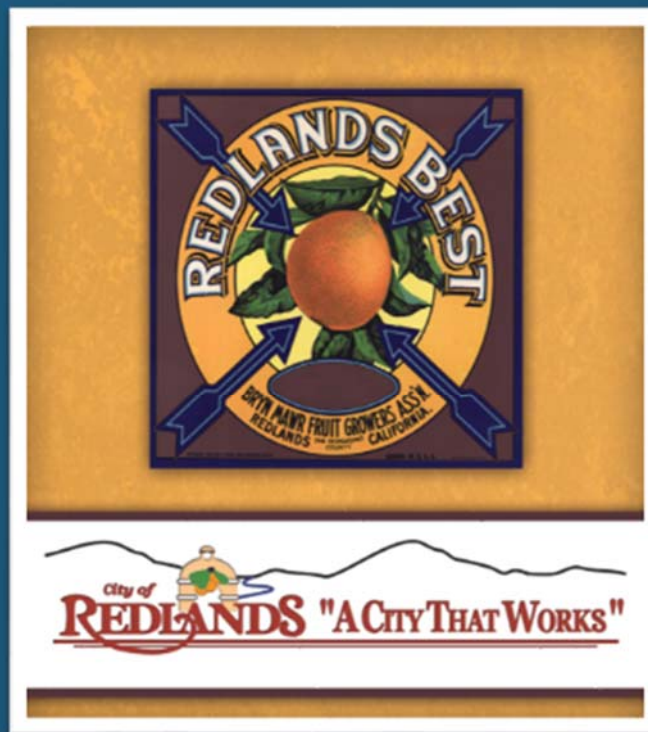


# CITY OF REDLANDS

CALIFORNIA

Comprehensive Annual Financial Report

For Year Ended June 30, 2016



**DANIELLE GARCIA**  
MANAGEMENT SERVICES /  
FINANCE DIRECTOR

**N. ENRIQUE MARTINEZ**  
CITY MANAGER



***Comprehensive Annual Financial Report***  
***For The Year Ended June 30, 2016***

***Redlands' City Council Members***

***Paul Foster, Mayor***

***Paul T. Barich, Mayor Pro Tempore***

***Jon P. Harrison, Council Member***

***Patricia L. Gilbreath, Council Member***

***Eddie Tejada, Council Member***

***N. Enrique Martinez, City Manager***

***Danielle Garcia, Management Services / Finance Director***

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CITY OF REDLANDS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR FISCAL YEAR ENDED JUNE 30, 2016

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MANAGEMENT SERVICES  
DEPARTMENT  
FINANCE DIVISION

City of  
**REDLANDS**

Incorporated 1888  
35 Cajon Street, Redlands, CA 92373

Danielle Garcia  
Management Services/Finance  
Director

Farrah Jenner  
Assistant Finance Director

January 26, 2017

To the Members of the City Council and Citizens of the City of Redlands:

It is the policy of the City of Redlands to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the City of Redlands ("the City") for the Fiscal Year ended June 30, 2016.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Lance, Soll & Lunghard LLP, an independent firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the Fiscal Year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the Fiscal Year ended June 30, 2016, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.



## PROFILE OF THE GOVERNMENT

The City of Redlands, incorporated in 1888, is located 63 miles east of Los Angeles, 110 miles north of San Diego, and 500 miles southeast of San Francisco. It lies within the San Bernardino Valley in the southwestern portion of San Bernardino County, covering an area of 36 square miles, within the heart of the Inland Empire. It serves a population of 68,386 residents.

The City was incorporated under the general laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. It is a municipal corporation governed by a five-member city council in which all policy-making and legislative authority is vested. The City Council is responsible, among other things for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is the chief administrative officer of the City and as such is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing department heads. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with elections occurring every two years. The mayor is currently elected by a majority vote of the Council.

The City provides a full range of services, including police and fire protection, animal control, emergency medical aid, building safety regulation and inspection, street lighting, landscaping, sewer and water utilities, solid waste collection and disposal, land use planning and zoning, housing and community services, maintenance and improvement of streets and related structures, traffic safety maintenance and improvement, and a full range of recreational and cultural programs for citizen participation, as well as being the home of the historic A. K. Smiley Public Library.

