for the In-Lieu Parking Downtown revenue; and Other Funds like the Specific Event Fund and the Rehabilitation Loan Fund.



City of Huntington Beach Revenue Descriptions and Assumptions Adopted Budget – FY 2011/12

The largest sources of revenue in the Special Revenue funds category are:

Measure M – The half cent County of Orange sales tax earmarked for transportation programs. Budgeted to receive \$2.5 million in FY 2011/12.

Traffic Congestion Relief – A fund which records the State excise tax on fuel and is budgeted to receive \$2.3 million in FY 2011/12.

Gas Tax- A fund which records the State sales tax on fuel sales and is budgeted to receive \$3.2 million in FY 2011/12.

The remainder of this category received revenue from many different sources. The Specific Events fund records reimbursement, sponsorship and permit revenue from various events held in the City such as the U.S. Open of Surfing and the Surf City Marathon. The Fourth of July fund, receives donation and reimbursement revenue related to the City's annual Fourth of July Celebration.

Trust and Agency Funds: \$7,661,000

The two largest sources of revenue in this category are the Retirement Supplement and Retiree Insurance Medical Funds. Huntington Beach has a supplemental retirement and an Other Post Employment Benefits (OPEB) program. These two funds receive revenue (transfers) from bi-weekly payroll charges to pay the Annual Required Contribution (ARC) amount as determined by an actuarial report.

This Category also includes revenue from Huntington Beach's three Business Improvement Districts (BIDs), which include the Downtown Merchants, Hotel-Motel, and Auto Dealers. These BIDs are allowed to collect assessments from their members for the use on various improvements. The City acts as an intermediary for the BIDs and records these assessments in three distinct funds. The BIDs then submit annual operating budgets, which are reviewed and approved by City Council.

For FY 2011/12 the Hotel-Motel BID is expected to record a total of \$1.2 million in TOT assessment, the Auto Bid \$172,000 and the Downtown BID \$95,000.

Separate Legal Governing Board: \$351,956

Huntington Beach has a Joint Powers Agreement (JPA) with local Fire Departments to use the City's training facility on Gothard Street. Through reimbursement agreements with the various Fire Departments, this JPA is expected to record \$206,000 in FY 2011/12. Huntington Beach also administers the West Orange County Water Board (WOCWB) and joint power revenues related to its operations are recorded here (\$145,956).

Grants: \$1,956,000

The single largest source of grant revenue for Huntington Beach is the Community Development Block Grant (CDBG) program, administered by the Federal Department of Urban Housing and Urban Development (HUD). The allocation to Huntington Beach for FY 2011/12 is \$1.2 million. Each year after receiving notice of the CDBG award, the Economic Development Department works closely with local non-profit agencies to establish programs funded by CDBG grant monies.

There are also several other grants received by Police, Fire, Public Works, Library and Community Services, which are recorded in this revenue category. The City's financial policies dictate that grant revenue is budgeted at the time of City council approval of the grant award. Therefore, the adopted budget for FY 2011/12 for all grants does not reflect the full complement of grants awarded throughout the fiscal year.



City of Huntington Beach Expenditure Descriptions and Assumptions Adopted Budget – FY 2011/12

GENERAL FUND

Personal Services – \$131,693,786

The FY 2011/12 budget eliminated or defunded 29 positions from the Table of Organization, which now stands at 971 Full Time Equivalents (FTEs). In addition to these full time positions, many departments have also cut their overtime and temporary salaries budgets. The Economic Development Department was forced to eliminate 6 of these positions due to a raid on local redevelopment money by the State. In FY 2011/12 the Redevelopment Agency will be forced to pay the State \$6.7 million. The reductions for this department were needed in order to make the ransom payment while still keeping a functioning Redevelopment Agency. The other staffing reductions were necessary to balance the General Fund budget.

