

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005

TABLE OF CONTENTS

INTRODUCTION

Table of Contents	i
GFOA Budget Award	iii
CSMFO Budget Award	iv
Budget Resolution	v
Municipal Officers	vi
City Organizational Chart	vii
How to Use this Budget Document	viii
Budget Process	xi

BUDGET MESSAGE

Budget Message	xiii
----------------	------

BUDGET SUMMARIES SECTION

Comparative Fund Summary - All Funds	A-3
Revenue Assumptions	A-6
Comparative Summary of Estimated Revenues	A-8
Summary of Expenditure Programs - All Funds	A-10
Comparative Summary of Expenditure Programs - All Funds	A-13
Expenditure Department Requests	A-15
General Fund Source and Use Graphs	A-17
Expenditures and Revenues per Resident	A-20
Sales Tax - Where it Goes	A-23
Summary of Net Expenditures - General Fund	A-24
General Fund Ten-Year Financial Plan	A-27
Summary of Authorized Full-Time Positions	A-33
Summary of Fund Transfers	A-35
Summary of Cost Allocation and In-Lieu Property Tax Charges	A-36
Summary of Internal Service Fund Charges	A-37
Summary of Long Term Debt	A-39
Summary of Capital Projects	A-42
History and Locale of Redding	A-46

DEPARTMENT DETAIL

Administrative Services Department	B-1
Community Services Department	C-1
Development Services Department	D-1
Electric Department	E-1
Fire Department	F-1
General Government	G-1
City Council	G-4
City Manager's Office	G-5
Community Development	G-7
City Clerk's Office	G-13
City Treasurer's Office	G-25

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005

City Attorney's Office	G-31
Non-Departmental	G-32
Municipal Utilities	H-1
Police Department	I-1
Support Services Department	J-1

APPENDIX

Glossary	K-3
Statement of Estimated Revenues	K-9
Budget Policies	K-19
Redding Redevelopment Agency	K-35
Redding Area Bus Authority	K-55
Redding Housing Authority	K-63
Index	K-73

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Redding for its annual budget for the fiscal year beginning July 1, 2001. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005

CSMFO Award

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005

Resolution

MUNICIPAL OFFICIALS

City Council

Mayor Mark Cibula
Vice Mayor Michael Pohlmeier
Council Member Pat Kight
Council Member John Mathena
Council Member Mary Stegall

Administrative Personnel

City Manager Michael Warren
Assistant City Manager Phillip A. Perry
Deputy City Manager Kurt J. Starman
City Attorney Brad Fuller
City Clerk Connie Strohmayer
City Treasurer Allyn Feci Clark
Director of Administrative Services Randy Bachman
Director of Community Services Kim Niemer
Director of Development Services Jim Hamilton
Director of Electric Jim Feider
Director of Municipal Utilities (Acting) Phillip A. Perry
Director of Support Services Gerard Kersten
Fire Chief Jay Gunsauls
Police Chief Leonard Moty

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005

Org Chart

HOW TO USE THIS BUDGET DOCUMENT

Introduction

The City's Biennial Budget document is a comprehensive fiscal plan for achieving the desired goals of the City Council within the guidelines and policies established by resolution, ordinance, or law. At the Council budget hearing for the fiscal year 1997-98 budget, it was agreed upon that the City would prepare a two year budget.

Document Format

The Budget consists of 13 sections. The Introduction contains information of a general nature to the reader. The Budget Message presents information about the major goals and program strategies for the City as a whole; proposed budget resources and expenditures; reserve funds; and City priorities.

The Budget Summary follows the City Manager's message. The Budget Summary contains historical information about resources and expenditures for all funds and departments throughout the City.

The next 9 sections provide supporting detail for the Budget Summary information. These sections expand the presentation of prior fund balance and expenditures. In addition, these sections provide a summary of goals and objectives for all divisions.

The final section, the Appendix, provides information to the reader not given in other sections of the document. For example, this section includes a glossary of terms.