The annual budget serves as the foundation for the City's financial planning and control. Prior to the beginning of the Fiscal Year, the City Manager submits a budget for the upcoming year to the City Council. Public hearings are held before final approval of the budget. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The City maintains budgetary controls to ensure compliance with provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds and internal service funds are included in the annual budget. The level of control (level at which expenditures may not exceed budget) is the fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end; however encumbrances are re-appropriated each year by separate action of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

## ECONOMIC CONDITION AND OUTLOOK

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local economy.** City of Redlands' economy is based largely in the service and trade sectors (health care, retail trade, government, and education) and light manufacturing. The region has a varied manufacturing and industrial base that has added to the relative stability of the unemployment rate over the years. However, during the downturn in the economy, the unemployment rate rose to a high in 2010 of 10.5%, declining in the following year to 9.7% and again the next year to 7%. The rates continued to decline to 6.0% in calendar year 2013 and to 4.7% in 2014. For 2015, the unemployment rate decreased again to 3.0%. Redlands' unemployment rate remains lower than its neighboring communities. Since 2005, the annual unemployment rate for the City has ranged from a low of 3% to a high of 10.5%.

The City has land available for industrial/commercial/office use with only a portion of these areas utilized. Major industries with headquarters or divisions located within the City's boundaries or in close proximity include computer hardware and software manufacturers, electrical controls, furniture manufacturing, and automobile component manufacturers, and several financial and insurance institutions. Major employers in the City, or within the vicinity, include the Redlands Unified School District, Esri (Environmental systems research institute), Redlands Community Hospital, Amazon Fulfillment Center, Beaver Medical Group, Home Depot, City of Redlands, the University of Redlands, La Z-Boy, Inc., Loma Linda University Behavioral Medical Center, the VA Medical Center Loma Linda, and the United States Postal Service. A number of large warehouse distribution centers were developed in past years in the City or within its vicinity, including Bechton-Dickenson, Stater Bros. and Salton, with each providing additional job opportunities to the community.

The City's property tax base had showed steady growth from Fiscal Year 2000-2001, increasing from \$3.2 billion in that year to \$7.7 billion in Fiscal Year 2008-2009. However, for the 2009-2010 tax roll, the City of Redlands experienced a net taxable value decrease of 1.9%. Decreases occurred, again, for the 2010-2011 and 2011-2012 tax rolls, at 2.5% and 1.9%, respectively. After three years of decreases, the City experienced net taxable value increases of 2.7% and 5.5%, respectively, for the 2013-2014 and 2014-2015 tax rolls, and another net taxable value increase of 5.6% for the 2015-2016 tax roll. The assessed value increase between 2014-2015 and 2015-2016 was \$472 million.

- The net value change attributed to a CPI growth factor of 1.525% represented increases in value of more than \$80.4 million, or 1% of all growth.
- Transfer of ownership represented 2% of growth in net value, or \$171 million.
- Proposition 8 recapture value accounted for 1.3% of growth in net value, or \$105 million.

The housing market continued to improve in 2015-2016. Taken as a whole, the first ten months of 2016 saw home prices at 10.3% higher than 2015. As a signal of a strengthening housing market, the median price for single family homes in 2016 is now \$358,500 – representing a difference of only \$40,500 less than the peak price experienced in 2006 at \$399,000. Median sales prices have continued to rise year over year and are trending higher than last year's reported year over year increases.

Representing development efforts that started in fiscal year 2014/2015, all planned tenants in the Mountain Grove Shopping Center opened for business during fiscal year 2015/2016:

- 24-Hour Fitness, Bahama Buck, Banana Republic, buy buy Baby, Gap, Chipotle, Habit Burger Grill, Hobby Lobby, Home Goods, Jimmy Johns, Justice, Lane Bryant, Kirkland's, MOD Pizza, Old Navy, Ross Dress For Less, Sketchers, Tilly's, TJ Maxx, Ulta Beauty, WaBa Grill and Yogurtland.
- A 16-screen, state-of-the-art, Harkins Theatres entertainment complex began operations in 2016 as well.

In addition to the Mountain Grove project, there were many other notable additions to the business landscape, including new investments in office and industrial buildings where Northstar and Clarion located operations within the City. As well, the East Valley Association of Realtors purchased land for construction of a brand new facility. Munchkin baby products opened a regional distribution center. American Medical Response expanded to a larger facility to accommodate its operations. Ashley Furniture Industries made a permanent investment in the city, purchasing a newly built LEED-Silver Redlands Logistics Center. New businesses that opened in fiscal year 2015/2016 included:

- Farmer Boy's, a new Nike Store, a "retro-style" Starbucks, Fitness 19, and JoJo's Grill A Dog, and Kay Jewelers.
- Two new restaurants also opened: Bratworks and Sugarbee Café and Bake Shop.

