



**City of Huntington Beach**  
**Ratios of Outstanding Debt by Type**  
**(In Thousands)**  
**Adopted Budget - FY 2012/13**

Long-Term Indebtedness	Fiscal Year Ending September 30,				
	2008	2009	2010	2011	2012
<b>Governmental Activities:</b>					
Judgment Obligation Bonds	10,050	6,774	5,989	5,179	4,339
Public Financing Authority	63,130	59,815	55,385	49,475	46,720
Redevelopment Agency	51,532	57,459	54,918	52,433	48,976
Other Long-Term Obligations	1,681	1,161	8,006	6,440	4,807
<b>Total Governmental Activities:</b>	<b>126,393</b>	<b>125,209</b>	<b>124,298</b>	<b>113,527</b>	<b>104,842</b>
<b>Business Activities:</b>					
Capital Leases	9	6	3	-	-
<b>Total Business Activities:</b>	<b>9</b>	<b>6</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Total Long-Term Indebtedness:</b>	<b>126,402</b>	<b>125,215</b>	<b>124,301</b>	<b>113,527</b>	<b>104,842</b>
<b>Fiscal Year Ending September 30,</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011*</b>	<b>2012</b>
Population	201,993	202,480	203,484	190,377	192,524
Debt Per-Capita	626	578	576	596	545
Total Personal Income (In Thousands)	8,000,943	8,207,324	8,440,720	7,356,548	7,573,894
Per - Capita Personal Income	39,610	40,534	41,481	38,642	39,340
Unemployment Rate	4.70%	7.90%	7.50%	7.40%	6.30%
Total Employment	119,300	114,100	113,100	110,600	115,100
* 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 2012/13

**2011/12 Assessed Valuation:**

\$26,975,874,978 (after deducting \$1,715,252,414 of incremental redevelopment valuation)

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

<b>Tax Debt:</b>	<b>Percent Applicable</b>	<b>Debt Applicable to City</b>
Metropolitan Water District	1.4920%	2,932,451
Coast Community College District	30.1180%	92,678,768
Huntington Beach Union High School District	77.6060%	173,717,149
Huntington Beach City School District	97.1180%	23,015,958
Westminster School District	41.4340%	13,978,042
Los Alamitos Unified School District Facilities District No. 1	1.2130%	831,161
Los Alamitos Unified School District Community Facilities District 1990-1	1.0980%	73,182
City of Huntington Beach Community Facilities Districts (1990-1, 2000-1, 2002-1, 2003-1)	100.0000%	40,850,000

**Tax and Assessment Debt: 348,076,711**

**Other Debt:**

**Other Entities:**

Orange County General Fund Obligations	15,374,382
Orange County Pension Obligations	14,592,599
Orange County Board of Education Certificates of Participation	1,145,600
MWDOC Facilities Corporation	847,255
North Orange County Regional Occupation Program Certificates of Participation	11,684
Coast Community College District Certificates of Participation	6,095,883
Huntington Beach Union High School District Certificates of Participation	46,160,895
Los Alamitos Unified School District Certificates of Participation	516,462
Fountain Valley School Districts Certificates of Participation	2,841,322
Huntington Beach School District Certificates of Participation	16,014,758
Ocean View School District Certificates of Participation	5,873,364
Westminster School District Certificates of Participation	9,836,432
City of Huntington Beach Judgment Obligation Bonds	4,339,000
City of Huntington Beach General Fund Obligations:	46,720,000

**Total Gross and Overlapping Bonded Debt Not Repaid by Property Taxes: 170,369,636**

Less Self Supporting Debt of MWDOC (847,255)

**Total Net Direct and Overlapping General Fund Obligation Debt: 169,522,381**

**Net Combined Total Debt: 517,599,092**

**Ratios to 2011/12 Assessed Valuation:**

Total Overlapping Debt and Assessment Debt 1.21%

**Ratios to Adjusted Assessed Valuations:**

Combined Direct Debt (\$51,059,000) 0.19%

Gross Combined Total Debt 1.92%

Net Combined Total Debt 1.92%

State School Building Aid Repayable as of 6/30/12: \$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 2012/13**

