

City of Redlands



Fiscal Year 2013-2014  
Adopted Budget



*125th Anniversary*

*1888 ~ 2013*



# CITY OF REDLANDS CALIFORNIA

## 2013-2014 ADOPTED BUDGET

*Redlands City Council Members*

Pete Aguilar, Mayor  
Paul Foster, Mayor Pro Tempore  
Patricia Gilbreath  
Bob Gardner  
Jon Harrison

N. Enrique Martinez, City Manager  
Tina T. Kundig, Finance Director

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

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Adopted Budget

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N. ENRIQUE MARTINEZ  
City Manager

City of  
**REDLANDS**

Incorporated 1888  
35 Cajon Street, Redlands, CA 92373  
909-798-7510  
nemartinez@cityofredlands.org

June 4, 2013

**BUDGET MESSAGE FOR CITY MANAGER'S  
FISCAL YEAR 2013-2014 ADOPTED BUDGET**

The Adopted Budget for Fiscal Year 2013-2014 presents a balanced General Fund budget, maintains reserves which increased from \$6.9 million at June 30, 2012 to \$7.5 million during Fiscal Year 2012-2013, and maintains, or even enhances service levels. The Adopted Budget is the culmination of decisions made to address what has always been my top priority, to provide quality services to the residents of Redlands. These decisions take into account fiscal constraints largely out of our control, particularly those resulting from fluctuating revenues, assumptions about these revenues that could prove challenging during the year, and decisions made by the State of California that may adversely affect the City's finances, such as the decision to eliminate Redevelopment Agencies.

The Adopted Budget for Fiscal Year 2013-2014 includes a General Fund ending unreserved fund balance of \$7,416,949, increasing from the estimated June 30, 2013 ending fund balance by only \$7, but reflecting a balanced budget. At first glance, the budget appears to show a decline in overall revenues of \$305,490, however when an anomalous one-time reimbursement of \$712,563 from the County of San Bernardino for improperly charged property tax administration fees is factored out, along with a one-time payment of excess property taxes of \$161,408, the increase in revenues from prior year is \$568,481 or a modest 1.1%. Property taxes, the single greatest revenue source in the General Fund, are expected to decline 1.1% in Fiscal Year 2013 - 2014 after taking into account these one-time receipts. Many other revenues are projected to remain flat in Fiscal Year 2013-2014 or even decline slightly, although the Fire Department expects some increases resulting from cost recovery revenues, sale of surplus property, and donations, and MUED expects an increase of \$80,000 in NPDES fees. Noteworthy increases have been reflected in sales taxes and development revenues, and have contributed to the balanced budget. Sales taxes at June 30, 2013, are expected to exceed budget by 5% and in Fiscal Year 2013-2014 they are expected to increase by another \$290,631 or 2.1%. Development Services staff has projected a very significant increase in development revenues, \$337,158 or 27.6%, based on anticipated development projects. The assumption that these projects will occur and bring in significant revenues is one that will need to be closely monitored due to the adverse impact on the budget that could occur should the projects fail to materialize.

Transfers into the General Fund from other funds include an increase from Traffic Safety Fund for an increase in parking fines collected as a result of the first full year of additional staffing approved in Fiscal Year 2012-2013, transfers from Solid Waste, Water and Sewer which represent the second year of transfers associated with pavement damage caused by heavy solid waste and utility vehicles, transfers from Water and Wastewater representing the second and





## Budget Message for City Manager's Fiscal Year 2013-2014 Proposed Budget

final repayment for street repairs required as a result of previous street cuts made when pipelines were repaired, as well as a transfer from the Water Fund to pay for a pot hole crew that provides street repairs, as needed, following pipeline repairs.

Expenditures for Fiscal Year 2013-2014 are projected at \$273,590 less than prior year or essentially flat at 0.5%. This nominal decrease reflects a combination of increases and decreases in various department expenditures, including the following:

- o City Manager's department reflects a reduction primarily due to the inclusion of a credit amount of \$175,000 for contingency for vacancies; increases in the department's budget include \$13,350 for a part-time administrative position and \$37,597 or 35% funding for a full-time Emergency Operations Manager, with the remainder of the position funded equally by each of the Water, Wastewater and Solid Waste Funds (the position was approved and funded for three months in FY 2012-2013, but was not hired)
- o Human Resources is increasing by \$492,337 or 15.8% primarily as a result of an expected increase in retiree health expenses of \$365,500
- o Development Services is increasing by \$389,200 or 21% largely due to reallocation of staff and other costs not allowable for the Successor Agency to the Former Redevelopment Agency, as well as the addition of a part-time One-Stop Planner at \$36,000
- o Quality of Life and Community Services, together, are increasing by \$278,326 or 4.6%, partly due to the following personnel changes:
  - Two part-time Recreation staff at \$11,395 each, which are intended to eliminate the need for temporary staffing
  - Full-time Natural Resources Manager funded for 6 months at \$58,477 to be dedicated to the City's natural resources and to work in coordination with conservation groups
  - Two full-time Parks Maintenance Workers at \$52,556 each
- o Engineering is decreasing by \$397,732, or 30%, because in Fiscal Year 2012-2013 fixed assets included an additional \$350,000 for storm drains and \$270,000 for a building for Police IT Infrastructure/Security Gates; in Fiscal Year 2013-2014 approximately \$250,000 has been included for storm drains, with \$100,000 in professional services for the storm drain master plan and the remainder in fixed asset improvements
- o Library is decreasing by \$57,655 or 3.2%, in part due to the retirement of the former Library Director, however it includes the addition of an Information Technology position funded at approximately \$89,000, partially offset by a reduction in internal IT charges of \$75,695, and the addition of approximately \$29,000 in additional part-time staff hours
- o Police Department expenditures are decreasing by \$328,629 or 1.5%, primarily due to a decision to reduce banked leave buyback by more than \$300,000, and homicide overtime by \$65,000; a decision that is not without risk
- o A decrease in Fire expenditures of \$377,901 primarily due to MOU savings realized from negotiations with the Firefighters' associations is offset overall, by an increase of \$147,160 in the General Fund transfer to the Emergency Services (Paramedic) Fund. The net Fire decrease of \$230,741 reflects MOU negotiated savings offset by increases, including a 2% increase in PERS rates, increases in medical premium rates ranging from 4% - 16%, merit increases and the addition of a quality assurance nurse in the Emergency

## Budget Message for City Manager's Fiscal Year 2013-2014 Proposed Budget

Services Fund. Partial savings from MOU negotiations is reflected in the June 30, 2013 estimates with additional savings reflected in Fiscal Year 2013-2014. Savings achieved from negotiations is estimated to be at least \$500,000, but may fluctuate up or down depending on overtime costs and changes in employee behavior associated with the change in how overtime is calculated

Fixed assets budgeted in the General Fund budget include \$5,000 in Economic Development for a trade show booth and accessories; \$30,000 for a service truck, \$15,000 for a riding mower, and \$8,000 for a trailer tow in the Quality of Life (QOL) Parks division, as well as \$76,720 for a Bobcat Planer in QOL Streets; and \$143,500 in MUED Engineering for betterments and improvements to storm drain and \$20,000 for an inspector's vehicle.

Transfers from the General Fund to other funds include \$2.9 million to the Emergency Services Fund, \$959,626 to Redlands Public Improvement Corp. to fund the General Fund's half-share of debt service on the 2003 Certificates of Participation, and \$1.3 million to fund the Liability Self Insurance Fund. Funding to the Liability Fund and other Internal Service Funds has been kept at a minimum in recent years and has been kept flat for Fiscal Year 2013-2014, a decision that is not without risk. Currently, the operations and expenditures of the Information Technology Internal Service Fund are being reviewed and monitored through a contract with Client First, a consultant hired to review and assess the City's Information Technology needs and provide recommendations to the City Council during the upcoming fiscal year.

An additional loan of \$909,311 from the General Fund to the Public Facilities Fund is budgeted to pay Public Facilities' debt service obligation on the 2003 Certificates of Participation because of limited impact fees collected by Public Facilities.

While no increase to the General Fund's reserve for contingencies is budgeted for Fiscal Year 2013-2014, the reserve is expected to be maintained at \$7.5 million, the level it had reached during Fiscal Year 2012-2013. The reserve grew during Fiscal Year 2012-2013 as a result of using a portion of PTAF fees received from the County to make a \$515,966 final repayment on the General Fund's 2009 \$1,000,000 loan, originally made from reserves to operations, as well as the addition of \$92,864 to the reserve from a portion of the excess fund balance achieved at June 30, 2012. In addition to funding the reserve, the City Council also approved the use of excess fund balance achieved at June 30, 2012 in the amount of \$200,000 for the purchase of police vehicles, \$270,000 for a building for Police information technology infrastructure and security gates, \$100,000 for flood control channel maintenance, and \$100,000 to be reserved for the future purchase of a Type I Fire Apparatus.

