

Summary of Budget Process / Timeline

The City of Alameda operates on a fiscal year basis that begins on July 1 of each year, and ends the following year on June 30. The City Manager’s Office and Finance Division manage the budget process, with support from each of the operating departments. The preparation of the budget takes place between January and June, culminating with the adoption of a two-year budget by the City Council, with Council adopting any adjustments prior to the beginning of the second fiscal year as part of a mid cycle review performed by staff.



Public hearings and community workshops are conducted on the proposed budgets to review all appropriations and sources of financing. Budgeted expenditures are then adopted through the passage of a resolution. The budget represents the maximum authorized expenditures for the year and cannot legally be exceeded except by subsequent amendments of the budget by the City Council. Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the City Manager. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the City Council. See the detailed budget preparation calendar for the City in the Appendix for details on this process.

Basis of Budget and Accounting

Expenditures are controlled at the fund level for all budgeted departments within the City. This is the level at which expenditures may not legally exceed appropriations. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) in accordance with standards established by the Governmental Accounting Standards Board (GASB), California Society of Municipal Finance Officers (CSMFO) and Government Finance Officers Association (GFOA).

The accounting policies of the City conform to generally accepted accounting principles. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting segregates funds according to their purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

All governmental funds (i.e. General, Special Revenue, Capital Projects and Funds) are accounted for on the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period when the liability is incurred.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end do not constitute GAAP basis expenditures or liabilities because the commitments will be honored during the subsequent year.

Proprietary funds (i.e. Enterprise and Internal Service Funds) are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized when the liability is incurred.

In planning for and preparing the annual budget, many fiscal decisions are made to help sustain the long-term health and well-being of the City. Accordingly, the City Manager strives to make fiscal recommendations in the proposed budget that adhere to the following financial guidelines. These policies have been developed and approved by City Staff.

**Balanced Budget** The City shall strive with its two year budget to balance resources with expenditure appropriations. The City Council requires the City Manager to control expenses so that department expenditures do not exceed the levels that are appropriated in the annual budget and for which the City has funds to support.

**Pursuit of New Revenues/Maximizing Use of Non-General Fund Revenues** City departments shall pursue revenue sources, when reasonable, in support of department goals. Departments will maximize use of non-General Fund revenues prior to using General Fund revenues to fund programs.

**Use of “One-Time” Funds** City Council policy states that one-time revenues shall be dedicated for use as one-time expenditures. Annual budgets are not increased to the point that ongoing operating costs become overly reliant on cyclical or one-time revenues sources. During periods of economic downturn or any significant State “take-aways”, the use of one-time sources of funds or reserves may be used to ease the transition to downsized and/or reorganized operations.

**Cost Recovery through Fees** Departments must utilize fees to recover costs where reasonable, once all cost-saving options have been explored. There must be statutory authority for the City to levy a fee, and the fee must be approved by the City Council. If permissible by law, fees and charges shall recover costs of the services provided, unless otherwise directed by the City Council. Programs funded by charges for services, fees, grants, and special revenue sources should pay their full or fair share of all direct and indirect costs to the extent feasible and legally permitted.



**Grants** Any new grant award that requires funds/matching requirements or other commitments must be reviewed by the City Manager. The City Manager reviews and approves any proposed allocation of grant monies before departmental submission of the grant application to the granting agency. When applying for grants for ongoing programs, as opposed to planning for capital grants, departments must consider funding to be provided for the duration of the program. To the extent legally possible, all grant applications should be based on full costing, including overhead and indirect costs. Unless long-term funding is secure, departments should avoid adding staff to support new grant supported programs. If it is necessary to add staff, limited term positions should be used.

**Interest Policy and Earnings** It shall be the investment policy of the City of Alameda that all funds not required for immediate expenditures be invested in compliance with the City’s investment policy, as well as applicable federal state and local legislation governing the investment of public funds. Funds shall be invested in a manner that will provide the highest investment return with the appropriate level of security, while meeting the daily cash flow demands of the City. See the City’s website at <http://alamedaca.gov/finance> for the City’s current investment policy.

Unless otherwise prohibited by law or Generally Accepted Accounting Principles (GAAP), interest earnings in operating funds are allocated to each fund, based upon its proportionate share of idle cash

invested. City Council policy cautions against undue reliance on interest earnings as a recurrent revenue source.

**Cost Allocation** Overhead costs shall be allocated based upon an internally developed cost allocation and implementation plan developed annually. The City uses a “Double Step Down” method by first allocating overhead to all departments, exclusive of unallowable items (i.e. capital expenditures, debt service, and other various costs as defined by OMB Circular A-87), then secondarily allocating these costs down only to operating departments. The Cost Allocation schedule is updated every two years.

The following represents the basis for allocating various types of overhead costs

Type of Overhead Cost	Basis for Allocation to Departments
General Government	Department Agenda Frequency, Size of Operating Budget, Number of Full Time Equivalent Employees
Information Technology	Number of Full-Time Employees
Risk Management	Number of Employees and Dollar Value of Claims
Human Resources	Number of Employees and Recruitments
Telecommunications	Number of Phones
Fleet Maintenance	Number of Repairs Performed
Facility Maintenance	Building Square Feet and Number of Repairs Performed
Mail Services	Interoffice Mail Activity and Dollar Value of Postage used
Facility and Equipment Replacement	Dollar Value of Equipment/Facilities and useful life

**Budget Reductions** Reductions shall be evaluated on a programmatic basis to reach the appropriation levels required within available funding. When budget reductions are necessary, departments prioritize service programs and propose reductions in areas that have the least impact upon services to the community and the overall attainment of City goals. Departments also consider the potential effects on interrelated or cross-departmental programs when developing budget reductions.

**General Fund Support/Net City Cost** General Fund Support is the amount of General Fund money allocated to a given program budget after revenues and other funding sources are netted against program expenditures. Significant variances from budgeted General Fund Support/Net City Cost amounts during the fiscal year may result in a recommendation to reduce expenditures to ensure that the budgeted net costs are achieved by fiscal year end.

**Debt Financing** Debt is incurred for the purpose of financing capital projects cost effectively in those years in which the improvement will provide benefits. Debt is also incurred to reduce future costs such as refinancing (pension obligation bonds, general obligation bonds, certificates of participation) at lower interest rates. The City finances and administers debt consistent with established City Council policies, which are as follows:

- The City will limit the use of debt so as not to place a significant burden on the fiscal resources of the City and its taxpayers.
- The City will limit long-term borrowing to capital improvements or projects that cannot be financed from current revenues.



- When capital projects are financed, the City will amortize the debt within a period not to exceed the expected useful life of the project.
- An internal analysis will be conducted for each proposed long-term financing to analyze the impacts of the estimated annual debt service costs on current and future budgets
- External financial advisers and bond counsel will be consulted regarding each proposed bond issue. These parties will be selected in a manner consistent with the City’s purchasing policy.
- The debt ratio (debt guaranteed by the General Fund) will not exceed the maximum allowed under State law.

To the extent resources are available, the City provides for the routine maintenance of City facilities and infrastructure from operating resources. The City attempts to fund capital projects with grants, impact fees, or other non-recurring resources. If these funding sources are insufficient, developing new funding sources using general revenues, operating surplus, capital reserves or leveraging these resources through long-term debt is pursued.