Fund/ Business Unit	Object Account & Description	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Actual	FY 2011/12 Adopted	FY 2011/12 Revised	FY 2011/12 Actual	FY 2012/13 Adopted
<b>Non-Departmental</b>								
10040101	88030 - Principal	208,526	254,117	265,668	300,000	299,990	298,526	300,474
10040101	88070 - Interest	90,000	44,409	32,858				
<b>Total Non-Departmental</b>		<b>298,526</b>	<b>298,526</b>	<b>298,526</b>	<b>300,000</b>	<b>299,990</b>	<b>298,526</b>	<b>300,474</b>
<b>Citywide Leases</b>								
10040102	88030 - Principal	510,490	49,691	19,693				
10040102	88070 - Interest	68,287	3,125	937				
<b>Total Citywide Leases</b>		<b>578,777</b>	<b>52,816</b>	<b>20,630</b>				
<b>PARS Annuity Payments</b>								
10040108	88010 - Debt Service Exp							
10040108	88030 - Principal		81,937	1,586,767	1,586,767	1,586,777	1,586,777	1,586,770
<b>Total PARS Annuity Payments</b>			<b>81,937</b>	<b>1,586,767</b>	<b>1,586,767</b>	<b>1,586,777</b>	<b>1,586,777</b>	<b>1,586,770</b>
<b>Administration</b>								
20945101	88090 - Interfund Interest GF	35,149	15,862	1,064				
<b>Total Administration</b>		<b>35,149</b>	<b>15,862</b>	<b>1,064</b>				
<b>Rehabilitation Loans</b>								
21580301	88070 - Interest	62,532	42,233				8,422	
<b>Total Rehabilitation Loans</b>		<b>62,532</b>	<b>42,233</b>				<b>8,422</b>	
<b>Housing Authority</b>								
30680301	88030 - Principal					650,000	500,000	
30680301	88070 - Interest						143,727	
<b>Total Housing Authority</b>						<b>650,000</b>	<b>643,727</b>	
<b>RORF Administration</b>								
35080101	88010 - Debt Service Exp							5,570,300
35080101	88030 - Principal							
35080101	88070 - Interest							
<b>Total RORF Administration</b>								<b>5,570,300</b>
<b>RDA Project Debt Payments</b>								
35080201	88030 - Principal					2,701,918	2,517,978	2,003,292
35080201	88070 - Interest					592,825	593,790	553,615
<b>Total RDA Project Debt Payments</b>						<b>3,294,743</b>	<b>3,111,767</b>	<b>2,556,907</b>
<b>RDA 1999 Tax Allocation Bond</b>								
35080202	88030 - Principal					450,000	450,000	
35080202	88070 - Interest					150,578	150,667	
<b>Total RDA 1999 Tax Allocation Bond</b>						<b>600,578</b>	<b>600,667</b>	
<b>RDA 2002 Tax Allocation Bond</b>								
35080203	88030 - Principal					995,000	995,000	
35080203	88070 - Interest					641,513	640,738	
<b>Total RDA 2002 Tax Allocation Bond</b>						<b>1,636,513</b>	<b>1,635,738</b>	
<b>HBPFA 1997</b>								
40140101	88030 - Principal	84,418	90,000					
40140101	88070 - Interest	158,633	78,211					
<b>Total HBPFA 1997</b>		<b>243,051</b>	<b>168,211</b>					
<b>HBPFA 2000A</b>								
40140102	88030 - Principal	730,000						
40140102	88070 - Interest	713,371	340,261					
<b>Total HBPFA 2000A</b>		<b>1,443,371</b>	<b>340,261</b>					
<b>HBPFA 2001A</b>								
40140103	88030 - Principal	700,000	725,000	750,000	785,000			
40140103	88070 - Interest	1,287,500	1,261,250	1,386,893	4,000			
<b>Total HBPFA 2001A</b>		<b>1,987,500</b>	<b>1,986,250</b>	<b>2,136,893</b>	<b>789,000</b>			
<b>HBPFA 2001B</b>								
40140104	88030 - Principal	1,800,000	1,880,000	1,955,000	2,030,000			
40140104	88070 - Interest	818,105	737,105	786,163	589,000			
<b>Total HBPFA 2001B</b>		<b>2,618,105</b>	<b>2,617,105</b>	<b>2,741,163</b>	<b>2,619,000</b>			
<b>HBPFA 2010A</b>								
40140105	88030 - Principal		925,000	620,000	937,000	937,000	635,000	655,000
40140105	88070 - Interest		158,494	622,600	302,000	302,788	603,677	584,950
<b>Total HBPFA 2010A</b>			<b>1,083,494</b>	<b>1,242,600</b>	<b>1,239,000</b>	<b>1,239,788</b>	<b>1,238,677</b>	<b>1,239,950</b>
<b>HBPFA 2011A</b>								
40140106	88030 - Principal					2,120,000	2,120,000	2,960,000
40140106	88070 - Interest					1,284,357	1,268,341	1,346,094
<b>Total HBPFA 2010A</b>						<b>3,404,357</b>	<b>3,388,341</b>	<b>4,306,094</b>



