



City of
REDLANDS

ADOPTED BUDGET

Fiscal Year 2011-12



CITY OF REDLANDS CALIFORNIA

2011-2012 ADOPTED BUDGET

Redlands City Council Members

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Paul Foster, Mayor Pro Tempore
Jerry Bean
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*Special thanks
to the
Budget Committee
and
Budget Preparation Team*

Cover photographs courtesy of Carl Baker

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2011-2012
Adopted Budget

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City of
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**BUDGET MESSAGE FOR CITY MANAGER'S
FISCAL YEAR 2011-2012 ADOPTED BUDGET**

The Adopted Budget for Fiscal Year 2011-2012, approved by the City Council on June 6, 2011 provides a budget that is balanced on reoccurring revenues, with no new taxes, and without the use of loans or reserves. In approving the budget, the City Council also provided direction and authority to the City Manager to find a revenue source to restore funding for crossing guards and tree trimming and return to the City Council in September, 2011 with a report on these priorities.

Based on decisions made in December to cut the Fiscal Year 2010-2011 Budget and after a review of revenues at mid-year, we reported a balanced budget for Fiscal Year 2010-2011, but warned that an estimated General Fund shortfall of \$3.9 million for Fiscal Year 2011-2012 would need to be addressed. In preparing the Fiscal Year 2011-2012 Budget, the Executive Team and support staff worked diligently to eliminate that shortfall while always considering the City's Core Values as a guiding document.

The decisions made, however, have been difficult ones that include assumptions that are by no means certain and risks that in better times we would be unwilling to accept. Significant components of the changes made to eliminate the shortfall include the elimination of 19 positions and other personnel changes resulting in \$484,338 in salary and benefits savings; a reduction of \$400,000 in employee Leave Buybacks; and reductions in both the Liability and Worker's Compensation Funds, which in turn, provide savings to the General Fund. These reductions leave minimal unreserved fund balances in these funds, while maintaining reserves of \$500,000 and \$1,000,000, respectively, for Liability and Worker's Compensation. Nevertheless, General Fund reserves could be at risk if the City were to receive any large claims in excess of these reserves or if revenues continue to decline.

Other changes include reductions for Police and Fire vehicles and equipment totaling \$378,405 and reductions for Garage Charges of \$167,145.

A contingency account has been added within the City Manager's department budget for savings due to vacancies occurring throughout the year, as well as potential overtime savings from closing City Hall during the December holidays. Savings have been anticipated at \$100,000 and \$50,000, respectively.

In addition to expenditure reductions, a new revenue source has been included in the General Fund beginning in Fiscal Year 2010-2011 and continuing into Fiscal Year 2011-2012 and future years. Recently enacted state legislation replaces previous transportation funding received from the state with revenue from a less restrictive motor vehicle fuel tax. This revenue may be used



for improvement, maintenance and operation of public streets and highways. Historically, gas tax monies of approximately \$1.1 million are received by the General Fund in support of street maintenance and operations.

Although the recommendations by staff and the decisions made by the City Council have been painful, they were necessary to eliminate a shortfall, avoid additional financial hemorrhaging in the General Fund, and to protect the City's future.

While focus is placed on the challenges faced by the City's General Fund and its future, the future of the City as a whole is of the greatest importance to me, as it is to the residents of Redlands. In addition to a General Fund Budget of \$51.9 million, the City's budget includes Enterprise Funds totaling \$80 million. Attention to the details of these Enterprise Funds is a crucial component of our financial stewardship. To that end, for example, we are looking at the services provided by the Solid Waste division and will explore ways in which the refuse collection revenue can be utilized more efficiently to provide for a fleet and equipment replacement program and additional reserves for the closure of the landfill. The Quality of Life Director will work with Information Technology to develop a logistical route software program to make the collection routes more efficient. These changes are intended to reduce the amount and frequency of rate changes to our Solid Waste customers. A similar model will be instituted in the Water and Wastewater divisions as well. The addition of a Wastewater Operations Superintendent will replace two existing positions, a reorganization that will provide operational efficiencies and cost savings in that division. A Principal Accountant has been added in the Finance Department whose primary function will be to provide enhanced accountability over the City's Enterprise funds.