**General Fund Fund Balance** General Fund fund balance that is available at the close of any given fiscal year is estimated during the final stages of the budget development process for the following fiscal year. Fund balance is used to achieve and maintain the City’s reserve goals, and to balance subsequent budgets only when recommended by the City Manager and approved by the City Council. It is the policy of the City Council to maintain available General Fund reserves of at least 20% of annual expenditures. In addition, the City should strive to reduce its reliance upon prior year’s remaining fund balance to finance subsequent year operations.

**Contingency Reserves** In the General Fund, the City shall strive to maintain a minimum of \$200,000 of its operating budget in budgeted contingency. Contingency should be used to support economic uncertainties, one-time operating cost increases, special studies or reports necessary to fulfill the organization’s mission.

**Sewer Fund Reserves** In its Sewer Fund, the City shall strive to maintain a minimum of six months of operating revenues and \$2 million for future capital projects in its reserves, to account for delays in receipt of sewer charges placed on the County tax roll and to ensure sufficient available cash to pay operating and capital expenses.

**Community Development Core Staffing Level Fund** In this fund, the City shall strive to maintain a minimum of 90 days of operating revenues to account for variable development cycles for building and planning services.



Early 2015 marked the kickoff of budget preparation with the distribution of a budget calendar and financial data to help departments begin to prepare their budgets. Departments then submitted proposed budgets based upon existing service levels, proposed new service levels or reductions and program goals.

This process, overseen by the City Manager’s Office and Finance, was completed in April 2015. The City Manager’s recommended budget was presented to Council and made available to the public in May 2015. Budget workshops were held during April through June 2015 and the budget was scheduled for adoption in June 2015.

Important Dates	Event
January	Budget kickoff meeting
March	Distribution of December Interim Financial Reports
January through May	Budget presentations to Executive Team
January through April	Submission of capital budget project sheets
March	Budget items due to Finance
March	Presentation of Mid-Year Report to City Council
March through May	Finance reviews budget worksheets for accuracy and completeness
March through April	Administrative Services meets with departments regarding two year budget
April	First draft of recommended capital budget / CIP
April	Budget Executive Team reviews proposed budget options
May/June	Updates to fees & charges for programs
April through June	Special budget study sessions with City Council
June	Public Hearing on adoption of budget and Gann Limit

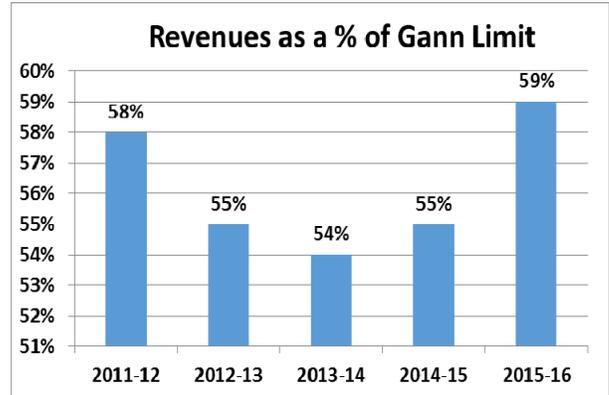




# City of Alameda Budget and Forecast

## Proposition 4 (Gann Limit) Analysis

Section 7910 of the California Government Code and Article XIII B of the California Constitution (commonly referred to as the “Gann Limit”) restrict the amount of revenue that cities can appropriate in any fiscal year. Annually, the City must adopt a resolution to approve the appropriations limit based on actual appropriations in FY 78-79, adjusted by a.) the greater of growth in California per capita income or the percentage change in the local assessment roll from the preceding year due to the addition of new nonresidential construction in the City, and b.) the greater of the growth in City or County population.



Section 37200 requires that the Gann limit and the total appropriations subject to the limitation be published in the annual budget. The City's limitation is calculated annually and was adopted by City Council resolution on June 2, 2015, as part of its annual operating budget. Below is the calculation:

Fiscal Year 2014-15 Appropriations Limit	\$96,853,691
Adjustment Factors	
a. Cost of Living (Non-residential new construction)	1.0609
b. Population Change (Change in County population)	1.0130
Change Factor (a. x b.)	1.0746917
<b>Fiscal Year 2015-16 Appropriations Limit</b>	<b><u>\$104,087,858</u></b>

**II. Calculation of appropriations subject to the Appropriations Limit:**

Fiscal Year 2015-16 Budgeted General Fund Revenue	\$82,290,000
Less: Non-proceeds of taxes	(20,443,530)
<b>Total FY 2015-16 appropriations subject to the Appropriations Limit:</b>	<b><u>\$61,846,470</u></b>
<b>Percent (%) of Appropriations Limit</b>	<b>59%</b>



# City of Alameda Budget and Forecast

## Proposition 4 (Gann Limit) Analysis

For Fiscal Year 2015-2016, the City will continue to maintain a comfortable cushion between the appropriations limit and net proceeds of taxes. The following represents a trend analysis of the appropriations limit versus the net proceeds of taxes for the last five fiscal years, which shows that the City should remain under its appropriations limit well into the future.

	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
<b>Appropriations Limit</b>	\$85,785,664	\$89,894,797	\$95,639,075	\$96,853,691	\$104,087,858
<b>Net Proceeds from Taxes</b>	49,746,368	49,484,525	51,714,653	52,887,598	61,846,470
<b>Difference</b>	36,039,296	40,410,272	43,924,422	43,966,093	42,241,388
<b>% of Limit</b>	58%	55%	54%	55%	59%

Additional appropriations to the budget funded by non-tax sources such as beginning fund balances, grants, or service charges are unaffected by the appropriations limit. However, any supplemental appropriations funded through increased tax sources are subject to the appropriations limit and can not exceed the difference noted above. Any overall actual receipts from tax sources greater than the variance would result in taxes in excess of the appropriations limit and would require refunds of the excess in the next two years or voter approval of an increase in the appropriations limit.

### A. City Long-Term Debt (excluding AMP)

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the term of the related debt. Bond discounts and issuance costs of long-term debt issues are amortized during the life of the related debt.



The City's long-term debt activities for the year ended June 30, 2014, are as follows:

	CUSIP Number	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Current Portion
<b>Governmental Activity Debt:</b>						
<b>Certificates of Participation:</b>						
2002 City Hall	not available	\$7,395,000		\$7,395,000		
2008 Refinancing Project	010762JL7	3,305,000		460,000	\$2,845,000	\$480,000
2013 Financing Project	010762KD3		\$9,610,000	600,000	9,010,000	445,000
Plus: Unamortized bond premium			422,350	19,006	403,344	
<b>Total Certificates of Participation</b>		<b>10,700,000</b>	<b>10,032,350</b>	<b>8,474,006</b>	<b>12,258,344</b>	<b>925,000</b>
2003 General Obligation Bonds	010752BG7	8,925,000		8,925,000		
2003 ARRA Demand Revenue Bonds	010808CC5	11,700,000		300,000	11,400,000	400,000
2013 General Obligation Refunding Bonds	010752BY8		9,010,000		9,010,000	400,000
Plus: Unamortized bond premium			90,488	3,042	87,446	
Leases Payable	not available	5,085,763	140,000	453,663	4,772,100	460,681
HUD Section 108 Loan	not available	6,355,000		164,000	6,191,000	181,000
<b>Subtotal</b>		<b>32,065,763</b>	<b>9,240,488</b>	<b>9,845,705</b>	<b>31,460,546</b>	<b>1,441,681</b>
<b>Total Governmental Activity Debt</b>		<b>42,765,763</b>	<b>19,272,838</b>	<b>18,319,711</b>	<b>43,718,890</b>	<b>2,366,681</b>
<b>Business Activity Debt:</b>						
State Construction Loan	not available	14,158		14,158		
State Water Resources Control Board	not available	709,933		134,265	575,668	138,024
State Revolving Fund Loan, 1998	not available	814,848		127,245	687,603	130,553
State Revolving Fund Loan, 1999	not available	421,488		55,509	365,979	57,008
State Revolving Fund Loan, 2004	not available	890,477		79,124	811,353	81,176
Sewer Revenue Bond, 2012 Series A	010782AT7	14,715,000		250,000	14,465,000	275,000
Plus: Unamortized bond premium		105,373		3,597	101,776	
<b>Total Business Activity Debt</b>		<b>17,671,277</b>		<b>663,898</b>	<b>17,007,379</b>	<b>681,761</b>
<b>Total City Debt</b>		<b>\$60,437,040</b>	<b>\$19,272,838</b>	<b>\$18,983,609</b>	<b>\$60,726,269</b>	<b>\$3,048,442</b>