**City of Huntington Beach**  
**Debt Service & Interfund Interest Expenditures**  
**Major Funds**  
**Adopted Budget - FY 2012/13**

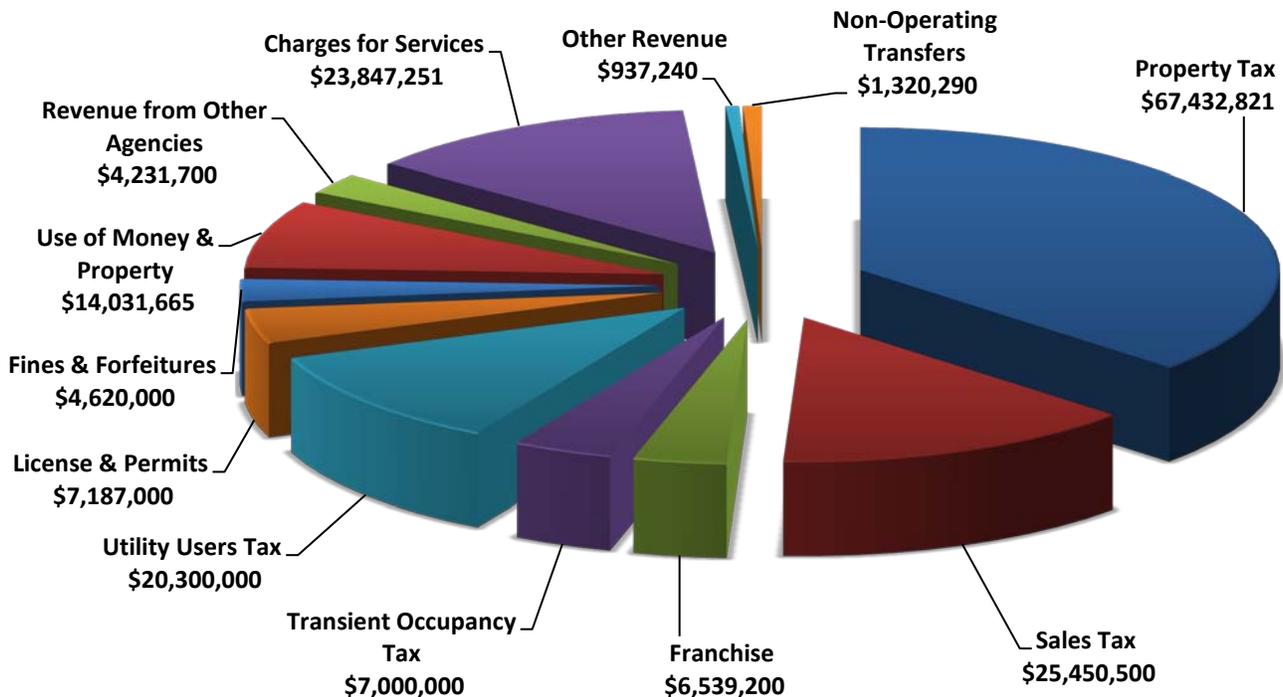
Fund/ Business Unit	Object Account & Description	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Actual	FY 2011/12 Adopted	FY 2011/12 Revised	FY 2011/12 Actual	FY 2012/13 Adopted
<b>Debt Svc Grand Coast CFD2000-1</b>								
40540101	88030 - Principal	305,000	325,000	340,000	340,000	340,000	360,000	380,000
40540101	88070 - Interest	928,473	912,460	894,748			875,538	854,670
40540101	88090 - Interfund Interest GF				895,000	895,000		
<b>Total Debt Svc Grand Coast CFD2000-1</b>		<b>1,233,473</b>	<b>1,237,460</b>	<b>1,234,748</b>	<b>1,235,000</b>	<b>1,235,000</b>	<b>1,235,538</b>	<b>1,234,670</b>
<b>Debt Svc Special Tax CFD1990-1</b>								
40640101	88030 - Principal	95,000	100,000	110,000	110,000	110,000	110,000	229,303
40640101	88070 - Interest	83,259	78,500	71,859	65,000	66,012	67,161	95,042
<b>Total Debt Svc Special Tax CFD1990-1</b>		<b>178,259</b>	<b>178,500</b>	<b>181,859</b>	<b>175,000</b>	<b>176,012</b>	<b>67,161</b>	<b>324,345</b>
<b>Non-Departmental</b>								
40740101	88030 - Principal							
40740101	88070 - Interest							
<b>Total Non-Departmental</b>								
<b>RDA Project Debt Payments</b>								
40780101	88010 - Debt Service Exp							
40780101	88030 - Principal	2,986,697	1,115,248	976,078	2,524,000			
40780101	88070 - Interest	584,459	2,272,146	2,014,118	633,000	40,175	40,175	
<b>Total RDA Project Debt Payments</b>		<b>3,571,156</b>	<b>3,387,394</b>	<b>2,990,196</b>	<b>3,157,000</b>	<b>40,175</b>	<b>40,175</b>	
<b>RDA 1999 Tax Allocation Bond</b>								
40780201	88030 - Principal	390,000	410,000	430,000	450,000			
40780201	88070 - Interest	349,789	333,799	316,579	298,000	147,422	147,422	
<b>Total RDA 1999 Tax Alloc</b>		<b>739,789</b>	<b>743,799</b>	<b>746,579</b>	<b>748,000</b>	<b>147,422</b>	<b>147,422</b>	
<b>RDA 2002 Tax Allocation Bond</b>								
40780202	88030 - Principal	870,000	910,000	945,000	995,000			
40780202	88070 - Interest	742,168	711,718	677,593	641,000			
<b>Total RDA 2002 Tax Allocation Bond</b>		<b>1,612,168</b>	<b>1,621,718</b>	<b>1,622,593</b>	<b>1,636,000</b>			
<b>Debt Svc McDonnell CFD 2002-1</b>								
40840101	88030 - Principal	30,000	40,000	50,000	55,000	55,000	55,000	65,000