The \$7.5 million contingency reserve, combined with the \$7.4 million unreserved fund balance, results in an overall fund balance in the General Fund of \$14.9 million or approximately 30% of budgeted expenditures. This amount has increased from only 10% in 2006 when reserves were at only \$1.9 million and unreserved fund balance was \$2.9 million. The 30% exceeds the amount previously recommended by the City's independent auditors, which was 25%.

## Budget Message for City Manager's Fiscal Year 2013-2014 Proposed Budget

While much focus is placed on the General Fund, other funds that account for the full services offered by the City are also important. Municipal Utilities and Engineering is expecting to enhance the services it provides by adding five new positions as follows:

- o Two public works inspector positions will be required to perform inspections relating to paving activities, pipeline installations, encroachments and various construction activities; these will be funded by Water, Wastewater, Local Transportation and encroachment permit fees (10% of each of the two inspectors are included in the General Fund in MUED – Engineering)
- o One Senior Administrative Analyst to support the Construction Manager who oversees construction projects which have increased significantly as a result of the Pavement Management Program; the position will be funded by Water, Wastewater, Local Transportation, and 10% by the General Fund in MUED - Engineering
- o One Electrician and Instrumentation Apprentice is required to assist in maintaining the highly complex systems relating to the City's Water and Wastewater systems and to help ensure regulatory compliance and will be funded by Water and Wastewater
- o One Senior Water Distribution Operator, funded by Water, will allow for preventive maintenance of the City's Water distribution system of which the meter replacement program is vital

Solid Waste is aggressively pursuing the replacement of Solid Waste vehicles and has included three vehicles and hydraulic arms in its Fiscal Year 2013-2014 budget request. The goal is to maintain a sufficient equipment/vehicle replacement fund for the replacement of landfill and solid waste equipment in the future.

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 of the past year, including continuing the successful economic development initiatives in the expanded downtown area; transformative improvements to Heritage Park; several new street rehabilitation projects throughout the City, the first fruits of the comprehensive Pavement Management Program that for the first time provides a measured and systematic approach to maintaining and improving the City's streets; 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.

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 2013-2014.



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 2013-2014 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. City finance staff will review the status of these policies annually, in February, and report to the City Council on progress achieved.

### 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. 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, the City may establish reserves 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 a five 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 regularly 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 as required by City ordinance.
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 General Fund Reserve Policy Ordinance, a General Fund Reserve for Contingency shall be established equivalent to a minimum of twelve (12%) of General Fund financial requirements. Use of this reserve will be as allowed per the Ordinance.
2. As recommended by the Government Finance Officer's Association, the City will establish a General Fund Ending Unreserved 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 Fund Balance, including the Fund Balance Reserved for Contingency, will be approximately twenty-five (25%) of general fund operating expenditures.
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 designated reserves will require City Council action.

#### V. CAPITAL IMPROVEMENT PLAN (CIP) POLICIES

1. The City will develop a multi-year plan for capital improvements, update it annually and make all 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 2013-2014 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 and the City Manager meets individually with members as requested to discuss it and provide additional information as needed.

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

- Distribute budget packets & spreadsheets 3/06/13
- Requested completed budget packets due to Finance 4/01/13
- Finance review of department submissions 4/02 - 4/19/12
- Projected difference between sources and uses 4/19/12
- Finance presentation of projections to City Manager 4/22/13
- Department meetings with City Manager 4/22 - 23/13
- Presentation to Budget Subcommittee for review 5/15/13
- Budget Subcommittee meeting for recommendations 5/22/13
- Proposed Budget distribution to City Council for review 5/23/13
- Proposed Budget presentation to City Council 5/28/13
- Adoption by City Council 6/04/13

# City of Redlands 2013-2014 Adopted Budget

## 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, and 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.

CITY OF REDLANDS, CA  
 ORGANIZATIONAL CHART  
 Approved by  
*N. Enrique Martinez*  
 N. Enrique Martinez, City Manager  
 Effective July, 2013

**VOTERS**