Operating Expenses – \$43,236,263

Included in the operating category are all General Fund operating expenses as well as professional and contract services. In order to balance the budget for FY 2011/12, departments were required to reduce operating expenditures, which results in a decrease in service in some areas. Included in these reductions is the elimination of the fun-time day camp summer program at Central Park, reduction of a contract for a federal lobbyist, reduction in pier plaza maintenance, reduction in an animal control contract, less upgrades to current technology in regards to financial software, public records, agendas and streaming video and reductions in conferences, training, supplies, materials, facility maintenance and professional/contractual services.

Capital Expenditures – \$4,300,000

The budget for capital expenditures for FY 2011/12 includes \$3,000,000 for equipment replacement. This money will be approved on an as needed basis by the City Manager to cover emergency equipment needs as they arise. Also included is \$1.3 million to re-slurry streets throughout the City.

Non-Operating Expenditures - \$4,317,928

This category contains transfers to other funds related to debt service and other minor transfers to other funds for operating purposes. In addition, a "payroll offset" is budgeted as a credit to account for workers compensation program expenses, which are budgeted in both personal services for the revenue portion and the safety program in the Human Resources Department, where the actual expenses are paid. This account is adjusted after each payroll to approximate the year to date expenses in the Workers Compensation Program. For FY 2011/12, \$4.3 million is budgeted for offsetting payroll expenses.

OTHER FUND MAJOR EXPENDITURE GROUPINGS

Water Enterprise – \$40,744,275

Water user rates fund the Water Fund operations and the portion of the water capital improvement program. In addition to operations and maintenance, capital project funds are used for major maintenance and rehabilitation of water facilities such as wells, reservoirs, and water distribution lines.



City of Huntington Beach Expenditure Descriptions and Assumptions Adopted Budget – FY 2011/12

Refuse Fund – \$10,903,401

Funding is provided for citywide residential curbside and commercial refuse collection and disposal. The City contracts with Rainbow disposal too provide trash pick-up.

Sewer Service Fund – \$14,368,866

The Sewer Service Fund was established for the maintenance, rehabilitation and replacement of sewer facilities. Revenue is derived from direct charges to residents and businesses with connections to the City's sewer lines. Facilities are evaluated regularly to determine priorities to repair or replace sewer lines and lift stations. The capital project program includes, design engineering and all aspects of construction management.

Water Master Plan – \$2,681,398

The Water Master Plan (WMP) was adopted in 1990 and updated in 2005. It recommends new facilities that provide the City with adequate water production and storage capabilities. In the next two years, the WMP focus is on corrosion control and transmission main improvements.

Transportation/Street Projects – \$10,885,639

This category includes expenditures from the Gas Tax, Measure M, Air Quality, Traffic Impact Fund and other related Federal and State grant funds. As in previous years, available revenue in these funds for projects continues to fluctuate greatly as the State threatens to use these types of funds to balance the State budget.

Capital Projects – \$2,228,494

Included in this category are one-time revenues from developers to fund capital projects. Also included are development related impact fees for sewer, drainage and park purposes.

Redevelopment and Housing Fund – \$23,270,953

This category includes all the costs associated with the Redevelopment Agency except for the Community Development Block Grant and HOME program money. Revenue for this category is primarily received from tax increment (property tax) and lease revenue, which is received by the Redevelopment Agency. Normally 20% of the tax increment received by the Redevelopment Agency is set aside for housing functions, however due to the State raid on Redevelopment funds; this 20% requirement is being waived for FY 2011/12. Included in these expenses is the \$6.7 million, which is owed to the State in their effort to abolish Redevelopment.

Debt Service – \$9,336,028

General Fund revenues are the main source for inter-fund transfers to pay the City's annual debt service cost. Community Facilities Districts (CFDs) and the Redevelopment agency are sources of funding for these expenses.

Other Grants and Funds – \$8,074,125

The two major grants found in this category are expenditures for the Community Development Block Grant as well as the HOME Program. Also included within this group are several minor funds related to city activities, special projects and fiduciary and trust funds.