In support of the community, the Municipal Utilities and Engineering Department (MUED) embarked on a number of transportation projects during Fiscal Year 2015-2016. Since the PARIS program's inception in 2013, 205 lane miles of streets have been paved. In addition to the street resurfacing projects, MUED has also managed projects related to reconstruction of the Redlands Boulevard and Alabama Street intersection improvements, improving the level of service at the intersection from an 'F' to a 'C'. In terms of non-motorized transportation, MUED has installed or replaced over 145,000 square feet of sidewalk, 2,000 linear feet of curb and gutter replacement, and 2.5 miles of bike lanes.

In addition to the transportation projects undertaken by MUED, the Quality of Life Department contributed significant efforts in improving essential infrastructure in parks and other general infrastructure. The parks division rehabilitated 10 park parking lots, installed new shade sail structures at various city parks, and replaced 3 park playgrounds. The citrus division harvested 24,379 filed boxes of fruit from city citrus groves for sale on the competitive market. As part of its beautification projects, 29 dead trees were removed and 933 trees were trimmed at Hillside Memorial Cemetery. As well, the cemetery developed a Cremation Estate area in Block L located on the north end of the cemetery. This area offers a semi-private setting when visiting loved ones. Lastly, the Airport division procured consulting services for the development of an Airport Business Plan, which was finalized and adopted by the City Council in July 2016.

The City of Redlands Redevelopment Agency – and all redevelopment agencies in California were dissolved under AB1X 26 (and subsequently AB1484), effective as of February 1, 2012, and the City of Redlands, as "Successor Agency," assumed responsibilities for winding down the operations of the Redevelopment Agency. As such, the Successor Agency for the former Redevelopment Agency for the City of Redlands has the responsibility of paying off existing debts and obligations including the disposal of all assets and properties of the former Redevelopment Agency. The City of Redlands elected not to assume the responsibility for administering the former Redevelopment Agency's housing functions.

To date, the Successor Agency has complied with the requirements of AB1X 26/AB and 1484 by submitting its Enforceable Obligation Payment Schedule (EOPS), Recognized Obligation Payment Schedules (ROPS), and other required documents. Successor Agency and City staff continue to respond to the ever-changing requirements of the State of California Department of Finance (DOF) and were notified pursuant to a letter from the Attorney General, dated August 25, 2014, that the DOF concurs that a loan of \$3,157,400 made from the City to the Successor Agency in July, 2012, was for enforceable obligations of the Successor Agency from July 2012 through December 2012, including the principal and interest on tax allocation bonds which were due on August 1, 2012. That loan has been repaid in full by the Successor Agency in fiscal year 2014/2015.

On September 8, 2015, the DOF approved the Successor Agency's Long-Term Property Management Plan. Since that time the Successor Agency has transferred ownership of properties designated for a governmental purpose to the City and has been actively working towards disposing of those properties not specified for a governmental purpose in accordance with this Plan. Further discussion about the Successor Agency can be found in Note 15 of the Notes to the Basic Financial Statements.

**Long-term financial outlook/planning.** Prior to, and over the last decade, the City has faced financial challenges as a result of the State Budget crisis, increases in PERS rates, increases in employee contracts, and employee retirements, and in recent years, faced the impacts associated with the greatest downturn in our economy that had been seen in years. At times during this period, despite some years of growth in property taxes, sales taxes, and development, the City's General Fund expenditures and uses exceeded its revenues and sources, thereby causing a decline in the General Fund's Unreserved (Unassigned) Fund Balance. As a result, the City began to focus on financial policy decisions to balance the budget, establish minimum reserve levels, as well as to review service levels, enhance revenue opportunities, evaluate reorganizations and develop capital improvement plans. These actions helped the City's General Fund achieve net increases in its fund balance in Fiscal Year 2006-2007, by \$1.4 million, and again in Fiscal Year 2007-2008, by \$1.9 million. These actions over the two years proved invaluable to the City as the downturn in the economy hit in Fiscal Year 2008-2009. In the fall of Fiscal Year 2008-2009, the City Council, the City Manager, and the executive staff examined the potential impacts

the downturn in the economy would have on the City, particularly as a result of a significant decline in sales tax revenue and a slowdown in development activity. Departmental budgets were reduced wherever possible and an early retirement incentive program was established, along with a furlough program for all employees that began during the second half of Fiscal Year 2008-2009. As a result of these efforts and some improvement in certain revenue categories, the fund balance of the City's General Fund increased by \$3.7 million during that year. Despite the positive outcome to Fiscal Year 2008-2009, the City continued to face challenges in Fiscal Year 2009-2010 as a result of the poor economic climate and continued declines in sales taxes and development revenues, along with declines in property taxes, franchise fees, and other taxes. With continuation of the furlough program, continued emphasis on reducing expenditures, and some better than expected revenues, the General Fund Unreserved (unassigned) Fund Balance reached \$5.8 million by that year-end, exceeding projections by \$1.25 million.

