



City of Redlands



**Fiscal Year 2014-2015
Adopted Budget**

CITY OF REDLANDS CALIFORNIA

2014-2015 ADOPTED BUDGET

Redlands City Council Members

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*Special thanks
to the
Budget Committee
and
Budget Preparation Team*

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Adopted Budget

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June 17, 2014

BUDGET MESSAGE FOR CITY MANAGER'S FISCAL YEAR 2014-2015 ADOPTED BUDGET

The Adopted Budget for Fiscal Year 2014-2015 presents a balanced General Fund budget with a projected ending fund balance of \$7.7 million, beginning reserves of \$7.8 million, with recommendations to increase certain reserves using one-time revenues, and the maintenance, or in some cases the enhancement, of service levels. The Adopted Budget is the culmination of decisions made following a review with the budget subcommittee, the City Manager, Finance, and departmental staff, as well as additional reviews by the City Manager and staff, and finally, the City Council. These decisions were made by addressing what has always been a top priority, the provision of quality services to the residents of Redlands, and by focusing on sizing the organization so that continued progress will be made toward that end. The success of prioritization and commitment to quality services for the City's residents was evidenced in a recent poll in which 83.4% of respondents indicated that they were satisfied or very satisfied with the job the City was doing in providing services.

Balancing the Fiscal Year 2014-2015 Adopted Budget on recurring revenues proved challenging due to the need to absorb increased costs resulting from the elimination of furloughs in the Police department, an increase in retirement and health rates, despite some relief provided by employee-sharing of these costs, the elimination of more than \$780,000 in waste import fee revenue, and the end of almost \$1.7 million of prior year transfers from Solid Waste, Water and Wastewater that were associated with pavement damage caused by heavy solid waste and utility vehicles and street repairs required as a result of pipeline repair street cuts.

As noted, the Fiscal Year 2014-2015 Adopted Budget provides funding to maintain service levels, with some enhancements, including various IT projects such as Electronic Agenda, Microsoft Office upgrades and standardization, reimplemention and network support of Cityworks, to reduce permit time and increase counter efficiency, a first-phase asset management system for Quality of Life, a pilot program for document storage, and Police department Outlook software and server upgrades, a Spillman server, replacement of 8-year SAN used for storage of "big data" (video streaming), and electronic time-card entry/scheduling; equipment for Redlands T.V, to be paid for with available PEG fees, Council Chamber security improvements, and additional staff positions, including a part-time to full-time Administrative Assistant in the City Manager's office, a Human Resources Analyst and Human Resources Administrative Technician from savings achieved through a reorganization of Human Resources that will result in no net increased costs, an Accounting Technician in Finance – Accounting and Administration, and a Customer Service Technician in Finance - Customer Service, which is funded by the enterprise utilities. These positions have been recommended for inclusion in the budget because these departments serve all

Budget Message for City Manager's Fiscal Year 2014-2015 Adopted Budget

other City departments and as activities increase City-wide, so does the additional support required from these departments. Additionally, a Maintenance Worker position has been added to Quality of Life to complement existing maintenance downtown and provide additional beautification as coordinated with Development Services, and a Police Operations Coordinator has been added in place of two of the five existing Part-time Background Investigators. In the Solid Waste Fund, a Project Assistant has been added and a Solid Waste Truck Driver position deleted. Finally, a part-time Adult Literacy Coordinator at the Library has been added at the direction of City Council. Although these enhancements have been included, over \$6 million of supplemental requests by departments were not funded in the Fiscal Year 2014-2015 Adopted Budget. Some of the supplemental requests not funded in the operating budget included 8 police vehicles, a fire inspection truck, various other vehicles and equipment, including 6 trucks requested for Parks and Streets, as well as a front end loader and wheel loader, building and facility improvements, phase 1 of the General Plan update, and storm drain repairs and LED and wire replacements.