City of Huntington Beach Expenditure Descriptions and Assumptions Adopted Budget – FY 2011/12

OTHER FUND MAJOR EXPENDITURE GROUPINGS - Continued

Internal Service Funds – \$4,518,479

These funds are utilized to account for retirement medical and supplemental retirement costs, which are provided directly by the City.

Business Improvement Districts – \$1,427,000

There are three Business Improvement Districts (BIDs) within the City: Hotel/Motel, Auto Dealers and Downtown. The businesses in each district are assessed a charge, which is collected by the City and redistributed back to the district through City Council approved projects and maintenance appropriations.

Other Enterprise Funds – \$245,346.

This category includes the Certified Unified Program Agency (CUPA), which supports hazardous waste inspections.



City of Huntington Beach Glossary of Terms Adopted Budget – FY 2011/12

Accounting Method – The City of Huntington Beach accounts for its financial position and operations according to generally accepted accounting principles (GAAP) for governmental units prescribed by the Government Accounting Standards Board (GASB). A fund or account group is an accounting entity with a self-balancing set of accounts recording the financial position and results of operations of a specific governmental activity. The City prepares financial statements on the modified accrual basis for all governmental fund types except for the financial statements of the proprietary fund types, which are prepared on the accrual basis.

Accrual Basis – The basis of accounting under which transactions are recognized when they occur regardless of the timing of related cash flows.

ADA – (see Americans with Disabilities Act.)

Adopted Budget – The City Council approved annual budget establishing the legal authority for the expenditure of funds set forth in the adopting City Council budget resolution.

AHA – (see Affordable Housing Agreement.)

Affordable Housing Agreement – An agreement to ensure that all have access to affordable, safe, and sustainable housing that contributes to social and economic participation.

Americans with Disabilities Act (ADA) – This Federal law requires that public facilities be accessible to individual with physical limitations.

Appropriation – A legal authorization granted by a legislative body to make expenditures and to incur obligation for specific purposes.

Appropriation Account – A budgetary account set up to record specific authorizations to spend. The account is credited with original and any supplemental appropriations and is charged with expenditures and encumbrances.

Appropriation Limit – As a governmental entity in the State of California, the City is subject to the Gann Spending Limit Initiative, which limits the amount of annual appropriations of tax proceeds.

Assessed Valuation – A dollar value placed on real estate or other property by the County of Orange as a basis for levying property taxes.

Audit – Prepared by an independent certified public accountant (CPA) to form an opinion regarding the legitimacy of transactions and internal controls. An audit is an examination and evaluation of the City's records and procedures to ensure compliance with specified rules, regulations, and best practices.

BID – (see Business Improvement District.)



City of Huntington Beach Glossary of Terms Adopted Budget – FY 2011/12

Bond – A written promise issued by the City to pay a specific sum of principal amount, at a specified date(s) in the future, together with periodic interest at a special rate to raise capital, usually to pay for the construction of long-term infrastructure projects. Two major types of bonds include General Obligation Bonds and Revenue Bonds.

Bond Proceeds – Funds received from the sale or issuance of bonds.

Budget – A Plan of financial operation embodying a summary and detail of authorized expenditures for a given period and the proposed means of financing them.

Business Improvement District (BID) – Is a financing mechanism that is used to provide revenue for a variety of local improvements and services that enhance, not replace, existing municipal services. In California, there are several types of BIDs, including property based, business based, and tourism based.

Business Unit – An eight digit accounting reference comprised of the fund, department, and program. Expenditures and revenues are budgeted within business units.

CAFR – (see Comprehensive Annual Financial Report.)

California Public Employees' Retirement System (CalPERS) – Statewide retirement system that covers most City of Huntington Beach employees.

CalPERS – (see California Public Employees' Retirement System.)

Capital Assets – Assets of long-term character that are intended to continue to be held or used for a period of more than one year, such as land, buildings, machinery, furniture, and other equipment.

Capital Improvement Program (CIP) – A long-range plan for the development and replacement of long-term assets such as streets, buildings, water and sewer systems.

Capital Outlay – Expenditures, which result in the acquisition of assets with an initial cost of at least \$10,000 and an expected life of at least two years.