Fund Types

Government accounting requires the segregation of funds by type. The City of Redding uses five distinct fund types. These fund types include: **General, Special Revenue, Enterprise, Internal Services, and Trust and Agency funds.**

The **General Fund** is used to record all resources and expenditures not required to be accounted for in another fund type. **Special Revenue** funds account for the proceeds of legally restricted resources earmarked for specific purposes. Expenditures can be appropriated within the fund itself or transferred to another fund as reimbursement for expenditures. **Enterprise Funds** are established to account for operations that are financed and operated similar to private business. The intent of the City is to match costs associated with the enterprise operation with the revenues generated. The City's enterprise funds include the Airport, Convention Center, Electric, Water, Wastewater, Storm Drainage, and Solid Waste Funds. **Internal Service Funds** are created to account for services provided by one department for another. Costs of services are usually determined on a cost allocation basis. Expenditures are restricted to the dedicated use of the fund. **Trust and Agency** funds represent the Special Deposit Fund and other Trust Funds. All revenues are restricted to related expenditures within the responsible fund and are typically held in trust.

Revenues

Revenues are monies received by the City and are reported by source as follows: **Taxes; Fines, Forfeitures, and Penalties; Licenses and Permits; Use of Money and Property; Internal Departments; Other Governmental Agencies; Charges for Current Services, and Other.**

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005

Taxes are compulsory charges levied by a governmental agency for the purpose of financing services performed for the common benefit. Primary sources are Property Tax, Sales Tax, and Transient Occupancy Tax. **Fines** represent monies paid as an imposed penalty for an offense such as a traffic or safety violation. **Licenses and Permits** represent a voluntary or officially given right to levy a charge for a service provided. For example, a primary source of revenue from permits are those generated for approval of construction projects within the City limits, i.e., building permits. **Money and Property** identifies revenue received from investments or rental of assets. **Revenue from Internal Departments** is revenue charged to other departments for services provided by another department. The two main sources of revenue from internal departments is in-lieu property tax and cost allocation reimbursement. **Other Governmental Agencies** contribute revenue to the City by participating in specifically approved City activities. Revenues can be received from federal, state, county, or other local governmental agencies. Revenues for the most part are restricted to the guidelines developed by the governmental agency allocating the funds. Some of these include motor vehicle in-lieu fees, state mandated claims, Housing and Urban Development funds, various grants from the State of California and the federal government. **Charges for current services** are user charges applied to specific services provided by the City. The charges are established by resolution adopted by the City Council. Examples of charges for current services recreation fees, plan check fees, inspection fees, and fingerprinting fees. **Other revenues** are those resources not accounted for in any other category. They include miscellaneous revenue, compensation/property damage, and contributions.

The General Fund's five largest source of revenue are sales tax, property tax, transient occupancy tax, in-lieu property tax and motor vehicle in-lieu fees. These five sources make up over 75% of the General Fund revenue.

The revenue for the Special Revenue Funds generally consist of revenue from other governmental agencies and from fees for services. These funds are generally restricted and can only be used for specific purposes.

The revenue for the Enterprise Funds are generated by providing services, i.e. the fees paid for water on ones utility bill would go to the water utility, electric charges to the electric utility.

The revenue for the Internal Services Funds is generated by charging the users of their services (usually other City departments) .

Expenditures

Expenditures are divided into five categories: **Personnel Costs; Materials, Supplies, and Services; Debt Service, and Capital Outlay.**

Personnel costs account for all direct and indirect costs of City personnel. The cost also includes all employee benefits. **Materials, Supplies, and Services** represent expenditures for the operation of each department. **Debt Service** includes the principal and interest payments on all long-term debt. **Capital Outlay** accounts for any capital improvement, project, or equipment purchases over \$5,000. In prior years, this amount has been only \$1,000. Items that were once budgeted as capital outlay, i.e. computer equipment, are now budgeted as operating materials and supplies. These items are recorded separately.

Relationship to Annual Financial Report

The City's accounting records are maintained on the modified accrual basis (account method that recognizes revenue when available and recognizes expenses when the liability is concurred) for the General Fund and Special Revenue Funds. Internal Service Funds and Enterprise funds are accounted for on the accrual basis

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005

(accounting method that recognizes the financial effect of transactions when they occur, regardless of the timing of the related cash flows). For planning purposes, the Biennial Budget is developed utilizing the cash basis. The City's Comprehensive Annual Financial Report compares budgeted expenditures and revenues to actual expenditures and revenues, and delineates any variances.