In addition to minimizing the number of supplemental expenditure requests included in the operating budget, projected increases in major revenue categories have contributed to this year's balanced budget. Property Taxes are expected to increase by approximately 4% in Fiscal Year 2013-2014, after factoring out some one-time property taxes and fees received in the prior year, and again in Fiscal Year 2014-2015, by 3.8%, or \$797,000. Sales Taxes are projected to increase by approximately 2% in Fiscal Year 2013-2014 and 2.6%, or \$373,000, in Fiscal Year 2014-2015. Additionally, Development Services staff has estimated increased revenues for Fiscal Year 2013-2014 in excess of the original budget projections, which at the time projected represented an increase of approximately 34% over Fiscal Year 2012-2013 and created concern or even skepticism by some that these would materialize. However, with the increased development activity that has already occurred, as well as anticipated future projects, staff is confident that an increase in development revenues of almost 50% in Fiscal Year 2013-2014, and another increase of 22%, or \$377,441, in Fiscal Year 2014-2015 is a realistic projection.

The increase in development activity has also been reflected in an increase in development impact fees which has also had a positive impact on balancing the budget. When impact fees collected in the Public Facilities Fund have been insufficient to pay its half-share of debt service on the City's Certificates of Participation, the General Fund has historically loaned monies to the Public Facilities Fund to cover this share, which recently has been in excess of \$900,000, annually. The required loan amounts estimated for Fiscal Year 2013-2014 and in Fiscal Year 2014-2015 have been significantly reduced to \$420,000 and \$487,085, respectively.

Another factor in balancing the budget for Fiscal Year 2014-2015 has been the treatment of the required General Fund transfer to the Liability Self-Insurance Fund. During recent difficult budget years, the amounts transferred to the Liability Fund have been kept at a minimum, however transfers from the General Fund to the Liability Fund are necessary, not only to cover the costs of the Liability Fund, but also to ensure that a \$1 million self-insured retention exists in the Fund. As a result, the Fiscal Year 2014-2015 Adopted Budget includes a large transfer in Fiscal Year 2013-2014 of \$2.8 million, and a smaller transfer, \$660,000, in Fiscal Year 2014-2015.

Budget Message for City Manager's Fiscal Year 2014-2015 Adopted Budget

Many of the supplemental requests that could not be funded in the operating budget based on recurring revenues were for capital items, while others, such as deferred maintenance, the General Plan Update, and tree trimming, have long been recognized as important, but due to fiscal constraints, have been sorely neglected over many years. There is an opportunity to fund some of these priority items with \$1.9 million of available one-time revenues that have accumulated over more than 27 years in the Measure "O" General Obligation Fund. This fund was established to account for payment of debts service on a General Obligation approved by voters in 1987 to fund open space. Each year over the life of the bond, which matured February 1, 2014, the City Council approved a resolution indicating the amount of principal, interest and fiscal agent charges required for the given year, so that the County could set a tax rate sufficient to fund these amounts. Funds have accumulated over these years as a result of rates set to take into account potential delinquencies and associated penalties, as well as interest. The City Attorney and bond counsel have reviewed the Official Statement confirming that these funds are available to be used at the discretion of the City Council, based on language contained in the document which states, "Any moneys remaining in the Debt Service Fund when there are no longer Bonds outstanding will be transferred to the general fund of the City." Accordingly, I have recommended that these one-time funds be used to fund the following:

• Replace 13 police vehicles with 100,000 + mileage	\$455,000
• Fire Engines, net overlapping lease payments	\$125,000
• Reserve for General Fund Fleet Replacement	\$350,000
• Reserve for General Plan Update – Year 1	\$350,000
• Tree Trimming	\$ 70,000
• Reserve for Deferred Maintenance:	
- Buildings & Improvements	\$200,000
- Parks: Playgrounds, Equipment & Facilities	\$150,000
• Reserve for Capital Replacement:	
- HVAC, IT Equipment	<u>\$200,000</u>
TOTAL	\$1,900,000

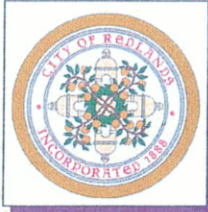
Despite the economic downturn experienced since 2007, City staff continues to perform at a high level of professionalism and to develop and expand on innovations to improve efficiencies and service. We take pride in the achievements made during these years, including continuation of successful economic development initiatives in the expanded downtown area; comprehensive street rehabilitation projects throughout the City, made as a result of the Pavement Management Program, which for the first time provides a measured and systematic approach to maintaining and improving the City's streets; inception of the Redlands Blvd./Alabama Street project, which has been in the planning stages for many years, but which is expected to be completed in the Fall of 2014; development of a Community Based Bicycle Master Plan and bike lanes throughout the City through utilization of available grant funding; and a growing nationally recognized volunteer program that engages our community in partnership with the City and builds on Redlands' storied history of civic pride and philanthropy.