40840101	88070 - Interest	296,315	295,230	292,915	290,000	290,000	290,415	288,000
<b>Total Debt Svc McDonnell CFD 2002-1</b>		<b>326,315</b>	<b>335,230</b>	<b>342,915</b>	<b>345,000</b>	<b>345,000</b>	<b>345,415</b>	<b>353,000</b>
<b>Debt Svc Bella Terra CFD2003-1</b>								
41040101	88030 - Principal	485,000	500,000	520,000	545,000	545,000	545,000	570,000
41040101	88070 - Interest	1,323,488	1,304,815	1,284,065	1,263,000	1,263,000	1,261,445	1,236,375
<b>Total Debt Svc Bella Terra CFD2003-1</b>		<b>1,808,488</b>	<b>1,804,815</b>	<b>1,804,065</b>	<b>1,808,000</b>	<b>1,808,000</b>	<b>1,806,445</b>	<b>1,806,375</b>
<b>BID - Auto</b>								
70180101	88010 - Debt Service Exp				22,000	21,165		52,800
70180101	88030 - Principal						20,597	
70180101	88070 - Interest	2,719	817	747			567	
<b>Total BID - Auto</b>		<b>2,719</b>	<b>817</b>	<b>747</b>	<b>22,000</b>	<b>21,165</b>	<b>21,165</b>	<b>52,800</b>
<b>2004 Judgment Obligation Bond</b>								
70740101	88030 - Principal	3,275,000	785,000	810,000	840,000	840,000	840,000	865,000
70740101	88070 - Interest	369,018	253,806	216,669	188,300	188,300	188,300	156,300
<b>Total 2004 Judgment Obligation Bond</b>		<b>3,644,018</b>	<b>1,038,806</b>	<b>1,026,669</b>	<b>1,028,300</b>	<b>1,028,300</b>	<b>1,028,300</b>	<b>1,021,300</b>
<b>City Gym &amp; Pool (Section 108)</b>								
85881502	88030 - Principal							
85881502	88070 - Interest							
<b>Total City Gym &amp; Pool (Section 108)</b>								
<b>City Gym &amp; Pool (Section 108)</b>								
85981502	88030 - Principal	120,000						
85981502	88070 - Interest	139,762						
<b>Total City Gym &amp; Pool (Section 108)</b>		<b>259,762</b>						
<b>City Gym &amp; Pool</b>								
86081502	88050 - Interfund Principal GF		125,000					
86081502	88070 - Interest		131,125					
<b>Total City Gym &amp; Pool</b>			<b>256,125</b>					
<b>City Gym &amp; Pool</b>								
86081502	88050 - Interfund Principal GF			135,000				
86081502	88070 - Interest			35,819				
<b>Total City Gym &amp; Pool</b>				<b>170,819</b>				
<b>City Gym &amp; Pool</b>								
96281502	88050 - Interfund Principal GF					140,000	140,000	
96281502	88070 - Interest					34,109	34,109	
<b>Total City Gym &amp; Pool</b>						<b>174,109</b>	<b>174,109</b>	
<b>GRAND TOTAL(S)</b>		<b>20,643,156</b>	<b>17,291,357</b>	<b>18,148,831</b>	<b>16,688,067</b>	<b>17,687,929</b>	<b>17,378,369</b>	<b>20,352,985</b>