## B. Description of the City's Long-Term Debt Issues

The balance of the City's debt is in various forms as follows:

### **Governmental Activity Debt**

#### **Certificates of Participation**

Some of the City's debt is in the form of Certificates of Participation, which are a type of long-term borrowing secured by lease payments made by the City under non-cancelable lease agreements. The cost of the assets securing these leases and the balance of the debt evidenced by these Certificates of Participation have been included in the City's financial statements, as these leases are in essence financing arrangements with ownership of the financed assets reverting to the City at the conclusion of the lease term.

**2002 City Hall Refinancing Project Certificates of Participation** – The City issued Certificates of Participation in the original principal amount of \$11,370,000, bearing interest at 2.25-4.75%, on September 10, 2002, in order to repay the City's outstanding \$10,565,000 1995 City Hall Seismic Upgrade and Renovation Project Certificates of Participation. The 1995 COP was to finance the seismic upgrade and renovation of City Hall and certain fire station facilities under a non-cancelable lease of these facilities extending to May 1, 2025.

On September 17, 2013, the City approved the issuance of 2013 Certificates of Participation to repay the 2002 Certificates of Participation and to finance the costs of construction of a new City Emergency Operations Center in the amount of \$9,610,000.

The proceeds of the 2013 Bonds deposited in an irrevocable trust to provide for all future debt service payments of 2002 COPs. Accordingly, the trust account assets and the liability for the refunded portion of the 2002 COPs are not included in the financial statements.

#### **2008 Refinancing Project Certificates of Participation**

In July 2008, the City Council authorized the issuance of the Certificates of Participation (2008 Refinancing Project) in the amount of \$4,575,000 to refinance the 1996 Police Building Refunding and Equipment Financing Certificates of Participation and the 1996 Library and Golf Course Upgrade and Renovation Certificates of Participation. The 2008 Certificates bear interest rates from 4% to 5% which are payable semi-annually in May and November. The City's principal payments commenced on May 1, 2011.

### **2013 Financing Project Certificates of Participation**

On September 17, 2013, the City of Alameda Financing Authority authorized the issuance of the Certificates of Participation (2013 Refinancing Project) in the amount of \$9,610,000 to repay the City of Alameda 2002 Certificates of Participation and to finance the costs of construction of a new City Emergency Operations Center and associated expenses. The 2013 Certificates bear interest rates from 3% to 4%, which are payable semi-annually in May and November commenced on May 1, 2014.

The refunding resulted in an overall debt service savings of \$2,308,759. The net present value of the debt securities savings is called an economic gain and amounted to \$926,233.

### **General Obligation Bonds**

**2003 General Obligation Bonds** – On November 7, 2000, the voters approved the issuance of General Obligation Bonds, which the City issued on March 25, 2003, in the principal amount of \$10,600,000, in addition to a reoffering premium of \$268,000, to finance the acquisition and construction of a new main library and improvements to two branch libraries within the City.

On September 17, 2013, the City approved the issuance of 2013 General Obligation Bonds in the amount of \$9,010,000 to repay the 2003 General Obligation Bonds and to finance the construction and renovation of various public libraries.

**2003 ARRA Variable Rate Demand Revenue Bonds** – On December 1, 2003, the Alameda Public Financing Authority issued Variable Rate Revenue Bonds in the original principal amount of \$13,440,000 at a variable rate of interest determined on a weekly basis. The proceeds from the bonds were used to refund the 1999 ARRA Revenue Bonds, which were issued to finance the costs of certain improvements at Alameda Point, and to finance professional services for land use planning and other activities required for the redevelopment process at Alameda Point. Repayment of these bonds is from lease revenues paid to ARRA from certain land, buildings, fixtures and equipment. Interest is payable on the first business day of each month.

The pledge of sublease revenues ends upon repayment of the \$11,533,510 in remaining debt service on the Bonds, which is scheduled to occur in 2034. As disclosed in the bond indenture documents, pledged future sublease revenues are expected to provide coverage over debt service of 1.5 during the life of the Bonds. For fiscal year 2013-14, sublease revenues amounted to \$11,695,184 which represented coverage of 3,762% over the \$310,866 in debt service.

### **2013 General Obligation Refunding Bonds**

On September 17, 2013, the City Council approved the repaying of General Obligation Bonds originally issued in 2003. The Refunding Bonds were issued on November 1, 2013, in the principal amount of \$9,010,000 to refund, on a current basis, the City of Alameda General Obligation Bonds, Series 2003, and pay for costs of issuance of the Bonds. The 2003 Bonds were issued to finance the construction and renovation of various public libraries. The bonds bear interest between 3% and 3.4%. The repayment of the bonds is secured by all non-restricted revenue of the City. Principal payments are due annually on August 1. Interest payments are due semi-annually on February 1 and August 1 through August 1, 2033.

The refunding resulted in an overall debt service savings of \$1,779,883. The net present value of the debt securities savings is called an economic gain and amounted to \$953,711.

### **Leases and Loans Payable**

**Leases Payable** – At June 30, 2014, the City held the following leases payable. Under the lease agreements, ownership of the capital assets reverts to the City at the end of the lease terms. Since the leases are in essence financing arrangements, the costs of the capital assets and the amounts of the lease terms have been included in the City's financial statements.

**Fire Apparatus Lease Payable** - On October 19, 2011, the City entered into a lease agreement in the amount of \$1,750,000 with Oshkosh Capital to acquire two fire apparatus vehicles. The City agreed to pay the lease starting on October 19, 2012, in annual payments of \$147,127, which includes interest, for fifteen years. Balance of the lease as of June 30, 2014, was \$1,559,645.

**Radio Lease Payable** - On October 1, 2011, the City entered into a lease agreement in the amount of \$1,507,194 with Holman Capital Corporation to acquire 206 hand-held radios and 124 vehicle radios. The City agreed to pay the lease starting on October 11, 2012, in annual payments of \$231,896, which includes interest rate of 1.89%, for 7 years. Balance of the lease as of June 30, 2014, was \$1,096,530.