Budget Message for City Manager's Fiscal Year 2014-2015 Adopted Budget

Once again, I wish to express my sincere thanks to the City Council Budget Subcommittee and the professional Executive and support staff who have been instrumental in the development of a balanced budget for Fiscal Year 2014-2015, especially staff in the Finance Department.



N. Enrique Martinez
City Manager



Redlands City Values

Redlands City Council, Clerk, and Treasurer, plus all other City employees and volunteers, commit to these values:

WE STRIVE FOR EXCELLENCE AND ARE INNOVATIVE:

We aim to deliver the best service possible and measure quality outcomes and results. We strive to exceed expectations and to bring out the best in each other. We are flexible and adapt to the ever-changing needs of our community. We seek traditional as well as non-traditional solutions and embrace creativity.

WE ARE FISCALLY RESPONSIBLE:

We take seriously financial stability and our stewardship in carefully managing and constantly ensuring the best use of all public funds and other resources.

WE SEEK SUSTAINABILITY:

We pursue sustainability as the key to optimal use of all resources. We measure progress through improvement to the health and well-being of our residents, environment, and local economy.

WE ARE RESPONSIVE:

As public servants we exist to serve Redlands citizens and to exceed expectations. That is and should always be our constant focus. We listen, are empathetic and take appropriate action. We pursue good and timely solutions, and are alert to modifying strategies in response to unintended consequences.

WE ARE FAIR, HONEST, AND ACT WITH INTEGRITY:

We align our values, words and actions. We are honorable, trustworthy and sincere. We consistently go not just beyond the legal minimum to do what is right, but strive for the highest moral and ethical behavior.

WE ARE ACCOUNTABLE AND MAKE SOUND DECISIONS BASED ON CLEAR RATIONALE:

We take responsibility for our decisions and actions. We are accountable to our community and to each other so that future generations will have as many opportunities available to them as we do today. We encourage and practice servant leadership.

WE TREAT EVERYONE WITH RESPECT:

We acknowledge the dignity of every employee, citizen, resident, and visitor in our City. We work actively to eliminate barriers to full participation in community life. We conduct City business with courtesy, civility, and respect.

WE EMBRACE DIVERSITY AND INCLUSIVENESS:

We value the strengths that result from varied experiences, ideas and perspectives. Our collective histories, both employee and citizen, and natural setting create the fabric that makes Redlands a special place to live, work, and play.

WE COMMUNICATE OPENLY, CLEARLY AND FREQUENTLY:

We seek shared understanding with our community and across City organizations. We are engaged and our interactions are meaningful. We engage in participatory governance and transparent processes. We strive to create a culture of collaboration that encourages innovation, sharing of resources, and jointly shared accountability for results.

WE TAKE PLEASURE IN THE WORK WE DO:

While maintaining a professional environment, we recognize the importance of building and maintaining an enjoyable workplace that will attract and retain quality employees. We value a sense of humor and remember not to take ourselves too seriously.



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City of Redlands 2014-2015 Adopted Budget

Budget and Finance Policies

The following policies focus on City of Redlands budget and finance activities. They are intended to serve as a foundation for successful management of the City's financial resources. The City is already in compliance with many of these policies, while others may take more time to implement.