In the following two fiscal years, the furloughs continued and vacancies in the Police department and other changes in positions and staffing levels resulted in savings, that together with other cost-saving measures, resulted in an unassigned fund balance in the General Fund of \$6.8 million at June 30, 2011 and \$7.8 million at June 30, 2012. Despite the end of furloughs at June 30, 2012 for all but the Police bargaining groups, General Fund expenditures for Fiscal Year 2012-2013 came in under budget by \$1.3 million, a reflection of the City's commitment to tightening its belt. Although revenues also came in under budget that year, the General Fund's ending unassigned fund balance grew to \$8.2 million.

Despite improvements seen in the economy during Fiscal Year 2013-2014, the City did not falter in its efforts to monitor expenditures and make reductions where possible. By the end of Fiscal Year 2013-2014, or shortly thereafter, the City Council had worked with outside counsel to negotiate with the City's bargaining units to achieve immediate and future salary and benefit savings for the City, through agreements with employees to share in contributions towards retirement and health benefits. As a result of these and other cost-saving efforts, as well as improvements in the economy that translated into improved revenues, the General Fund ending unassigned fund balance at June 30, 2014 reached \$10.8 million and of \$12.5 million as of June 30, 2015.

With continued cost-savings and a steady economy, the General Fund reported unassigned fund balance of \$13.4 million. Further review of the General Fund is included within Management's Discussion and Analysis which follows the independent auditor's report.

In its on-going effort to determine how best to lead the City into the future, the City Council held a strategic planning workshop in January, 2014, in which they confirmed goals/focus themes for the City of Redlands originally identified in a workshop held in June, 2013. Following a year-long effort to develop a strategic plan that would move the City forward in a way that would be most advantageous to its residents and the community at large, the City Council approved the 2014-2017 Strategic Plan dated July 1, 2014, in which it identified the following five priority focus areas: fiscal accountability, economic development, infrastructure, land resource management, and safety and economic services.

A significant undertaking and key priority in the Strategic Plan includes update of the City's General Plan. During fiscal year 2015/2016, significant progress has been made on this effort. The conceptual visioning phase resulted in the adoption of overarching themes for the general plan that will serve to frame concepts and ideas for growth. Staff, along with the City's consultant and General Plan Steering Committee has collected and analyzed data, created plan frameworks and strategies and are currently reviewing and refining the draft General Plan. The next steps that will be undertaken are to continue to refine the draft plan, develop an environmental impact report based on its contents, and to present the final document, hold public hearings for stakeholder input and to formally adopt the General Plan for the City.

## General Plan Themes

- **Connected City**
- **Livable Community**
- **Prosperous Economy**
- **Vital Natural Environment**
- **Distinctive City**
- **Healthy Community**

As part of fiscal accountability, the Strategic Plan identifies the sustainability of the City's various enterprise funds. In 2015, the City Council adopted a business plan for one such enterprise, Hillside Memorial Park Cemetery. The business plan introduced a financing model and various new products and services designed to modernize operations of the cemetery, making it competitive with other memorial parks in the region and reverse decades of financial deterioration that saw Hillside cemetery running a consistent deficit in revenue to operating expenses. The business and financial plan included a recommendation to borrow cemetery endowment monies to fund some of these recommended improvements. At June 30, 2016, the Cemetery had borrowed \$641,270 from the Cemetery Endowment for these efforts.

Another key priority identified in the Strategic Plan under infrastructure, and as one of its important long term initiatives, is the continual effort by the City of Redlands to embrace technology at a rapid pace to achieve efficiency in service delivery. Representative of this effort is the City Council's Five-Year Information Technology (IT) Master Plan, which resulted from a comprehensive and thorough assessment of the City's existing technology infrastructure, operational requirements and service delivery needs. The IT Master Plan provides a set of initiatives and priorities for categories such as, IT Infrastructure, Data Security, Mobile Computing, and Best Practices. In keeping with the City Council's promotion of these efforts, funds are directed towards IT Master Plan projects each year from the Department of Innovation and Technology's operating budget. Originally in April, 2013, the IT Master Plan set forth 103 such initiatives. Because the Plan's success depends on continual updates, expansion and revisions, there are now 154 initiatives. Of these, 128 or 86%, are marked as either completed, in progress, or have been funded in the next fiscal year.