**2013 Fire Truck Lease Payable** - On September 26, 2012, the City entered into a lease agreement in the amount of \$1,965,726 with Oshkosh Capital to acquire two fire apparatus vehicles. The City agreed to pay the lease starting on September 26, 2013, in annual payments of \$162,546 which includes interest, for fifteen years. Balance of the lease as of June 30, 2014, was \$1,858,648.

**2013 Ambulance Lease Payable** - On April 23, 2013, the City entered into a lease agreement in the amount of \$199,348 with Oshkosh Capital to acquire an ambulance vehicle. The City agreed to pay the lease starting on April 24, 2013, with the first payment of \$39,348 and annual payments thereafter of \$25,584 which includes interest, for eight years. Balance of the lease as of June 30, 2014, was \$139,056.

**2013 Ambulance Lease Payable** - On August 14, 2013, the City entered into a lease agreement in the amount of \$140,000 with US Bancorp to acquire an ambulance vehicle. The City agreed to pay the lease starting on October 24, 2013, with annual payments of \$21,779. Balance of the lease as of June 30, 2014, was \$118,221.

**HUD Section 108 Loan** - On January 5, 2006, the City entered into an agreement to borrow \$7,000,000 from the Housing and Urban Development Department. In September 2006, the City drew down \$4,000,000 for the construction of the Alameda Theater Garage Project. In August 2007, the City drew down an additional \$3,000,000 for the same project. Principal and interest payments of both loans are due semi-annually on August and February through 2027. The loan carries a variable interest rate of 20 points above the LIBOR rate. Repayments of the loans are funded by a BEDI (Brownfields Economic Development Initiative) grant, parking garage and retail and cinema lease revenues. The outstanding balance as of June 30, 2014 is \$6,191,000.

## **Business Activity Debt**

### **Certificates of Participation**

#### **Loans Payable**

**State Construction Loan** - On May 2, 1989, the City entered into a loan with the State of California State Water Resources Control Board for \$400,431 at 3.39% interest to construct facilities for the control and prevention of water pollution. The loan is payable from Sewer Service Enterprise Fund operating revenues. The City agreed to make annual payments of \$24,349 through December 1, 2013. The loan was repaid during fiscal year 2014.

**State Water Resources Control Board** - On February 8, 1996, the City entered into a loan with the State of California State Water Resources Control Board for up to \$2,324,502 at 2.8% interest, of which all has been drawn down. The purpose of the loan is to provide funding to install sanitary sewer facilities. The loan is payable from Sewer Service Enterprise Fund operating revenues. The City agreed to make annual payments of \$154,144 through August 5, 2017. The balance as of June 30, 2014, was \$575,668.

**State Revolving Fund Loan 1998** - The City entered into a contract on July 1, 1998, to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to replace sewers to correct infiltration and inflow. The maximum loan amount is \$2,292,025, of which all has been drawn down. This loan bears interest at 2.6% per year for a term of twenty years. The balance as of June 30, 2014 was \$687,603.

**State Revolving Fund Loan 1999** - The City entered into a contract on September 29, 1999, to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to replace sewers to correct infiltration and inflow. The maximum loan amount is \$1,193,529 and bears interest at 2.7% per year for a term of twenty years. The balance as of June 30, 2014, was \$365,979.

**State Revolving Fund Loan 2004** - The City entered into a contract on August 12, 2004, to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to replace sewers to correct infiltration and inflow. The maximum loan amount is \$1,840,292 and bears interest at 2.6% per year for a term of twenty years. The balance as of June 30, 2014, was \$811,353.

### Revenue Bonds

**Sewer Revenue Bonds 2012 Series A** - On October 3, 2012, the City of Alameda Financing Authority issued Sewer Revenue Bonds 2012 Series A, in the original principal amount of \$14,715,000, to repay the 1995 Sewer System Refinancing and Improvement Certificates of Participation, and to finance improvements to the City's municipal sewer system. The Bonds bear interest between 2% and 4%, which are payable semi-annually in February and August. Principal payments of the Bonds commenced on August 1, 2013.

The pledge of sublease revenues ends upon repayment of the \$21,967,653 in remaining debt service on the Bonds, which is scheduled to occur in 2042. As disclosed in the bond indenture documents, pledged future revenues are expected to provide coverage over debt service of 1.25 during the life of the Bonds. For fiscal year 2014, revenues amounted to \$9,734,465 which represented coverage of 1,378% over the \$706,318 in debt service.



# City of Alameda Budget and Forecast

## Budgeted Debt Obligations

### C. Annual Debt Service Requirements for City / AMP

Annual debt service requirements are shown below for all long-term debt:

For the Year Ending June 30	Governmental Activities		Business-Type Activities		Component Unit Alameda Municipal Power	
	Principal	Interest	Principal	Interest	Principal	Interest
	2015	\$2,366,681	\$1,235,441	\$681,761	\$512,044	\$3,358,581
2016	2,427,979	1,164,856	702,669	492,783	1,130,000	1,469,601
2017	2,243,564	1,095,904	718,872	472,934	1,170,000	1,424,034
2018	2,311,449	1,031,374	740,373	449,628	1,220,000	1,372,054
2019	2,384,637	961,400	613,041	425,518	1,275,000	1,312,883
2020-2024	12,144,253	3,637,990	2,458,887	1,844,054	7,540,000	5,419,891
2025-2029	12,239,539	1,606,572	2,325,000	1,504,328	10,310,000	2,677,336
2030-2034	7,109,998	318,599	2,680,000	1,142,698	4,945,000	243,881
2035-2039			3,110,000	708,218		
2040-2043			2,875,000	190,279		
<b>Total</b>	<b>43,228,100</b>	<b>\$11,052,136</b>	<b>16,905,603</b>	<b>\$7,742,484</b>	<b>30,948,581</b>	<b>\$15,430,884</b>
Plus Unamortized bond premium	490,790		101,776			
Less deferred amount on refunding					(870,048)	
<b>Total</b>	<b>\$43,718,890</b>		<b>\$17,007,379</b>		<b>\$30,078,533</b>	

### D. Special Assessment Debt Without City's Commitment

Paragon Gateway Community Facilities District #2, Harbor Bay Community Facilities District #1 (Harbor Bay Business Park), and the Alameda Public Financing Authority (Marina Village Assessment District Bond Refinancing), have also issued debt, but the City has no legal written liability with respect to the payment of this debt, which is secured by assessments on the properties in these Districts.

At June 30, 2014, the combined outstanding debt amount for all of these assessment districts was \$10,010,000.



City of Alameda Budget and Forecast  
 Budgeted Debt Obligations

E. Successor Agency Debt

Successor Agency assumed long-term debt from the Redevelopment Agency consisted of the following:

**Current Year Transaction and Balances**

	CUSIP Number	Balance June 30, 2013	Retirements	Balance June 30, 2014	Due within one year	Due more than one year
2011 Tax Allocation Bonds, Series A & B	010781DZ2	\$10,740,000		\$10,740,000		\$10,740,000
Discount		(117,105)	(4,312)	(112,793)		(112,793)
Total Bonds		10,622,895	(4,312)	10,627,207	0	10,627,207
2006 CRA/ERAF Loan Program	Not available	255,000	80,000	175,000	85,000	90,000
Total		\$10,877,895	\$75,688	\$10,802,207	\$85,000	\$10,717,207

**2014 Subordinate Tax Allocation Refunding Bonds Series A & B** - On December 23, 2014 the Community Improvement Commission issued Series 2014 A Subordinate Tax Allocation Refunding Bonds in the principal amount of \$23,495,000, and Series 2014 B Subordinated Tax Allocation Refunding Bonds in the principal amount of \$25,080,000 for a total principal amount of \$48,575,000. Proceeds from the sale of the bonds will be used to (a) refund certain outstanding bonds issued by the former Community Improvement Commission of the City of Alameda, (2003 Tax Allocation Bonds Series A1, A2, B, C, and D) the proceeds of which were used to finance redevelopment and low and moderate income housing activities, (b) purchase a municipal bond insurance policy in lieu of funding a debt service reserve fund for the bonds, and (c) provide for the cost of issuing the bonds. Payments will be made semi-annually in March and September beginning in March 2015. Interest on the Series 2014 A bonds is a fixed rate of 5.0%, and the Series 2014 B bonds interest varies between 0.553% and 4.0%.