I. GENERAL POLICIES

1. The City organization will implement the City Council's goals, objectives, and policies through a service delivery system financed by the Operating and Capital Budgets.
2. The relationship between the Operating and Capital Budgets will be explicitly recognized and incorporated into the budget process. Based on available resources, the City Council will make available sufficient funds to provide municipal operating services and maintenance or enhancement of fixed assets needed to support public demand for City services.
3. The City will work to improve customer service and the productivity and performance of its programs and employees, and will seek ways to eliminate duplicative functions within the city government and between the City of Redlands and other public agencies in the community. A reporting mechanism based on clear performance measures, return on investment, and highlighting the service efforts and accomplishments of the City's major services will be developed.
4. Whenever feasible, the cost to the government of providing services will be fully recovered by user fees. As mandated by Generally Accepted Accounting Principles (GAAP), Enterprise funds will be used when legal requirements or management policy requires the full cost of providing services to customers outside the organization, including capital, be recovered through fees and charges. Fiscal accountability for Enterprise Funds will be in accordance with the City's Enterprise Fund Policy, Resolution No. 7318. Internal Service Funds are designed to function as cost-reimbursement funds for services provided to other funds or departments of the primary government. Enterprise and Internal Service funds shall be self-supporting.
5. All current operating expenditures will be paid for with current revenues.
6. Adequate reserves will be maintained and all known liabilities will be identified and reported consistent with Generally Accepted Accounting Principles. In addition to maintaining a "Reserve for Contingency" (Committed Fund Balance), the City may establish "reserves" (Assigned Fund Balance) for special purposes, including but not limited to, unanticipated staff retirements, certain types of overtime, and equipment purchases.
7. Efforts will be coordinated with other governmental agencies to achieve common policy objectives, share the cost of providing governmental services on an equitable basis, and support favorable legislation at the state and federal level.
8. City expenditure and revenue analyses shall include, at minimum, a three year projection.
9. The City will seek out, apply for, and effectively administer federal, state, local, and other grants or assistance that address the City's current priorities and policy objectives.

10. The public shall be afforded appropriate opportunities for comment on all City financial activities consistent with current ordinances and other laws and regulations.

II. REVENUE POLICIES

1. The City will build and maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one source.
2. The City will follow an aggressive policy of collecting all revenues, and will report periodically on progress achieved.
3. The City will establish all user fees and charges at a level related to the full costs (operating, direct, indirect and capital) of providing the service, or provide justification for any level less than this amount. The City will review fees/charges periodically.
4. The City will review market rates and charges levied by other municipalities of similar size for like services when establishing rates, fees and charges.
5. Revenues will be conservatively estimated.

III. EXPENDITURE POLICIES

1. The City shall operate on a balanced budget in accordance with the Fund Balance Policy, Resolution No. 7346.
2. The City shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year-end. Corrective actions can include a hiring freeze, expenditure reductions, fee increases, or other options. Inappropriate expenditure deferrals into the following fiscal year, short-term inter-fund loans, or use of one-time revenue sources for other than one-time expenditures shall be avoided.
3. The City Manager shall undertake periodic staff and third-party reviews of City programs for both efficiency and effectiveness. Privatization and contracting with other governmental or other agencies will be evaluated as alternatives to service delivery. Programs that are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.
4. The City shall make every effort to maximize any discounts offered by creditors/vendors.
5. Staff shall use competitive bidding, in accordance with the City's Purchasing Ordinance and state law, to attain the best possible price on goods and services.

IV. FUND BALANCE POLICIES

General Fund:

1. In accordance with the City's Fund Balance Policy, Resolution No. 7346, fund balance will be categorized for annual financial statement reporting purposes as required by Government Accounting Standards Board (GASB) 54 into the following five categories: Nonspendable, Restricted, Committed, Assigned and Unassigned (terminology used in the Budget does not specify the categories used in reporting purposes, but uses the familiar "reserved" and "unreserved" fund balance).

2. As recommended by the Government Finance Officer's Association, the City will establish a General Fund Ending "Unreserved" (Unassigned) Fund Balance of no less than a) 5% - 15% of regular general fund operating revenues, or b) no less than 1 - 2 months of regular general fund operating expenditures.
3. The General Fund "Unreserved" (Unassigned) Fund Balance, including the Fund Balance "Reserved for Contingency" (Committed Fund Balance), and other reserves (Assigned Fund Balance) will be approximately twenty-five (25%) of general fund operating expenditures. "Reserves" (Committed and Assigned Fund Balance) for the General Fund will be funded at the minimum percentages established by the Fund Balance Policy. Additional funding of "reserves" may be made by the City Council in accordance with the Policy.
4. "Reserves" for encumbrances will be established at the end of every fiscal year to designate fund balance in the amount equal to the City's unpaid obligations and unfinished projects at year-end.
5. Funding levels of General Fund "reserves" will be reviewed during periods of economic stagnation to avoid reductions in operating service levels.
6. Appropriations or use of funds from any "reserves" will require City Council action in accordance with the Fund Balance Policy.