## City of Huntington Beach Revenue Descriptions and Assumptions Adopted Budget – FY 2012/13

### GENERAL FUND REVENUE

The City of Huntington Beach's Adopted Budget FY 2012/13 General Fund revenue is \$182.9 million.



#### **Property Tax: \$67,432,821**

Property Tax represents the largest General Fund revenue source for the City, accounting for 37% of total budgeted General Fund revenue for FY 2012/13. Although the City experienced a slight decline related to real estate activities in 2012, we are fortunate that the impact to the General Fund revenue is minimal as foreclosures and negative assessed valuation growth remain prevalent in many other cities in Orange County. The Property Tax category consists of Basic Levy, Prior Year Property Taxes, Supplemental Roll Property Taxes, and Other Property Taxes.

- **Basic Levy, Prior Year Property Taxes, and Supplemental Roll Property Taxes:** Basic Levy and Prior Year Property Taxes include secured and unsecured taxes. The total secured, unsecured and Supplemental Roll Property Tax for FY 2012/13 is approximately \$39.3 million.
- **Other Property Taxes:** Other Property Taxes revenue for FY 2012/13 is \$28.1 million. These revenues are composed of several tax sources, but the three major sources are In Lieu of Vehicle License Fee (VLF), Triple Flip Reimbursement, and the Retirement Property Tax.



## City of Huntington Beach Revenue Descriptions and Assumptions Adopted Budget – FY 2012/13

- In Lieu of VLF proceeds are a portion of the City's annual VLF revenue exchange with the State for property tax. The In Lieu of VLF revenue for FY 2012/13 is budgeted at \$15 million.
- Triple Flip Reimbursement is a swap of sales tax for property tax. The statewide-based sales and use tax is set at 7.25%, but the local government portion of the statewide rate was decreased by 0.25%. As a result, cities are now reimbursed 0.25% in the form of property tax. The Triple Flip Reimbursement revenue for FY 2012/13 is budgeted at \$7.6 million.
- Retirement Property Tax, levied annually since 1966, was capped by the City Council, Ordinance No. 3954, on July 16, 2012 at \$0.01500 per \$100 of assessed value. This revenue generates \$4.2 million annually.

### **Other Local Taxes: \$59,289,700**

Other Local Taxes category represents the second largest General Fund revenue source for the City, accounting for 32% of total budgeted General Fund revenue for FY 2012/13. The category of local taxes consists of Sales Tax, Utility Users Tax, Transient Occupancy Tax, and Franchises. This category represents a 5.9% increase from last year's Adopted Budget of \$56 million. The increase is due to the recovery of the strong and stable tax base from local business activities and the tourism and hospitality industry.