**2011 Community Improvement Commission Tax Allocation Bonds**

On May 1, 2011, the Community Improvement Commission issued Series 2011 A Subordinated Tax Allocation Housing Bonds in the principal amount of \$9,870,000 and Series 2011 B Subordinated Tax Allocation Housing Bonds in the principal amount of \$1,165,000, for a total original principal amount of \$11,035,000, for the Commission's merged improvement areas. Proceeds from the sale of the Bonds will

be used to (a) finance certain housing activities of the Agency, (b) refinance the obligations of the Agency under a 1992 Loan Agreement, (c) make a deposit to the Reserve Account for the Bonds in an amount equal to the initial Reserve Requirement, and (d) pay the costs of issuing the Bonds. The Series 2011 A and B are secured by a subordinate pledge of tax revenues. Principal and interest are payable annually on September 1 through 2041. The interest rates on the bonds vary between 2 to 8.5%. The bond was issued with \$125,326 discount. The outstanding balance as of June 30, 2014 was \$10,627,207, net of discount.

### ***ERAF Loan Program***

In April 2007, the Community Improvement Commission borrowed \$695,000 from the California Statewide Communities Development Authority to pay for Educational Revenue Augmentation Fund (ERAF) payments due to Alameda County. Both principal and interest payments are made semiannually in November and March through March 2016. The loan carries a 6% interest rate. The outstanding balance as of June 30, 2014 was \$175,000.

With the dissolution of the CIC discussed above, tax increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the CIC, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes received by the Successor Agency in the current fiscal year were \$8,076,432 which represented coverage of 1.37 times the \$5,887,630 of debt service.



**Debt Service Requirements**

Annual debt service requirements are shown below:

For the Year Ending June 30	Principal	Interest
2015	\$1,850,000	\$4,141,920
2016	1,955,000	4,049,896
2017	1,965,000	3,948,043
2018	2,095,000	3,846,486
2019	2,205,000	3,738,879
2020-2024	13,670,000	16,731,285
2025-2029	18,755,000	12,337,844
2030-2034	21,045,000	5,902,466
2035-2039	4,350,000	1,444,151
2040-2042	1,640,000	220,576
Subtotal	69,530,000	<u>\$56,361,546</u>
Less Discount:	(112,793)	
Total	<u>\$69,417,207</u>	

E. Debt Issued Subsequent to June 30, 2014

**2014 Fire Truck Lease Payable** – On August 4, 2014 the City entered into a lease agreement in the amount of \$673,799 with US Bancorp to acquire a fire truck. The City agreed to pay the lease starting on August 5, 2015 with annual payments of \$66,926, which includes interest, for twelve years.





# City of Alameda Budget and Forecast

## Fire Vehicle Financing Plan



Fiscal Year	Apparatus	Cost / Principal	Annual Debt Payment*	Term (years)	Total Debt Service for Fiscal Year
2011/2012	Engine 4	\$ 676,000	\$ 54,435	15	
	Truck 1	1,144,000	92,687	15	
<b>Sub-Total</b>		<b>\$ 1,820,000</b>	<b>\$ 147,122</b>		<b>\$ -</b>
2012/2013	Engine 1	\$ 676,000	\$ 59,186	15	
	Truck 2	1,144,000	103,360	15	
	Medic 4	199,348	25,584	7	
	BLS Ambulance 1	\$ 62,467	\$ 16,758	4	
<b>Sub-Total</b>		<b>\$ 2,019,348</b>	<b>\$ 188,130</b>		<b>\$ 200,435</b>
2013/2014	V-80 Medic 501 Remount	\$ 140,000	\$ 21,779	7	
	BLS Ambulance 2	64,936	14,175	5	
<b>Sub-Total</b>		<b>\$ 204,936</b>	<b>\$ 35,954</b>	<b>\$ 12</b>	<b>\$ 382,059</b>
2014/2015	Engine 2	\$ 673,799	\$ 66,926	15	\$ 387,965
2015/2016	V-84 Medic 502 ReMount	\$ 150,000	\$ 150,000	1	\$ 604,891
2016/2017	N/A	\$ -	\$ -		\$ 511,122
2017/2018	Engine 3	\$ 790,824	\$ 70,196	15	\$ 508,329
2018/2019	Medic 4 Remount	\$ 127,749	\$ 20,954	7	\$ 521,014
2019/2020	Medic 1	\$ 232,000	\$ 38,054	7	\$ 527,577
2020/2021	Engine	\$ 925,152	\$ 82,119	15	
	Truck	1,570,000	139,357	15	
<b>Sub-Total</b>		<b>\$ 2,495,152</b>	<b>\$ 221,476</b>		<b>\$ 766,850</b>
2021/2022	Medic 2	\$ 241,280	\$ 39,576	7	\$ 766,850
<b>Sub-Total</b>					

\*Annual Debt Payment for FY 13/14 and FY 14/15 are actual. Payments for FY 15/16 through FY 26/27 are projected based on negotiated APR and on the term of the Lease.

# A

**ACCWP:** The Alameda Countywide Clean Water Program educates the public on how to keep businesses and homes from contributing to stormwater pollution.

**ACCYF:** The Alameda Collaborative for Children, Youth and Their Families program provides support services for children, youth, and families.

**ACI:** Alameda County Industries provides residential, commercial and industrial collection services for recyclables, organics and garbage within the City of Alameda.

**Ad Valorem Tax:** A tax based on value (e.g. a property tax).

**Advance Refunding:** A procedure by which an outstanding debt issue is eliminated from the municipality's gross debt in advance of its natural maturity by issuing a new bond issue to call the existing debt. The proceeds from the new issue are used to purchase U. S. Treasury obligations to secure payments of interest and principal of the "refunded issue" until the outstanding issue is called.

**AFIS:** Automated Fingerprint Identification System.

**AMP:** Alameda Municipal Power



**Appropriation:** An authorization made by the City Council, which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period, though multi-year appropriations can be established for capital projects and other special purpose funds. Multi-year appropriation authority remains in effect until the amount appropriated has been totally expended or until the fund, program, or project is closed because its assigned purpose has been changed or accomplished.

**ARRA (Base Reuse):** Formerly the Alameda Reuse and Redevelopment Authority, this department supports the operations and maintenance of the former Alameda Naval Air Station property.

**Assessed Valuation:** A valuation set upon real estate or other property by a government as a basis for levying taxes.

**ATF (Recreation):** Formerly the Athletic Trust Fund Administration program provides oversight and management of Alameda Recreation and Park Department programs.

