Understanding Government Finance

Governmental Funds

Although some funds can be transferred with City Council approval, many funds are legally restricted to specific purposes and cannot be used to cover General Fund budget deficits.

General Fund

The General Fund is the City's primary operating fund, providing the greatest **flexibility** to support the essential services residents rely on every day.

Examples Include:

- Police Services
- Fire Services
- Parks and Recreation

Major Sources of Revenue

- Property taxes
- Sales taxes
- Transient occupancy taxes
- Licenses and permits
- Charges for services
- Fines and penalties
- Investment earnings

Special Revenue

Special Revenue Funds are **legally restricted** to specific purposes and often include federal, state, county, and regional grant funding.

Examples Include:

- Gas Tax
- Measure M2
- State & Federal Grants

Grants help **enhance** or expand City services and are **not** intended to **replace** existing funding.

Many grants require the City to provide a **local funding match**, sometimes covering 25% or more of a project's cost before grant funding can be received.

Capital Project

Capital Project Funds support **specific** major infrastructure and construction **projects**, and generally cannot be used for day-to-day City operations.

Examples Include:

- Street Rehabilitation
- Park Improvements
- Public Facility Improvements

Major Sources of Revenue

- Grants
- Development Impact Fees
- Transportation Funds
- Bond Proceeds

Enterprise Fund

Enterprise Funds support business-like services funded by user fees and are **restricted** to the **services** that generate the revenue.

Examples Include:

- Water Services
- Sewer Services
- Sanitation Services

> **"One transaction at a time."**
>
> -City of Orange, Finance Department

Key Takeaway

While all funds make up the City's budget, many are legally restricted and cannot be redirected to other services.

For questions and comments, please contact Finance-Administration@cityoforange.org