- **Sales Tax:** Sales Tax revenue for FY 2012/13 is \$25.5 million, a 12% increase from last year's Adopted Budget of \$22.8 million. This increase is the result of an unexpected rebound of the automotive sales industry, higher fuel costs, and new businesses; such as Costco, Nordstrom Rack and Dick's Sporting Goods.
- **Utility Users Tax (UUT):** Utility Users Tax revenue for FY 2012/13, \$20.3 million, is a modest 0.5% increase from last year's Adopted Budget of \$20.2 million. The City charges a 5% rate on water, gas, and electricity usage and a 4.9% rate (post Measure P from 2010) on cellular and land line telephone and cable/video usage.
- **Transient Occupancy Tax (TOT):** Transient Occupancy Tax revenue for FY 2012/13 is \$7 million, an increase of 8% from FY 2011/12 of \$6.5 million. This increase is mostly due to the unincorporated area of Sunset Beach officially annexed to the City of Huntington Beach and the ongoing recovery in the tourism and hospitality industry.
- **Franchises:** Franchise revenue for FY 2012/13 is \$6.5 million. These revenues are derived from franchise agreements between the City and private firms such as, gas and electric utility franchises with Southern California Gas and Southern California Edison; transfer station and refuse franchises with Rainbow Disposal; pipeline and cable television franchises with various firms; and bus bench franchise.

### **Charges for Current Services: \$23,847,251**

Charges for Current Services category represent the third largest General Fund revenue source for the City. These revenues are from various "fees for service" activities such as, plan check reviews by Public Works and Planning and Building Departments, fees for recreational classes and programs, FireMed membership and billing service reimbursement, and other activities. Revenues from this category include transfers from proprietary funds such as Water and Sewer to pay for expenditures incurred by the General Fund.

### **Use of Money and Property: \$14,031,665**

Use of Money and Property revenues are comprised of a variety of activities including interest income, lease and concession income, oil royalties, parking revenues, and jail booking fees.



## City of Huntington Beach Revenue Descriptions and Assumptions Adopted Budget – FY 2012/13

### **Licenses and Permits: \$7,187,000**

Licenses and Permits revenues are related to development permit and license fees from Planning and Building and Public Works Departments.

### **Fines, Forfeitures, and Penalties: \$4,620,000**

Fines, Forfeitures and Penalties revenue includes traffic and parking tickets, and fines levied on delinquent library materials.

### **Revenue from Other Agencies: \$4,231,700**

Revenue from Other Agencies includes reimbursements and fees received from federal, state, and local agencies. Although the City gained new revenues from the Public Safety Helicopter Services provided to the City of Newport Beach and City of Costa Mesa, it lost the Vehicle License Fees revenues as a result of Senate Bill 89, enacted on June 28, 2011.

### **Non-Operating Revenue: \$1,320,290**

Non-Operating revenue includes the repayment of General Fund loans from various funds including the Gas Tax Fund. The significant decrease from prior years is due to the elimination of the Redevelopment Agency.

### **Other Revenue: \$937,240**

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



## City of Huntington Beach Revenue Descriptions and Assumptions Adopted Budget – FY 2012/13

### **NON-GENERAL FUND REVENUE**

The City of Huntington Beach's Adopted Budget FY 2012/13 Non-General Fund revenue for FY 2012/13 totals \$103.1 million. The most significant decrease is the result of the dissolution of the Redevelopment Agency.

#### **Enterprise Funds: \$60,389,093**

Enterprise Funds revenue represents the largest Non-General Fund revenue source for the City. This revenue consists of services fees received for Water, Refuse Collection, Sewer, and Water Master Plan. Water service is the largest revenue source of the four service fees comprised of the Enterprise Funds. The City's water utility operations are funded by charges to municipal users (residential and commercial) of the City's water service. Refuse Collection service is the second largest revenue source of the total Enterprise Funds budget. The City contracts with Rainbow Disposal to provide refuse service, which is supported by fees received.

#### **Special Revenue/Other/Capital Project Funds: \$14,733,545**

This category of funds represents the second largest Non-General Fund revenue source for the City. This category of funds includes Special Revenue Funds such as Measure M, Gas Tax/Highway Users Tax, Traffic Congestion Relief 42, and Fourth of July Parade funds; the Capital Project Fund used for accounting the In-Lieu Parking Downtown revenue; and Other Funds like the Specific Event and the Rehabilitation Loan Funds.