**AUSD:** Alameda Unified School District.

# B

**BEDI:** Brownfields Economic Development Initiative.

**BLS:** Basic Life Support.

**Benefits:** Those benefits paid by the City to employees as conditions of employment. Examples include insurance and retirement benefits.

**Bond (Debt Instrument):** A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.

**Budget:** The official financial spending and resource plan submitted by the City Manager and adopted by the City Council.

**Budget Calendar:** The schedule of key dates or milestones, which the City follows in the preparation and adoption of the budget.

**Budget Message:** A written explanation by the City Manager of the approved budget. The budget message explains principal budget and policy issues, and presents an overview of the City Manager’s budget recommendations.



**CalOSHA:** California Occupational Safety and Health Administration – State Division



**CALPERS:** The California Public Employees Retirement System provides retirement benefits for the employees of public agencies in the State of California.

**Capital Assets:** Expenditures made to acquire, reconstruct, or construct major fixed or capital assets. A fixed asset is a tangible object of a long-term character, which will continue to be held or used, such as land, buildings, machinery, furniture and other equipment. A capital (fixed) asset must be at least \$10,000 in cost and have an expected useful life expectancy of at least four years.

**Capital Improvements:** Buildings, structures, or attachments to land such as sidewalks, trees, drives, tunnels, drains, and sewers.

**Capital Investment Program (CIP):** A plan for capital expenditures to be incurred setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

**Capital Projects Fund:** Capital Projects Funds are used to account for financial resources used in the acquisition or construction of major capital facilities other than those financed by Enterprise or Trust Funds.

**Capital Outlay:** Vehicles, equipment, improvements, software, and furniture purchased by the City which individually amount to an expenditure of more than \$10,000 and which have an expected life of more than one year.

**Carryover:** An unspent appropriation of one fiscal period reauthorized for a subsequent period.

**CDBG:** Community Development Block Grant. A program of the U.S. Department of Housing and Urban Development to fund local community development activities such as affordable housing, anti-poverty programs, and infrastructure development.

**CDIAC:** California Debt and Investment Advisory Commission.

**CERT:** Community Emergency Response Team is a volunteer program conducted by the City’s Fire Department.

**CDF:** Community Development Fee.

**Charter City:** A city or county which derives its local powers from a legal charter independent of state statutes.

**CIT:** Construction Improvement Tax.

**CMP:** Congestion Management Program.

**Community Development Block Grant (CDBG):** Federal grant funds distributed from the U.S. Department of Housing and Urban Development that are passed through to the City’s CDBG (special revenue) fund. The City primarily uses these funds for housing rehabilitation, public improvements, and local social programs.

**Community Improvement Commission (CIC):** The CIC is the City’s former redevelopment agency. Effective February 1, 2012, redevelopment agencies throughout the State of California were dissolved as a result of State legislation. The City of Alameda is the Successor Agency for the CIC’s non-housing activities, and the Housing Authority of the City of Alameda is the Successor Housing Agency.

**Certificates of Participation (COP):** A certificate of participation is a form of long-term financing which represents a divided share of a lease that is assigned or marketed to investors. These debt instruments typically represent general obligation debt but can also be issued by enterprises.

**Citizens’ Option for Public Safety (COPS):** A State-funded program that provides supplemental funding to local jurisdictions for front-line municipal police services.

**CLETS:** California Law Enforcement Telecommunications System.

**COLA:** Cost of Living Adjustment.

**Comprehensive Annual Financial Report (CAFR):** The official financial report of the City. It includes an audit opinion as well as basic financial statements and supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions.



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

**Contingency Account:** An account in which funds are set aside for unforeseen expenditures which may become necessary during the year.

**Contract Services:** Services provided from the private sector or other public agencies.

**Cost Allocation:** A fair and equitable methodology for identifying and distributing direct and indirect costs among various cost centers based upon some predetermined basis of allocation. In performing the cost allocations, all indirect costs have been allocated to direct cost activities.

**CPR/AED:** Cardiopulmonary Resuscitation and Automated External Defibrillator.

**CSMFO:** The California Society of Municipal Finance Officers, a statewide organization of municipal finance professionals. CSMFO annually sponsors a Budget Awards Program that recognizes municipal budgets in four categories: operating budgets, capital budgets, public communications documents, and innovations in budgeting.



**Debt:** An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

**Debt Service:** Payment of interest and repayment of principal to holders of the City's debt according to a pre-determined schedule.

**Debt Service Fund:** Fund used to account for the accumulation of resources for and payment of general long-term debt principal, interest, and related costs.

**Delinquent Taxes:** Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached. Even though the penalty may subsequently be waived and a portion of the taxes may be abated or canceled, the unpaid balances continue to be delinquent taxes until abated, canceled, paid or converted into tax liens.

**Department:** A major administrative division of the City, which indicates overall management responsibility for an operation or a group of related operations within a functional area. A department usually has more than one program and may have more than one fund.

**Depreciation:** (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. (2) That portion of the cost of a capital asset that is charged as an expense during a particular period.

**Developer Fees and Permits:** Fees that are charged for specific services provided by Community Development, Fire and Public Works. See the City's website at <http://alamedaca.gov/finance/master-fee-schedule> for the City's current fee schedule.

**Diversification:** Dividing investment funds among a variety of securities offering independent returns

**Division:** A program or activity, within a department, that furthers the objectives of the City Council by providing services or products.

**DOJ:** Department of Justice.

**Duration:** A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

**DUT:** Dwelling Unit Tax.




**East Bay Regional Park District (EBRPD):** East Bay Regional Park District is a system of beautiful public parks and trails in Alameda and Contra Costa counties.

**Employee Compensation:** The City has established an employee compensation plan that is designed to attract and retain highly qualified individuals who are capable of delivering a high level of service in a streamlined organization. The City is committed to providing competitive, market-based compensation. As part of this policy, market surveys will periodically be performed of similar positions in the local area and salary ranges will be adjusted based upon these surveys. Salary adjustments are periodically provided to employees within their classification survey upon completion of a comprehensive performance appraisal. As part of its employee compensation package, the City offers the following range of benefits (depending on bargaining unit) to its regular full and part-time employees:

Choice of medical plans (with employer contributions)	Flexible benefits: dependent care, medical spending accounts
Paid holidays and leave	457 Deferred Compensation Plan
Dental coverage	Life insurance
Wellness program	Disability insurance
Employee Assistance Program	Vision insurance
CalPERS Retirement Plan (For Classic PERS Employees - 3% @ 50 for Sworn; 2% @ 55 for all other employees) (For employees new to PERS – 2.7% @ 55 for Sworn, 2% @ 62 for all other employees)	

There are several employee bargaining groups within the City, and the outcomes from these negotiations have a significant effect on these costs. See the City’s website at <http://alamedaca.gov/human-resources/benefits> for more information.

**EMS:** The Emergency Medical Services Division of the Fire Department provides for emergency medical first responder and ambulance transport services.

**EMT:** Emergency Medical Technicians.

**Encumbrances:** Commitments related to contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities but represent the estimated amount of expenditures ultimately to result if contracts in process are completed. A purchase order is a common encumbrance.

**Enterprise Fund:** A fund type used to account for operations that are financed or operated in a manner similar to private business enterprise, where the intent of the governing body is that costs of providing goods and services be recovered primarily through user charges.