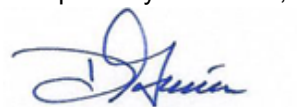
## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Redlands for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015. This was the thirteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance department. Special recognition is due to Assistant Finance Director, Farrah Jenner, Principal Accountant/Internal Auditor, James Garland, and Senior Accountants, Denise Camarillo and Jacquelyn Guest, for their efforts in overseeing the compilation of the accounting data and interfacing with our auditors; and to the accounting firm of Lance, Soll & Lunghard, LLP, and to the City Manager's Office. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Danielle Garcia  
Management Services / Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

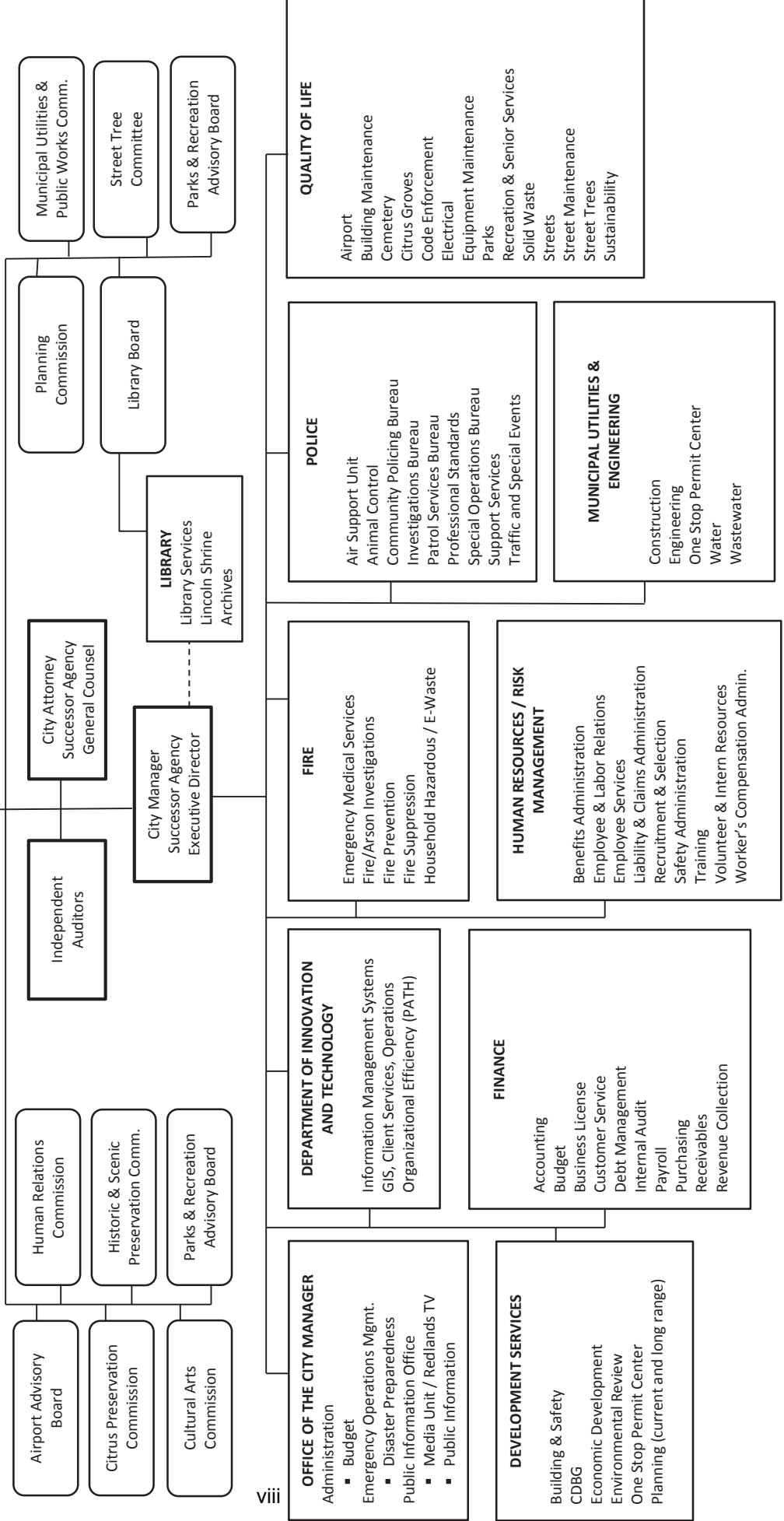
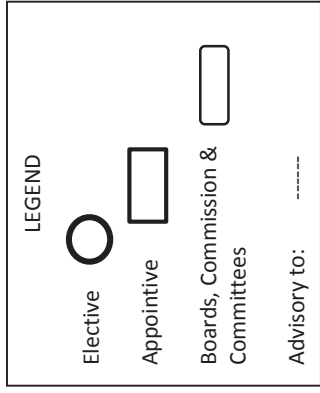
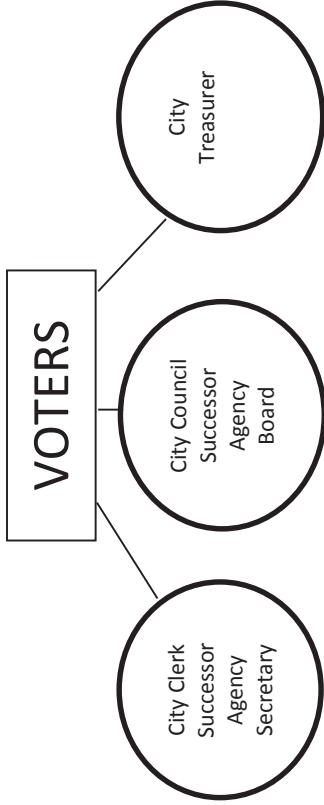
**City of Redlands  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