Capital Project Funds – Used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund types).

CDGB – (see Community Development Block Grant.)

Certified Public Accountant (CPA) – An accountant who has passed certain examinations and met all other statutory and licensing requirements of a United States state to be certified by that state.

CFD – (see Community Facilities District.)



City of Huntington Beach Glossary of Terms Adopted Budget – FY 2011/12

Charges for Services – Reimbursement for services rendered to the public or to some other program/fund in the City.

CIP – (see Capital Improvement Program.)

City Charter – The legal authority granted by the State of California establishing the entity known as the City of Huntington Beach and giving it the ability to provide services and collect revenue to support those services.

Combined Transportation Funding Program (CTFP) – The Orange County Transportation Authority (OCTA) created the CTFP to provide local agencies with a common set of guidelines and project selection criteria for a variety of funding programs.

Community Development Block Grant (CDBG) – The Housing and Community Development Act of 1974 provides funds to cities and counties to develop urban communities, decent housing, a suitable living environments, and expanded economic opportunities principally for low and moderate-income persons. This federal program gives priority to activities, which benefit low and moderate-income individuals.

Community Facilities District (CFD) – A special district that can issue tax-exempt bonds as a mechanism by which public entities finance construction and/or acquisition of facilities and provide public services to the district.

Comprehensive Annual Financial Report (CAFR) – The official annual report of the City's financial condition, which encompasses all funds, at the conclusion of the fiscal year.

Consumer Price Index (CPI) – A statistical description of price levels provided by the United States Department of Labor. The change in this index from year to year is used to measure the cost of living and economic inflation.

Cost Allocation – A method used to charge General Fund overhead costs to other funds.

CPI – (see Consumer Price Index.)

CTFP – (see Combined Transportation Funding Program.)

Debt Service – The repayment of principal and/or interest on borrowed funds.

Debt Service Funds – Governmental fund type used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Debt Service Requirement – The amount required to pay interest on outstanding debt, serial maturities of principal for serial bonds, and required contributions to accumulate monies for future retirement of term bonds.



City of Huntington Beach Glossary of Terms Adopted Budget – FY 2011/12

Deficit – The excess of liabilities of a fund over its assets.

Department – The basic organizational entity of government that is functionally unique in its delivery of services.

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

Developer Fees – Adopted fees requiring new development or redevelopment to pay its proportional share of the costs associated with providing the necessary public infrastructure.

Encumbrances – Commitments related to unperformed contracts for goods and services.

Enterprise Funds – A fund established to account for operations that are financed and operated in a manner similar to private enterprise. Examples of enterprise funds are water and sewer services.

Equipment Replacement – Appropriations budgeted for the purchase of rolling stock and movable assets.

Expenditure – The actual spending of funds set aside by appropriation for identified goods and services.

Expense – The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service, or settling a loss.

Fair Share Traffic Impact Fee Program (TIF) – A program intended to implement the goals and objectives of the General Plan by providing revenue to ensure that the adopted Level of Service standards for arterial roadways and signalized intersections are maintained when new development is constructed within the City limits.

Fee – A general term used for any charge levied by government for providing as service or permitting an activity.

Fiscal Year (FY) – The twelve-month period to which the annual operating budget applies and at the end of which a government determines its financial position. The City of Huntington Beach's fiscal year is October 1 to September 30.

Fixed Assets – Purchases of physical inventory items that are intended to be held or used for long term, such as equipment or infrastructure.

FTE – (see Full-Time Equivalent Position.)

Full-Time Equivalent Position (FTE) – Staffing collectively based on a 2,080-hour year.



City of Huntington Beach Glossary of Terms Adopted Budget – FY 2011/12

Fund – A fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein which are segregated for the purpose of carrying on specific activities of government functions.

Fund Balance – The excess of the assets of a fund over its liabilities, reserves, and carryovers.

FY – (see Fiscal Year.)

GAAP – (see Generally Accepted Accounting Principles.)

GASB – (see Governmental Accounting Standards Board.)