**EPA:** Environmental Protection Agency. An agency of the federal government of the United States charged with protecting human health and the environment.

**ERAF:** This represents an annual shift in property taxes from local government agencies to the State’s Educational Revenue Augmentation Fund (ERAF).

**Expenditures:** Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants entitlement and shared revenues.





**FAAS:** Friends of the Alameda Animal Shelter is a non-profit entity that assumed the operations of the Animal Shelter in fiscal year 2011-12.

**Fiduciary Funds:** Funds used to report assets held in a trustee or agency capacity for others.

**Final Budget:** Term used to describe revenues and expenditures for the upcoming year beginning July 1 as adopted by the City Council.

**Financial Advisor:** A consultant to an issuer of securities who provides the issuer with advice with respect to the structure, timing, terms, or other similar matters concerning a new issue of securities.

**FISC:** The Fleet Industrial Supply Center program manages the lease activity at the former Fleet Industrial Supply Center, including property management and infrastructure repair.

**Fiscal Year:** The time period beginning on July 1 of a calendar year and ending on June 30 of the following calendar year. Budgeting is carried out on a fiscal year schedule.

**Fixed Assets:** Assets of a long-term character which are intended to be held or used, such as land, buildings, machinery, furniture, and other equipment.

**FLSA (Fair Labor Standards Act):** The Fair Labor Standards Act sets minimum wage, overtime pay, equal pay and Child Labor Standards for private and public sector employees. Enforcement of the FLSA is assigned to the Department of Labor, Wage, and Hour Division.

**Franchise:** A special privilege granted by a government, permitting the continued use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

**Full-time Equivalent (FTE):** The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year. For example, a full-time employee (1 FTE) is paid for up to 2,080 hours while a .25 FTE employee would work up to 520 hours per year (both excluding overtime).

**Fund:** A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources and related liabilities, and residual equities or balances and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Accounting:** System used by nonprofit organizations, particularly governments. Since there is no profit motive, accountability is measured instead of profitability. The main purpose is stewardship of financial resources received and expended in compliance with legal requirements.

**Fund Balance/Equity:** The excess of fund assets and resources over fund liabilities. A portion of the equity of a governmental fund may be reserved or designated; the remainder is referred to as fund balance.





**Generally Accepted Accounting Principles (GAAP):** The standard framework of guidelines for financial accounting, including standards, conventions, and rules accountants follow in the recording, summarizing and preparation of financial reports.

**Governmental Accounting Standards Board (GASB):** Establishes standards for state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and will guide and educate the public, including issuers, auditors, and users of those financial reports.

**General Fund:** A specific fund which accounts for tax supported activities of the City and other types of activities not accounted for elsewhere. In the City budget, this fund is divided into departments. The General Fund is a governmental fund.

**Government Finance Officers Association (GFOA):** The Government Finance Officers Association of the United States and Canada. GFOA annually sponsors a Distinguished Budget Presentation Awards program and makes awards to those governmental budgets that meet program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

**Goals and Objectives:** Accomplishments a department intends to achieve during the period.



**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.

**Interfund Transfers:** Contributions from one City fund to another in support of activities of the receiving fund. Loans are not included.

**Intergovernmental Revenue:** Revenue received from other governmental agencies and municipalities, such as grants from the State or Federal government.

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



**LAWCX:** Local Agency Workers' Compensation Excess Joint Powers Authority.

**Lease:** A contract for temporary use of equipment or facilities at a negotiated price.

**Levy:** The total amount of taxes, special assessments, or service charges imposed by a government.

**London Interbank Offered Rate (LIBOR):** The LIBOR is the average interest rate that leading banks in London charge when lending to other banks.

**Long-Term Debt:** Financial obligations with maturity of more than one year after the date of issuance.

**Long-Term Financial Plan:** A plan which identifies fiscal issues and opportunities, establishes fiscal policies and goals, examines fiscal trends, produces a financial forecast, and provides for feasible solutions.



**Measure B:** Countywide voter-approved ballot measure that can be used for street construction, repair, maintenance and bicycle pathways.

**Measure WW:** East Bay Regional Park District issued Measure WW bonds as a parcel tax. The Bond’s purpose is to finance the District’s completion of its Regional Park District Master Plan and to provide funds to cities and local park and recreation districts for acquisition and development of local parklands.

**MOUs:** Memorandums of Understanding are bilateral agreements between the City of Alameda and the employees of the City of Alameda.

**MSC:** Mastic Senior Center provides social recreational programs and support services for the City’s growing senior community.

**Municipal Code:** A book containing City Council approved ordinances in effect.



**NCIC:** National Crime Information Center.

**NCPA:** Northern California Power Agency.

**NENA:** National Emergency Number Association.

**NERC:** North American Electric Reliability Corporation.

**NFPA:** National Fire Protection Association.



**NPDES (National Pollution Discharge Elimination System):** Permit system established by the U.S. Environmental Protection Agency to regulate discharge of treated sewage, storm water and urban runoff.



**Operating Budget:** Day-to-day costs of delivering City services.

**Operating Transfer:** Routine or recurring transfer of assets between funds.

**Ordinance:** A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, it has the full force and effect of law within the boundaries of the municipality to which it applies.

**OSHA:** Occupational Safety and Health Administration – Federal Division

## P-Q

**PCCD:** Peralta Community College District.

**PCI:** Pavement Condition Index.

**Performance Measures:** An indicator of the attainment of an objective. It is a specific quantitative measure of work performed or services provided within an activity or program, or it may be a quantitative measure of results obtained through a program or activity.

**Personnel Services:** The classification of all salaries, wages, and fringe benefits expenditures. Fringe benefits include FICA, retirement benefits, hospital and medical insurance, and life insurance.

**POST:** California Peace Officer Standards and Training.

**Program:** Organizational units directed to attain specific purposes or objectives.

**Program Activity:** A broad function or a group of similar or related services/activities, which have a common purpose.

**Program Budget:** A budget wherein expenditures are displayed based on programs of work, and secondarily by the character and object class of the expenditure.



**Projected Surplus/Deficit:** The projected surplus/deficit is the net of forecasted receipts and forecasted disbursements. A surplus is the result of receipts exceeding disbursements, and a deficit is the result of disbursements exceeding receipts.

**Proposition 13:** Limits the local property tax rate to a maximum of 1% of a property's assessed market value, rolled back assessments to 1975-76 values, and unless a property was sold, capped the annual increase in assessed values to 2%. New taxes, such as a parcel tax, must be approved by two-thirds of local voters.

**Proposition 218:** A statewide initiative passed by the voters of California on November 5, 1996. The initiative provided voters with the right to vote on new taxes.

**Proprietary Fund Types:** Sometimes referred to as income determination or commercial-type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those found in the private sector. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position, and changes in financial position.

**PUB:** Public Utilities Board.

**Quimby Act:** The California Legislature first established the Quimby Act in 1965. It provides provisions in the Subdivision Map Act for the dedication of fees and/or parkland. California State law requires developers to dedicate fees or land for public parks at a ratio of 5 acres per 1,000 residents in a new development.



**Reserve:** An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

**Resolution:** An order of a legislative body requiring less formality than an ordinance.

**Retained Earnings:** An equity account reflecting the accumulated earnings of a proprietary (internal service or enterprise) fund.