City of Redlands, CA  
 Organizational Chart  
 Approved By: *N. Enrique Martinez*  
 N. Enrique Martinez, City Manager  
 Effective July, 2016



CITY OF REDLANDS, CA  
PRINCIPAL OFFICERS

CITY COUNCIL (Elected)	Paul Foster, Mayor Paul T. Barich, Mayor Pro Tem Patricia L. Gilbreath, Councilmember Jon P. Harrison, Councilmember Eddie Tejada, Councilmember
CITY MANAGER	N. Enrique Martinez
CITY CLERK (Elected)	Jeanne Donaldson
CITY TREASURER (Elected)	Robert Dawes
CITY ATTORNEY	Daniel J. McHugh
DEVELOPMENT SERVICES DIRECTOR	James Troyer (Interim)
FIRE CHIEF	Jeff L. Frazier
HUMAN RESOURCES/RISK MANAGEMENT DIRECTOR	Amy Martin
LIBRARY DIRECTOR	Donald McCue
MANAGEMENT SERVICES/FINANCE DIRECTOR	Danielle Garcia
MUNICIPAL UTILITIES & ENGINEERING DIRECTOR	Chris Diggs
POLICE CHIEF	Mark Garcia
QUALITY OF LIFE DIRECTOR	Christopher Boatman



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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Redlands, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Redlands, California, (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Honorable Mayor and Members of the City Council  
City of Redlands, California

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redlands, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund, Local Transportation Fund, Public Facilities Development Fund, the schedule of changes in the net pension liability and related ratios for the agent-multiple employer plan, the schedule of plan contributions for the agent-multiple employer plan, the schedule of proportionate share of the net pension liability for the cost sharing multiple employer plan, and the schedule of plan contributions for the cost sharing multiple employer plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



CPAs AND ADVISORS

To the Honorable Mayor and Members of the City Council  
City of Redlands, California

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Lance, Soll & Lughard, LLP*

Brea, California  
January 26, 2017

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis of the financial performance of the City of Redlands provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

### **Using the Accompanying Financial Statements**

This annual CAFR consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
  - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short-term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates like businesses, such as the water system.
  - *Fiduciary fund* statements provide information about fiduciary relationships – like the agency funds of the City – in which the City acts solely as *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provides additional financial and budgetary information.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1**

*Major Features of the City's Government-wide and Fund Financial Statements*

	<b>Fund Statements</b>			
	<b>Government-wide Statements</b>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow of resources, deferred inflow of resources, and liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets, although they can
Type of financial inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

## Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and its changes. You can think of the City's net position – the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities – as one way to measure the City's financial health, or *financial position*. Over time, *increases and decreases* in the City's net position may be one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, City services are divided into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here. Sales taxes, property taxes, state subventions, and other revenues finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of the services accounted for in these funds.

## Reporting the City's Most Significant Funds

The **fund financial statements** provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants or other money. The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *current-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* in a reconciliation on the page following the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) *are part of* the business-type activities we report in the government-wide statements but provide more detail and additional information for proprietary funds, such as statement of cash flows. The City's internal service funds (the other component of proprietary funds) reports activities that provide supplies and services internally to other City departments and programs,



## Reporting the City's Fiduciary Responsibilities

The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

*The following is a condensed Statement of Net Position for the fiscal years ended June 30, 2016 and June 30, 2015, which allows for analysis of the City's net position as a whole.*