#### **Public Financing Authority/Debt Service/Assessment Districts Funds: \$11,337,724**

Huntington Beach has a Public Finance Authority (PFA), established in 1988 to issue debt for the financing of public improvements and other capital purchases. In FY 2012/13, the PFA Fund is budgeted to receive \$5.5 million in non-operating revenues. This non-operating revenue derives from the repayment of debt by the General Fund 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.

#### **Trust and Agency Funds: \$8,191,400**

Trust and Agency Funds consist of the Retirement Supplement and Retiree Insurance Medical Funds and 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.

#### **Recognized Obligation Retirement Fund (RORF): \$6,741,951**

Pursuant to the Assembly Bill 1X 26, the Redevelopment Agency was dissolved resulting in the creation of the Successor Agency (the City) and the Recognized Obligation Retirement Fund (RORF), which is where all of the former Redevelopment Agency's properties, contracts, and leases were transferred. See Redevelopment Agency Fund for further details.

#### **Grants: \$1,353,595**

The single largest source of grant revenue for the City is the Community Development Block Grant (CDBG) program, administered by the Federal Department of Urban Housing and Urban Development (HUD). 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 Departments, which are recorded in this revenue category as well.



## City of Huntington Beach Revenue Descriptions and Assumptions Adopted Budget – FY 2012/13

### **Separate Legal Governing Board Fund: \$397,041**

The City 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 \$207,464 in revenue for FY 2012/13. The City also administers the West Orange County Water Board (WOCWB). The FY 2012/13 joint power revenues related to WOCWB operations is \$189,577.

### **Redevelopment Agency Fund: \$0**

On June 29, 2011, the Governor of the State of California signed Assembly Bills 1X 26 and 27 as part of the State's budget package. Assembly Bill 1X 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill 1X 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program.

On July 18, 2011, the League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court (Court) to overturn Assembly Bills 1X 26 and 27 on the grounds that these bills violate the California Constitution.

On December 29, 2011, the Court upheld Assembly Bill 1X 26, but ruled against Assembly Bill 1X 27. The Court deemed Assembly Bill 1X 27 as unconstitutional because it violates Proposition 22 (2010), which prohibits the State from taking funds used for transportation or local government projects and services. As a result of both ruling, the Redevelopment Agency dissolved on February 1, 2012.

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## City of Huntington Beach Expenditure Descriptions and Assumptions Adopted Budget – FY 2012/13

### GENERAL FUND

The City of Huntington Beach's Adopted Budget FY 2012/13 General Fund expenditure is budgeted at \$186.2 million.

#### Personal Services – \$132,491,712

The FY 2012/13 budget eliminated or defunded 13.72 positions from the Table of Organization, which now stands at 842.19 Full Time Equivalents (FTEs). In addition to these full time positions, many departments have also cut their overtime and temporary salaries budgets.

#### Operating Expenses – \$43,878,001

Included in the operating category are all General Fund operating expenses including professional and contract services. Departments also reduced their operating expenses. Reductions include outsourcing custodial services at the Art Center and Police Department, elimination of UUT auditing contract services, elimination of contract minutes preparation for the City Council, Housing Authority, Successor Agency, and Public Financing Authority, training, supplies, materials and other contract services.