**Revenue:** Income received by the City in support of a program of services to the community. It includes such items as property taxes, fees, user charges, grants, fines and forfeits, interest income and miscellaneous revenue.

**Revenue Bonds:** Bonds issued pledging future revenues to cover debt payments.

**Risk Management:** An organized attempt to protect an organization’s assets against accidental loss in the most cost effective manner.

**RMS:** Records Management System.

**ROPS:** The Recognized Obligation Payment Schedule outlines the City’s obligations based upon the former City’s Redevelopment Agency (Community Improvement Commission).

**RPTTF:** Alameda County’s Redevelopment Property Tax Trust Fund (RPTTF) used for payment of obligations of the Successor Agency.




**SAFER:** Staffing for Adequate Fire and Emergency Response, i.e. a grant provided to the City by the Federal Government.

**Salaries and Wages:** Amounts paid for personnel services rendered by employees in accordance with rates, hours, terms, and conditions authorized by law or stated in employment contracts. This category also includes overtime and temporary help.

**SR2S:** Safe Routes to School. A State program to reduce injuries and fatalities to school children and to encourage increased walking and bicycling among students.

**Special Assessment Bonds:** Bonds payable from the proceeds of special assessments levied on properties.

**Special Revenue Fund:** A fund used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only require the use of special revenue funds when legally mandated.

**Subventions:** Revenues collected by the State that are allocated to the City on a formula basis. The major subventions received by the City from the State of California include motor vehicle in-lieu and gasoline taxes.

**Supplemental Appropriation:** An appropriation approved by the City Council after the initial budget is adopted.

**Supplies:** Items such as office supplies, short-lived minor equipment with no material value, periodicals, books and generic computer software.



**Taxes:** Compulsory charges levied by a government to finance services performed for the common benefit.

**TC:** Transportation Commission.

**TOT:** Transient Occupancy Tax is imposed on room rates for stays of 30 days or less at a rate of 10% on the room rate.

**Transfers:** All interfund transactions except loans or advances, quasi-external transactions, and reimbursements.

**Triple Flip:** Proposition 57, the Governor’s Economic Recovery Bond bill, was approved by the voters in March 2004. This bill authorized the State to sell \$15 billion of deficit financing bonds to put the budget back in balance. Proposition 57 includes a "triple flip," which essentially swaps one-quarter percent of the local sales tax for an equal amount of "in-lieu" sales tax.

**True Interest Cost:** The federal Truth in Lending Act requires lenders to disclose the true cost of credit to their borrowers and prospective borrowers in the consumer-loan agreement. This cost must be computed by a standard formula that incorporates interest, fees and other costs. This prevents lenders from making misleading statements about the real cost of borrowing from them.

**Trust & Agency Funds:** These funds are used to account for assets held by the City in a trustee capacity or as an agent.



**Urban Runoff Clean Water Program (URCWP):** A water drainage fee.

**USCTA:** United States and Canada Treasurer’s Association

**User Fees:** The payment of a fee for direct receipt of a public service by the person benefiting from the service.




**Vehicle License Fees (VLF):** An annual fee on the ownership of a registered vehicle in California paid to the Department of Motor Vehicles (DMV). The state retains authority over both the amount of revenues that are collected and the method of their distribution to local governments, and the Legislature may alter the level of VLF revenue.

**VOIP:** Voice Over Internet Protocol, technology used in the City’s phone system



**VRDB:** Variable Rate Demand Bond – the City currently has one of these bonds outstanding issued to fund development and related infrastructure at Alameda Point

**WiFi:** Technology that allows electronic data exchange wirelessly over a computer network.

**Working Capital:** Net Working Capital is a common accounting formula used for financial analysis. It is defined as current assets minus current liabilities.

**Warrant:** Security, generally short-term in nature, issued by a municipality and used in the payment of bills.

**Workload Measures:** Indicators that quantify the amount of output performed by a department, program or service.



**City of Alameda  
Computation of Legal Bonded Debt Margin  
June 30, 2014**

Under State law, the City may not issue debt in excess of 15% of the total assessed valuation of taxable property within its boundaries. In accordance with California Governmental Code Section 43605, only the City's general obligation bonds are subject to that legal debt limit.

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u>\$9,858,165,180</u>
--	------------------------

BONDED DEBT LIMIT (15% OF ASSESSED VALUE)	<u>\$1,478,724,777</u>
---	------------------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt (a)	\$47,314,000	
Less:		
Revenue Bonds	25,966,000	
Certificates of Participations	<u>12,258,000</u>	
Amount of debt subject to limit		<u>9,090,000</u>

LEGAL BONDED DEBT MARGIN	<u>\$1,469,634,777</u>
--------------------------	------------------------

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2005	1,016,580,986	93,934,540	922,646,446	10.18%
2006	1,140,090,450	42,126,174	1,097,964,276	3.84%
2007	1,140,090,450	42,466,779	1,097,623,671	3.87%
2008	1,244,922,492	9,960,000	1,234,962,492	0.81%
2009	1,304,949,038	9,775,000	1,295,174,038	0.75%
2010	1,319,469,397	9,580,000	1,309,889,397	0.73%
2011	1,315,134,261	9,375,000	1,276,577,544	3.02%
2012	1,327,797,945	9,155,000	1,318,642,945	0.69%
2013	1,413,457,016	8,925,000	1,404,532,016	0.64%
2014	1,478,724,777	9,090,000	1,469,634,777	0.62%

Source: City Finance Department

(a) Upon the dissolution of the Community Improvement Commission effective January 31, 2012, a Successor Agency assumed the liabilities of the former Community Improvement Commission, therefore the total bonded debt and revenue bonds have decreased.

	<u>Section</u>		<u>Section</u>
Administrative Services	H-J	General Fund Budget Summary	A
Alameda Municipal Power	R	General Fund – Expenditures by Program	A
All Funds Budget Summary	B	General Fund Expenditure Summary	A
Appropriations Limit	W	General Fund Five-Year Trends	A
Basis of Accounting	W	General Fund Revenue and Expense Trends	A
Base Reuse	N	General Fund Revenue Summary	A
Budget Process	W	General Government	C-G
Capital / Maintenance Projects	T	Glossary of Terms	W
Capital Improvement Project Summary	B	History of the City	ii
Central Services	J	Housing Department	O
City Attorney	D	Human Resources	I
City Clerk	E	Library	K
City Council Listing	ii	Maintenance Project Summary	B
City Council	C	Mission Statement, Core Values and Goals	ii
City Manager	F	Non-Departmental	G
City Profile and Map	ii	Parks and Recreational Facilities	L
Citywide Organization Chart	ii	Police	Q
Community Development	M	Position Classification Summary	B
Community Services	K-L	Position Summary	B
Debt Obligations	W	Principal Officers	ii
Debt Policies	W	Public Safety Services	P-Q
Debt Service Schedules	W	Public Services	R-T
Demographic Statistics	ii	Public Works	S
Development Services	M-O	Recreation and Parks	L
Expenditure Summary by Department – All Funds	B	Resolution for Adoption of Budget	ii
Expenditure Summary by Fund	B	Revenue Assumptions	A
Finance	H	Revenue by Source – General Fund	A
Financial Policies	W	Revenue Summary by Fund	B
Fire	P	Transfer Summary	B
Fund Information	U	Transmittal Letter	i
Fund / Department Matrix	U	Trend Information	V
Gann Limit	W		