V. CAPITAL IMPROVEMENT PLAN (CIP) POLICIES

1. The City will develop a multi-year plan for capital improvements, update it annually and make capital improvements in accordance with the plan. If mid-year revisions to the plan are necessary, these will be brought to the City Council for review and approval.
2. The City will maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs. The budget will provide for adequate maintenance and orderly replacement of capital assets from current revenues where possible.
3. Capital projects will conform to the following criteria:
 - A. will be part of an approved City plan;
 - B. will be part of an adopted maintenance/replacement schedule;
 - C. will minimize operating costs; and
 - D. will be selected according to the established Capital Improvement Plan.
4. The capital budget process will work in conjunction with the regular operating budget process. CIP projects will be flagged as funded or unfunded depending on whether or not the forecasted operating budget can support or fund the project. All funded CIP projects will be included in the operating budget for the current budget year.

VI. ANNUAL AUDIT

1. The City will require an annual audit by a qualified independent accountant of the books of account, financial records, inventories and reports of all City officers and employees involved in the handling of financial matters.
2. Selection of an independent auditing firm will be made by the City Council following a competitive proposal process. It is the policy of the City that the most qualified firm is selected and therefore the lowest cost approach is not the defining method of selecting an auditing firm. Among equally qualified firms, cost may be considered a determining factor in selection and award of contract.
3. The City shall issue a Request for Proposal for audit services at least every five years, and at that time, will consider rotation of audit firms, or at minimum, rotation of audit partners from the same firm.

City of Redlands 2014-2015 Adopted Budget

Summary of the Budget Process

BUDGET ADOPTION

The City of Redlands prepares and adopts a revised current fiscal year estimate and a new fiscal year projection in June of each year. The revised 12 month estimate for the current fiscal year becomes the final budget estimate as the year closes and the projection for the new fiscal year becomes the initial budget estimate of activity. This initial estimate is typically reviewed closely at mid-year in order to determine significant changes which are then presented to the City Council. However, due to the uncertainty in the economy over the last couple of years, close monitoring and review of the budget, with updates to the City Council, has become an on-going process.

BUDGET FORMAT

The budget document is organized by the major departments of the City of Redlands. Each section is further subdivided into organizational units referred to as divisions, programs or funds. Each unit represents a service or activity and emphasizes program planning, evaluation, resource allocation and financial management. At the beginning of each major unit presented, a narrative is provided. It includes a description of the unit, sustainability efforts, goals and objectives, listing of prior year accomplishments and significant program changes, if applicable.

BASIS OF ACCOUNTING

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Funds

Governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts are collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so are recognized as revenues in the fiscal period to the extent they are normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenue represented by non-current receivables is deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Proprietary and Fiduciary Funds

The City's enterprise and internal service funds are proprietary funds. Proprietary and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. Proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as other financing source. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as a reduction of the related liability, rather than as expenditure.

Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses

BUDGET AMMENDMENTS

During the fiscal year, the City Council may, at their discretion, authorize amendments to the budgeted revenues and expenditures and the amendments are input into the automated budget system. In addition, the City Manager is authorized to transfer budgeted amounts between departments within

any fund. However, revisions that alter the total expenditures of any fund must be approved by the City Council.

In addition to the above amendments, staff presents mid-year and year-end reviews of the budget to the City Council in February and June. This provides the opportunity for adjustments, if needed, to budgeted revenues and expenditures based on actual results during the first and second half of the fiscal year.

BUDGET CALENDAR

The budget process commences in January with the preparation for distribution of various budget materials and instructions by the Finance Department. Requested budgets are then submitted by the Departments to the Finance Department in March or April.

In April, the City Manager, Department heads, and other key staff attend a workshop to review their budget submissions including both revenue assumptions and expenditures requests. Upon completion of these workshops, the proposed budget is prepared, presented to the budget subcommittee for review and recommendations, then distributed to the City Council and made available to the public.

Subsequent to distribution of the proposed budget, it is discussed with the City Council at one or more public meetings.

Below is the actual calendar used for the current Adopted Budget.