BUDGET PROCESS

Responsibility

The City Manager is responsible for preparing the budget, submitting it to the City Council for adoption, and administering the budget after adoption. The City Manager has assigned preparation and administration of the budget to the Finance Division of the Administrative Services Department.

Capital Improvements

The City's Five-Year Capital Improvement Plan is developed every two years, opposite of the biennial budget. Each department provides a listing, including funding and justification, for each project. Upon publication, the first two years of the plan are added to the department's budget request.

Kickoff Meeting and Budget Requests

The budget process begins in January when the Finance Division compiles budget request forms for all departments. They are distributed along with a copy of the Budget Policies and Procedures Manual at the "Budget Kickoff" meeting.

Departments prepare their budget requests and justifications for their requests during January, February and March. The request generally will encompass each budget category. New personnel requests (which are budgeted for nine months to allow for recruitment) are reviewed by both the Personnel and Finance divisions. Other City divisions will review applicable requests and prepare recommendations (Information Technology will review computer equipment requests; Communications, radio equipment requests; and so forth).

Preliminary Hearings

Starting in March, the Finance Division conducts fact-finding hearings with the City departments. Preliminary recommendations for each budget request are reviewed, and each department is given the opportunity to add justifications or to provide additional information in support of their budget requests.

City Manager Review

In April, budget review hearings are held between the departments and the City Manager's Budget Committee. The budget Committee consists of the City Manager and two citizens. The preliminary recommendations of the Finance Division (including the recommendations of the other aforementioned divisions) are considered by the Budget Committee to determine the Proposed Budget. The departments are given another opportunity to present information in support of their budget requests. At the conclusion of the hearings, the City Manager, along with the two citizens on the Budget Committee determine what is to be incorporated into the Proposed Budget.

City Council Budget Hearings and Adoption

After receipt of the Proposed Biennial Budget, the City Council will establish dates for workshops. If necessary. At the conclusion of the workshop, the Council will modify the Biennial Budget until a majority consensus is reached, at which time the Biennial Budget is adopted by means of a resolution. Upon adoption, the Finance Division prepares for the start-up of the new year by "booking" the appropriations and estimated revenues into the accounting system. The Finance Division then prepares the final document for distribution to City officials and other interested parties.

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005

BUDGET DEVELOPMENT CALENDAR
FOR
BIENNIAL BUDGET 2003-05

<u>DUE DATE</u>	<u>ACTION</u>
12/4/02 to 2/11/03	All departments prepare and submit preliminary budget requests for computers, communication-related equipment and building maintenance projects for two years. A list of computer costs will be provided for your use in budgeting for computers.
1/23/03	Budget Kickoff Meeting at 1:30 PM in Council Chambers, budget reports will be distributed
1/23/03 to 2/14/03	Internal Service Funds prepare allocations and return to Finance. Due by February 14, 2003.
1/23/03 to 2/28/03	Departments prepare and enter budget information for biennial budget 2003-05. Final date to enter information is February 28, 2003. Departments prepare issue papers. Issue papers due by February 28, 2003.
3/3/03 to 3/14/003	Departments prepare department overview, which include goals and objectives and performance measures. Due by March 14, 2003.
3/3/03 to 3/21/03	Finance Division reviews budget requests and develops preliminary recommendations on program changes and other areas where budget has increased.
3/24/03 to 4/2/03	Departments discuss budget requests and department overviews with Finance.
4/14/03 to 4/28/03	City Manager reviews budget requests and makes preliminary decisions.
5/2/03	City Manager makes final budget decisions
5/5/03 to 5/23/03	Finance Division prepares Proposed Budget for City Manager.
6/3/03	City Manager presents Proposed Budget to City Council; City Council establishes date(s) for budget workshop(s)
June 2003	City Council reviews Proposed Budget and amends it as necessary. Budget is adopted.
7/31/03	Finance Division publishes and disseminates Biennial Budget