Also recommended in the Fiscal Year 2011-2012 Adopted Budget is the addition of an Economic Development Manager, whose role it will be to grow the economy of our City now and into the future. Furthermore, as a result of the fiscal contributions of the part-time Volunteer Resources Coordinator over the past two years, that position has been increased from a three-quarter to full-time position. An additional \$18,800 has been added to provide equipment for the creation of an unpaid Reserve Firefighter position.

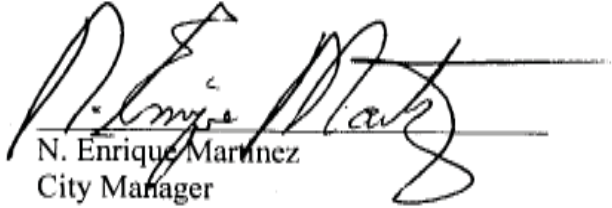
Beginning with the Fiscal Year 2011-2012 Adopted Budget, the City will highlight the accomplishments and sustainability efforts of each department. This year the Quality of Life Department will develop and implement a performance measures model that will ultimately be adapted and used by all departments. As we institute performance measures across all departments, future budgets will quantify savings from those measures.

In conjunction with the City's Core Values and the goals set by the City Council, the City will develop a Path to Excellence model that evaluates performance and assesses where improvements or innovations are most needed, ultimately achieving results that enhance the culture of the City of Redlands.

I wish to thank the City Council Budget Subcommittee for their participation in preparing the Fiscal Year 2011-2012 Budget. I also wish to express my pride in the professional Executive and support staff who have been instrumental in maintaining a high level of City services while allowing the City to increase its reserves since 2007 and who continue to keep service to the

City Manager's 2011-2012 Budget Message

residents of Redlands as their highest priority despite an overwhelmingly difficult climate. Although no additional reserves have been added to the Fiscal Year 2011-2012 Adopted Budget, as has been my practice in past years, the existing reserves that have grown to \$6.2 million remain intact for Fiscal Year 2011-2012, an accomplishment of which we can all be proud.



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 2011-2012 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 of 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 2011-2012 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 one day workshop to review their budget submissions including both revenue assumptions and expenditures requests. Upon completion of this workshop, 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 2/24/11
- Requested completed budget packets due to Finance 3/24/11
- Anticipated actual receipt of all final budgets 3/31/11
- Finance review of department submissions 3/28 - 4/11/11
- Projected difference between sources and uses 4/14/11
- Finance presentation of projections to City Manager 4/18/11
- Department meetings with City Manager 4/19/11
- Presentation to Budget Subcommittee for review 5/02/11
- Budget Subcommittee meeting for recommendations 5/05/11
- Proposed Budget distribution to City Council for review 5/23/11
- Proposed Budget presentation to City Council 6/01/11
- Adoption by City Council 6/06/11

**City of Redlands
2011-2012
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.
- 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 Association Fund (236) – To account for collection and subsequent expenditure of a fee, collected with the business license fee, for 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.
- Drug Confiscation 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.

- Low & Moderate Housing Fund (285) – To account for annual monies which, by law, must be set aside from Redevelopment tax increment revenues for the purpose of funding a program for development and improvement of housing for low and moderate income families.
- North Low & Moderate Housing Fund (286) – To account for annual monies which, by law, must be set aside from Redevelopment tax increment revenues collected from the north side project area for the purpose of funding programs dedicated to the development and improvement of housing for low and moderate income families.

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.
- Redevelopment Debt Service Fund (380) – To account for the receipt of tax increment and retirement of the 1987 Tax Allocation Refunding Bonds, the 1994 Subordinated Tax Allocation Refunding Bonds, the 1994 Refunding Parking Lease Revenue Bonds, and the 2003A 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.
- Redevelopment Funds (480-488) – To account for monies to be used for the acquisition or construction of facilities or land, as well as other project and administrative costs.

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.

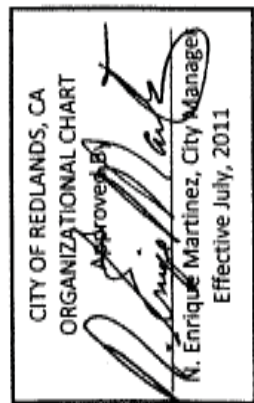
- Sewer Funds (521-529) – To account for sewer utility operations, projects, debt service costs, and impact fees of the City.
- Groves Fund (538) – To account for the farming operations of citrus groves owned by the City.
- Non Potable Water Funds (541-549) – To account for non potable water utility 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.



VOTERS