- Distribute budget packets & spreadsheets 3/07/14
- Requested completed budget packets due to Finance 3/31/14
- Finance review of department submissions 4/01 - 4/18/14
- Projected difference between sources and uses 4/18/14
- Finance presentation of projections to City Manager 4/21/14
- Department meetings with City Manager 4/21 - 23/14
- Presentation to Budget Subcommittee for review 5/22/14
- Budget Subcommittee meeting for recommendations 5/28/14
- Proposed Budget distribution to City Council for review 6/03/14
- Proposed Budget presentation to City Council 6/09/14
- Adoption by City Council 6/17/14

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Fund Descriptions

The resources of the City of Redlands are allocated to and accounted for in various funds based upon the purposes for which the funds are to be spent and the means by which spending activities are controlled. Below are brief descriptions of the various funds used.

GOVERNMENTAL FUNDS are used to account for the financing of most of the City's governmental functions. The City uses four types of governmental funds: General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

- General Fund (101) – The operating fund of the City used to account for all activities, except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS are used to account for the proceeds of specific revenue sources that are restricted to expenditures of specified purposes.

- Emergency Service Fund (205) – To account for the collection of a special property tax to be spent on paramedic services.
- Household Hazardous Waste Fund (206) – To account for revenue collected and expenditures made to properly dispose of household hazardous waste.
- Gas Tax Fund (207) – To account for the receipt and subsequent expenditure of the City's share of the State levied tax on gasoline and other vehicle fuels.
- Measure I Fund (208) – To account for revenues resulting from a voter-approved half-cent retail transaction and use tax, to be used for transportation improvements and traffic management programs.
- Local Transportation Fund (209) – To account for the receipt and expenditure of street and road construction funds including projects financed by a share of the quarter of one percent State sales tax pursuant to the Transportation Development Act.
- Measure I Fund (2010) (210) – To account for “new” revenues resulting from a voter-approved renewal of a half-cent retail transaction and use tax, to be used for transportation improvements and traffic management programs.
- Air Quality Improvement Fund (221) – To account for the collection and subsequent expenditure of AB2766 (District Fees to Implement the California Clean Air Act) monies to be used for pollution reduction.
- Traffic Safety Fund (223) – To account for the receipt and subsequent expenditure of traffic fines for moving violations within the City limits.
- Designated Receipts Fund (225) – To account for deposits and donations designated for specific purposes.

- Open Space Fund (227) – To account for receipt and subsequent expenditure of fees collected to provide for open space land in and around the City.
- Downtown Redlands Business Area Fund (236) – To account for various activities and special events with the intent of attracting business to the downtown area.
- Parking Authority Fund (237) – To account for a city-wide authority formed to control parking.
- General Capital Improvement Fund (240) – To account for the receipt and expenditure of grant revenue received by the City, other than Community Development Block Grant revenues.
- Community Development Block Grant Fund (243) – To account for expenditures and related reimbursements of various grants from the U.S. Department of Housing and Urban Development.
- Neighborhood Initiative Program Fund (245) – To account for expenditures and related reimbursements of grant monies received from the County of San Bernardino to preserve and revitalize neighborhoods.
- Asset Forfeiture Fund (246) – To account for receipt and subsequent expenditure of various asset seizure monies.
- Police Grants Fund (247) – To account for receipt and expenditure of grant monies received from various agencies for public safety programs.
- Supplemental Law Enforcement Fund (249) – To account for receipt and subsequent expenditure of AB1913 monies, which, pursuant to the Citizens' Option for Public Safety (COPS) Program, must be spent for supplemental law enforcement services.
- Park & Open Space Development Fund (250) – To account for the collection and subsequent expenditure of developer fees levied for the purpose of acquiring and developing land for parks and open space.
- Public Facilities Development Fund (251) – To account for the collection and related expenditure of development impact fees designated for constructing new and upgrading existing public facilities.
- Arterial Street Construction Fund (252) – To account for the collection and related expenditure of development impact fees designated for new street construction projects.
- Traffic Signals Fund (253) – To account for the collection and related expenditure of development impact fees designated for new traffic signal construction projects.
- Freeway Interchanges Fund (254) – To account for the collection and related expenditure of development impact fees designated for new freeway interchange construction projects.
- Street Lighting District #1 Fund (260) – To account for the maintenance, operation, and service of street lighting facilities financed by assessments collected from landowners within the district.
- CFD 2004-1 Assessments Fund (261) – To account for the maintenance of landscaping in public right-of-way and easements surrounding tracts within the district.
- Landscape Maintenance District Fund (263) – To account for assessments collected from landowners to maintain landscaping in parkways and common areas within the district.
- Community Facilities District Fund (265) – To account for developer deposits and bond proceeds related to Community Facilities Districts established for the purpose of constructing infrastructure.