General Fund – The fund used to account for all financial resources except those identified for special purposes. The operating fund of the City that receives unrestricted revenue such as property and sales taxes. The fund used to provide a wide range of public services.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards for financial accounting and recording.

Governmental Accounting Standards Board (GASB) – Develops standardized reporting for government entities.

Grants – Contributions, gifts, or assets from another government entity to be used or expended for a specified purpose, activity, or facility.

HUD – U. S. Department of Housing and Urban Development. HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; build inclusive and sustainable communities free from discrimination; and transform the way HUD does business.

Indirect Costs – A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one service.

Infrastructure – Facilities that support the daily life and growth of the City, for example roads, water lines, sewers, public buildings, and parks.

Interfund Transfers – Monies transferred from one fund to another. Such money is transferred to finance the operations of another fund or to reimburse the fund for certain expenditures/expenses.

Internal Service Fund – A fund used for the financing of goods or services provided by one department or agency to other departments or agencies on a cost-reimbursement basis.



City of Huntington Beach Glossary of Terms Adopted Budget – FY 2011/12

Joint Powers Authority (JPA) – A JPA is formed when it is to the advantage of two or more public entities with common powers to consolidate their forces to acquire or construct a joint-use facility.

JPA – (see Joint Powers Authority.)

Long-Term Debt – Debt with a maturity of more than one year after the date of issue.

Long Term Financial Plan – A combination of financial forecasting and strategizing to identify future challenges and opportunities, causes of fiscal imbalances and strategies to secure financial sustainability.

Mandate – Legislation passed by the state or federal government requiring action or provision of services or programs.

Measure M – An initiative passed by Orange County voters to fund transportation improvements using revenue generated by a countywide sales tax.

Memoranda of Understanding (MOU) – As used in this budget document refers to agreements, for a specified period of time, between the City and various employee associations, outlining wage increases, provision of and contribution levels for benefits, and employment-related matters.

Motor Vehicle In-Lieu Tax – (see Vehicle License Fee.)

MOU – (see Memoranda of Understanding.)

Municipal Bond – A bond issued by a state or local government.

Municipal Code – A compilation of enforceable ordinances adopted by the City Council.

National Pollution Discharge Elimination System (NPDES) – This Federal regulation sets standards for the quality of storm water discharged into rivers, lakes, and oceans.

Non-Departmental – Program costs that do not relate to any one particular department, but represent costs that are general and citywide in nature.

NPDES – (see National Pollution Discharge Elimination System).

Object Code – A five digit accounting reference to a specific revenue or expense item. Combines with the business unit to create a revenue or expenditure account number.

OCTA – (see Orange County Transportation Authority.)

OPA – (see Owners Participation Agreement.)

Operating Budget – Plan of current non-capital expenditures and the proposed means of financing them.



City of Huntington Beach Glossary of Terms Adopted Budget – FY 2011/12

Operating Expenses – The cost for materials and equipment that are required for a department to perform its functions.

Operating Revenue – Funds received as income to pay for ongoing operations.

Operating Transfers – Legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended, such as transfers from the General Fund to a Special Revenue or Capital Projects Fund.

Orange County Transportation Authority (OCTA) – A public sector transportation planning body and transit service provider for Orange County, California.

Ordinance – A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, such as state statute or constitutional provision, it has the full force and effect of the law within the boundaries of the City.

Organization Chart – A pictorial representation of the administrative and functional structure of a City unit.

Other Funds – Within this budget document, those funds that are not included as part of the General Fund.

Owners Participation Agreement – Usually refers to a contract between a redevelopment agency or other public authority and a landowner, under which the landowner makes specific commitments about project development, and the government entity specifies the type of public involvement in the project, such as a subsidy.

Pension Tax Rate – City Charter amendment allowing the City Council to set a tax rate and levy an override tax on the assessed value of property up to a maximum amount as determined by an annual actuarial study to recover a portion of the City's costs related to a supplemental retirement program.