**Table 1**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other Assets	\$ 66,797,617	\$ 74,947,781	\$ 72,696,459	\$ 71,957,125	\$ 139,494,076	\$ 146,904,906
Capital Assets	624,775,790	628,642,674	181,470,130	185,008,450	806,245,920	813,651,124
Total Assets	<b>691,573,407</b>	<b>703,590,455</b>	<b>254,166,589</b>	<b>256,965,575</b>	<b>945,739,996</b>	<b>960,556,030</b>
Deferred Outflows of Resources - Pension	<b>7,520,554</b>	<b>5,862,568</b>	<b>1,609,959</b>	<b>1,312,875</b>	<b>9,130,513</b>	<b>7,175,443</b>
Long-Term Debt outstanding	122,903,513	112,479,532	69,570,579	66,646,497	192,474,092	179,126,029
Other Liabilities	12,933,008	18,882,760	4,351,371	5,459,956	17,284,379	24,342,716
Total Liabilities	<b>135,836,521</b>	<b>131,362,292</b>	<b>73,921,950</b>	<b>72,106,453</b>	<b>209,758,471</b>	<b>203,468,745</b>
Deferred Inflows of Resources - Pension	<b>7,675,260</b>	<b>18,004,962</b>	<b>1,332,898</b>	<b>3,643,575</b>	<b>9,008,158</b>	<b>21,648,537</b>
Net Position						
Net Investments in Capital Assets	622,119,006	625,683,667	163,565,980	154,904,203	785,684,986	780,587,870
Restricted	15,258,535	15,584,054	3,702,600	4,671,097	18,961,135	20,255,151
Unrestricted	(81,795,361)	(81,181,952)	13,253,120	22,953,122	(68,542,241)	(58,228,830)
Total Net Position	<b>\$ 555,582,180</b>	<b>\$ 560,085,769</b>	<b>\$ 180,521,700</b>	<b>\$ 182,528,422</b>	<b>\$ 736,103,880</b>	<b>\$ 742,614,191</b>

Net position over time may serve as a useful indicator of a government's financial position. In the case of the City, the net position decreased during the year, by a total of \$5,213,694 as indicated in the Changes in Net Position Table 2 that follows. Table 1 shows that the net position of the government-wide activities decreased by \$6,510,311 or 0.9%, from \$742,614,191 in 2015 to \$736,103,880 in 2016. Governmental Activities net position decreased by 0.8%, from \$560,085,769 at June 30, 2015 to \$555,582,180 at June 30, 2016. The City's net position of business-type activities decreased by 1.1% from \$182,528,422 in 2015 to \$180,521,700 in 2016.

### Total Primary Government

- Again, this year, the largest portion of total assets consists of capital assets (i.e., land, infrastructure and equipment), totaling \$806.2 million or 85% of total assets. These are detailed in Note 5 of the financial statements.
- Net investment in Capital Assets of \$785.7 million represents the City's investment in infrastructure and other capital assets, net of the debt issues to construct or acquire those assets.
- Cash and investments comprised of \$124.3 million in the City treasury and \$7.4 million of restricted cash and investments held with fiscal agents. These are detailed in Note 3 of the financial statements
- Receivables, totaling \$12.6 million, consist of accounts receivable and taxes receivable.
- Restricted net position, totaling \$18.9 million, represents resources that are subject to restrictions on how they may be used, such as to construct specific capital projects, service debt, or for other specific uses.
- The amount of (\$68,542,241) represents the unrestricted net position deficit, mostly resulting from the recognition of the net pension liability in fiscal year 2016, in accordance with GASB 68. Additional details can be found in Note 9.

- Overall investment in capital assets, net of related debt, increased by 6.5%. It should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves generally are not used to liquidate these liabilities.

#### Governmental Activities

- Receivables, totaling \$6.4 million, consists mainly of taxes receivable at \$5.9 million, with the remaining \$.5 million in accounts receivable.
- The net position resulting from governmental activities decreased slightly by 0.8%, remaining relatively stable.
- This year, there was an increase of \$13.3 million in long-term debt, due mainly to increases in net pension liability and increases in other post-employment benefits. There are more details available in Note 6 of the financial statements.
- Total investment in capital assets remained relatively stable, with a slight decrease of 0.6%.

#### Business-Type Activities

- The net position resulting from business-type activities increased by 1.1%.
- Total capital assets total \$181.5 million and represent 22.5% of total assets citywide.
- Receivables, totaling \$6.2 million, consist predominantly of accounts receivable, with only \$292 attributed to taxes receivable.
- This year, there was an increase of \$2.9 million in long-term debt, due mainly to increases in net pension liability and increases in other post-employment benefits. More details are available in Note 6 of the financial statements.
- Total net investment in capital assets increased by 5.6%.