- Disaster Recovery Fund (270) – To account for all expenditures and revenues relating to natural disasters, for the purpose of consolidating such information for federal and state reimbursements and enhancing Single Audit reporting requirements.
- Obligation Payment Administration Fund (288) – To account for monies received from the County to pay the recognized obligations of the Successor Agency to the former Redevelopment Agency.

DEBT SERVICE FUNDS are used to account for the accumulation of resources and the payment of principal, interest and related costs of general long term debt.

- General Debt Service Fund (305) – To account for the receipt of property taxes to be used for the retirement of the 1988 General Obligation Measure “O” Open Space Bonds, the 1994 Refunding General Obligation Bonds, the 2003 General Obligation Refunding Bonds This fund also records the payment activity of the 2007 Pension Obligation Bonds.
- Redlands Public Improvement Corporation Fund (311) – To account for the retirement of the 1993 Refunding of the 1986 and 1987 Projects Certificates of Participation, the 1994 Taxable Certificates of Participation (City of Redlands/Wal-Mart Parking Facility), and the 2003 Refunding Lease Revenue Certificates of Participation.
- Successor Redevelopment Debt Service Fund (380) – To account for the retirement of the 1998 Tax Allocation Refunding Bonds, the 2003A Series Tax Allocation Bonds, and the 2007A Series Tax Allocation Bonds.

CAPITAL PROJECTS FUNDS are used to account for resources used for the acquisition or construction of major capital facilities.

- Storm Drain Construction Fund (405) – To account for receipt and subsequent expenditure of developer fees assessed to provide additional storm drains, as required.
- Measure ‘O’ Bond Fund (417) – To account for proceeds of a general obligation bond, approved by the voters, for the purchase of park lands and “open space” areas.
- Successor Redevelopment Funds (480-488) – To account for Successor Agency activities as it completes the affairs and obligations of the dissolved redevelopment agency.

PROPRIETARY FUNDS are used to account for a government’s business-type activities. These funds recover the cost of providing services through fees and charges on those who use their services. There are two types of proprietary funds: Enterprise Funds and Internal Service Funds.

ENTERPRISE FUNDS are used to account for services provided primarily to external customers and legal requirements or management policy require these services, including capital, be fully recovered through fees and charges.

- Water Funds (501-509) – To account for water utility operations, projects, debt service costs, and impact fees of the City.
- Solid Waste Funds (511-519) – To account for refuse disposal collection operations, projects, debt service costs, and impact fees of the City.
- Sewer Funds (521-529) – To account for sewer utility operations, projects, debt service costs, and impact fees of the City.
- Groves Fund (538) – To account for the farming operations of citrus groves owned by the City.

- Non Potable Water Funds (541-549) – To account for non potable water utility operations, projects, debt service costs, and impact fees of the City.
- Cemetery Funds (562-563) – To account for the operations of Hillside Memorial Park Cemetery.
- Airport Fund (564) – To account for the operations of the Redlands Municipal Airport.

INTERNAL SERVICE FUNDS are used to account for services provided to other funds, departments, or agencies of the government. Costs are allocated to the benefitting funds in the form of fees and charges in order to recover the full cost of providing the services.

- Liability Self-Insurance Fund (602) – To account for the City's self-insured general and automobile liability programs, which are provided to all City departments and funds.
- Information Technology Fund (604) – To account for the general maintenance and service of all City computers and phone equipment provided to all City departments.
- Worker's Compensation Fund (606) – To account for the City's self-insured Workers' Compensation and General Safety Programs, which are provided to all City departments and funds.
- Equipment Maintenance Fund (607) – To provide ongoing maintenance of all City vehicles and major equipment and to account for vehicle rental services to all City departments.
- Utility Billing Fund (608) – To account for billing services costs provided for water, sewer, and solid waste.

FIDUCIARY FUNDS account for assets held in a trustee or agency capacity for outside parties, including individuals, private organizations and other government.

- Trust & Agency Funds (701-720) – To account for the collection and disposition of deposits retained for specific purposes or subsequent refunding.