Performance Measures – A set of measurable objectives, linked to the City's various strategic plan goals, which are determined by a department and used to gauge a program, business unit, or division's effectiveness and efficiency. Used as a management tool during the budget development process to set priorities and shift resources as necessary.

Personal Services – Expenditures for salaries and benefits for employees of the City.

Program Budget – A budget wherein expenditures are based primarily on program of work and the performance of certain functions.

RDA – (see Redevelopment Agency.)

Redevelopment Agency (RDA) - An Entity formed to renovate older areas of the City to increase economic vitality.



City of Huntington Beach Glossary of Terms Adopted Budget – FY 2011/12

Reserve – The City uses and designates reserves according to adopted financial policies. In addition to the required seven percent reserve, there is the: Equipment Reserve, used to replace obsolete vehicles and equipment while setting aside funds for future equipment and vehicle needs; Capital Improvement Reserve (CIR), a designated reserve for various capital projects; and the General Liability Reserve which is designated for workers compensation and liability claims.

Resolution – A special order of the City Council, which has a lower legal standing than an ordinance.

Revenue – Sources of income financing the operation of government.

SCAQMD – (see Southern California Air quality Management District.)

Southern California Air Quality Management District (SCAQMD) – The air pollution control agency for all of Orange County and the urban portions of Los Angeles, Riverside, and San Bernardino counties in California.

Special Revenue Funds – Funds that are separately administered because the City Council, the State of California, or the Federal government has placed restrictions on how revenues may be spent.

Strategic Plan – The process of defining a strategy, or direction, and making decisions on allocating resources to pursue this strategy, including capital and employees. The City adopted its strategic plan in January 2009, setting five broad goal areas, each with its own set of related projects: Maintain and enhance our financial reserves, Maintain, improve and obtain funding for public improvements, Maintain and enhance public safety, Enhance economic development, and Improve internal and external communication.

TAB – (see Tax Allocation Bond.)

Tax Allocation Bond (TAB) – Bonds issued in conjunction with a redevelopment project. The taxes pledged to their repayment come from the increase of assessed value over and above a pre-established base. The redevelopment creates this added value, known as the tax increment.

Tax Increment – Property tax that is collected as a result of increased valuation within the Redevelopment Area (RDA.)

Tax Rate – The amount of assessment stated in terms of a unit of the tax base.

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments.



City of Huntington Beach Glossary of Terms Adopted Budget – FY 2011/12

TIF – (see Fair Share Traffic Impact Fee Program.)

TOT – (see Transient Occupancy Tax.)

Transfers – Amounts moved from one fund to another to assist in financing the services for the recipient fund.

Transient Occupancy Tax (TOT) – A tax imposed on individuals with hotel/ motel stays less than thirty days. The rate in the City of Huntington Beach is ten percent.

Unencumbered Balance – The portion of an appropriation that is neither expended nor encumbered. The amount of budget still available for future purposes.

Unfunded Liabilities – The unfunded liability, the present value of the expected future benefits vested to date, is the amount by which the plan's liabilities exceed the assets on a given date.

U. S. Department of Housing and Urban Development – (see HUD.)

User Fees and Charges – A cost paid for a public service or the use of a public facility by the entity benefiting from the service.

Utility Users Tax (UUT) – A tax imposed on users for various utilities in the City including water, telephone, gas, electric, and cable television services.

UUT – (see Utility Users Tax.)

Vehicle License Fee (VLF) – Is a tax on the ownership of a registered vehicle in place of taxing vehicles as personal property, also called the motor vehicle in-lieu tax. The VLF is paid annually upon vehicle registration in addition to other fees, such as the vehicle registration fee, air quality fees, and commercial vehicle weight fees all of which fund specific state programs. The VLF funds city and county services.

VLF – (see Vehicle License Fee.)

Water Master Plan (WMP) – The WMP was adopted by the City in 1990, and updated in 2000 and 2005. This plan recommends new facilities to provide the City with adequate water production and storage capabilities.

WMP – (see Water Master Plan.)

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