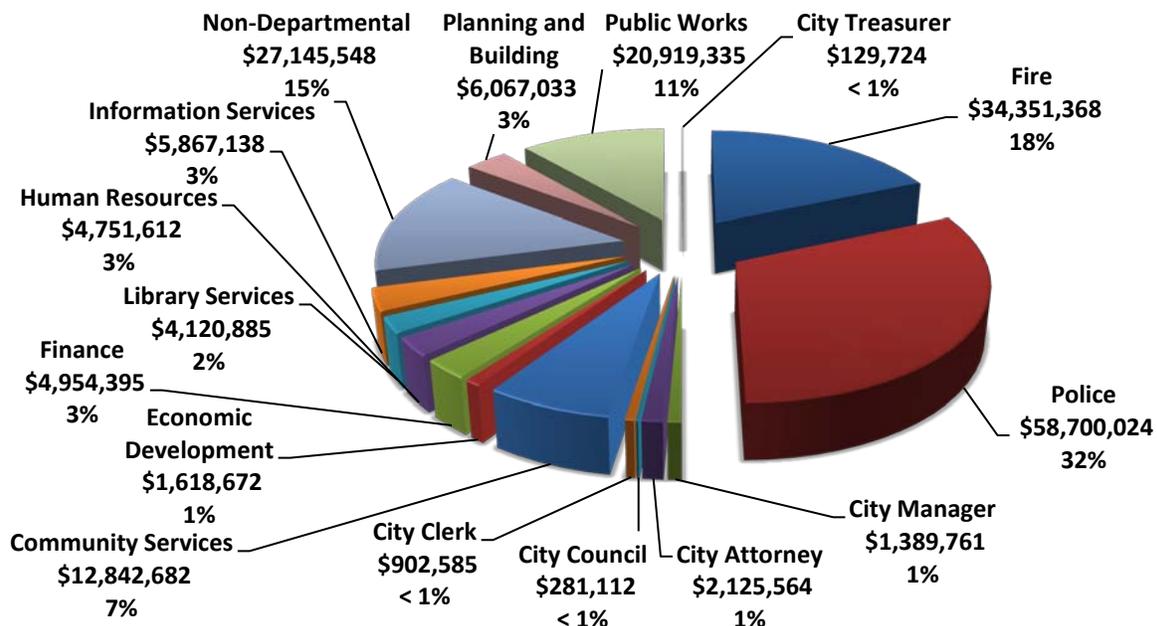
#### Capital Expenditures – \$6,000,000

The budget for capital expenditures for FY 2012/13 includes an increase of \$1.7 million for a total of \$3.0 million used towards funding drainage, roof replacements of various City buildings, parks and beaches improvements and street repairs, which are in line with the City's Infrastructure Charter requirement.

#### Non-Operating Expenditures - \$3,797,724

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.

***FY 2012/13 Adopted General Fund Budget Expenditures by Department:***





## City of Huntington Beach Expenditure Descriptions and Assumptions Adopted Budget – FY 2012/13

### OTHER FUND MAJOR EXPENDITURE GROUPINGS

#### **Water Enterprise – \$42,530,634**

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.

#### **Refuse Fund – \$10,961,447**

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

#### **Sewer Service Fund – \$8,792,046**

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

#### **Water Master Plan – \$1,285,715**

The Water Master Plan (WMP) was adopted in 1995 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 – \$10,051,755**

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 – \$3,497,749**

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.

#### **RORF (Successor Agency) and Rehabilitation Loans Fund – \$7,241,951**

This category includes all the costs associated with the former Redevelopment Agency and Housing Authority, currently the Successor Agency, except for the Community Development Block Grant and HOME program money. The FY 2012/13 budget for this category decreased significantly mainly due to the elimination of the Redevelopment Agency and abolishment of the Housing Authority. Pursuant to Assembly Bill 1 x26, the Redevelopment Agency was eliminated effective February 2012. The City Council approved two resolutions designating the City as the Successor Agency to the Redevelopment Agency and the Huntington Beach Housing Authority as the Successor Agency for housing-related items. The Recognized Obligation Retirement Fund (RORF) was created, and all of the former Redevelopment Agency's properties, contracts, and leases were transferred to that fund.

#### **Debt Service – \$10,815,182**

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 Judgment Obligations Bonds are sources of funding for these expenses.

#### **Other Grants and Funds – \$6,218,988**

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 2012/13

### **OTHER FUND MAJOR EXPENDITURE GROUPINGS - Continued**

#### **Internal Service Funds – \$5,182,828**

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

#### **Business Improvement Districts – \$1,667,800**

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 – \$241,304**

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

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## City of Huntington Beach Glossary of Terms Adopted Budget – FY 2012/13

**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 2012/13

**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 2012/13

**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 2012/13

**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 2012/13

**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.



## City of Huntington Beach Glossary of Terms Adopted Budget – FY 2012/13

**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.

**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.)



## City of Huntington Beach Glossary of Terms Adopted Budget – FY 2012/13

**OPA** – (see Owners Participation Agreement.)

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

**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.



## City of Huntington Beach Glossary of Terms Adopted Budget – FY 2012/13

**RDA** – (see Redevelopment Agency.)

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

**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.



## City of Huntington Beach Glossary of Terms Adopted Budget – FY 2012/13

**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.

**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. The State eliminated funds to the City as a result of SB 89, enacted on June 28, 2011.

**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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