The **Statement of Activities** reports increases and decreases in the net position. The following is a condensed Statement of Activities for the fiscal years ending June 30, 2016 and June 30, 2015:

**Table 2**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
<b>Program Revenues</b>						
Charges for services:	\$ 14,198,770	\$ 14,610,638	\$ 43,402,538	\$ 46,457,271	\$ 57,601,308	\$ 61,067,909
Operating grants and contributions	5,596,864	8,607,394	-	180,000	5,596,864	8,787,394
Capital grants and contributions	1,346,021	4,666,849	392,189	4,593,429	1,738,210	9,260,278
<b>General Revenues</b>						
Property taxes	26,424,395	25,157,824	38,109	35,225	26,462,504	25,193,049
Sales taxes	18,344,596	16,040,049	-	-	18,344,596	16,040,049
Franchise taxes	3,079,571	3,735,682	-	-	3,079,571	3,735,682
Other taxes	1,792,527	1,681,618	-	-	1,792,527	1,681,618
Use of money & property	800,889	467,427	1,335,997	921,859	2,136,886	1,389,286
Other	1,105,258	1,035,134	2,911,966	1,152,177	4,017,224	2,187,311
Gain/(loss) on sale of capital assets	-	-	-	4,840	-	4,840
Intergovernmental (unrestricted)	234,787	424,385	-	-	234,787	424,385
<b>Total Revenues</b>	<b>72,923,678</b>	<b>76,427,000</b>	<b>48,080,799</b>	<b>53,344,801</b>	<b>121,004,477</b>	<b>129,771,801</b>
<b>Program Expenses</b>						
General government	16,235,478	10,229,535	-	-	16,235,478	10,229,535
Public safety	42,097,211	40,920,668	-	-	42,097,211	40,920,668
Culture and recreation	3,542,242	3,554,720	-	-	3,542,242	3,554,720
Highway and streets	15,594,075	12,043,276	-	-	15,594,075	12,043,276
Library	2,023,972	1,929,752	-	-	2,023,972	1,929,752
Interest on Long-Term Debt	1,123,871	1,297,837	-	-	1,123,871	1,297,837
Water	-	-	21,635,151	19,556,198	21,635,151	19,556,198
Disposal	-	-	12,172,640	12,201,957	12,172,640	12,201,957
Sewer	-	-	8,956,871	8,030,897	8,956,871	8,030,897
Groves	-	-	841,529	689,839	841,529	689,839
NP Water	-	-	81,152	73,383	81,152	73,383
Cemetery	-	-	1,304,891	681,223	1,304,891	681,223
Aviation	-	-	609,088	333,061	609,088	333,061
<b>Total Expenses</b>	<b>80,616,849</b>	<b>69,975,788</b>	<b>45,601,322</b>	<b>41,566,558</b>	<b>126,218,171</b>	<b>111,542,346</b>
<b>Increase in Net Position Before</b>						
<b>Extraordinary Gain &amp; Transfers</b>	<b>(7,693,171)</b>	<b>6,451,212</b>	<b>2,479,477</b>	<b>11,778,243</b>	<b>(5,213,694)</b>	<b>18,229,455</b>
Extraordinary Gain	-	-	-	-	-	-
Transfers	4,486,199	16,113,690	(4,486,199)	(16,113,690)	-	-
<b>Increase (Decrease) in Net Position</b>	<b>(3,206,972)</b>	<b>22,564,902</b>	<b>(2,006,722)</b>	<b>(4,335,447)</b>	<b>(5,213,694)</b>	<b>18,229,455</b>
Beginning Net Position	560,085,769	606,902,772	182,528,422	202,216,733	742,614,191	809,119,505
Restatement of Net Position	(1,296,617)	(69,381,905)	-	(15,352,864)	(1,296,617)	(84,734,769)
<b>Ending Net Position</b>	<b>\$ 555,582,180</b>	<b>\$ 560,085,769</b>	<b>\$ 180,521,700</b>	<b>\$ 182,528,422</b>	<b>\$ 736,103,880</b>	<b>\$ 742,614,191</b>

Total Primary Government

- Total Governmental Activities revenues for fiscal year 2015/2016 decreased by 4.6%. This decrease is mainly attributed to sharp decreases in operating grants and contributions as well as capital grants and contributions received, in the amounts of \$3.0 and \$3.3 million respectively.
- Property tax and sales tax revenue increased from fiscal year 2014/2015 by 5% and 14.4% respectively.
- Total expenses for the City increased in fiscal year 2015/2016 by \$14.7 million. These increases are mainly attributed to by increases in expenditures for general government, public safety, highways and streets, and Hillside Memorial Cemetery.
- Transfers between governmental activities and business-type activities decreased by \$11.6 million. This is mainly attributed to above average transfers during fiscal year 2014-2015 for expenditures related to the City's Pavement Accelerated Rehabilitation Implementation Strategy (PARIS) program as well as storm drain, street and ADA sidewalk construction.

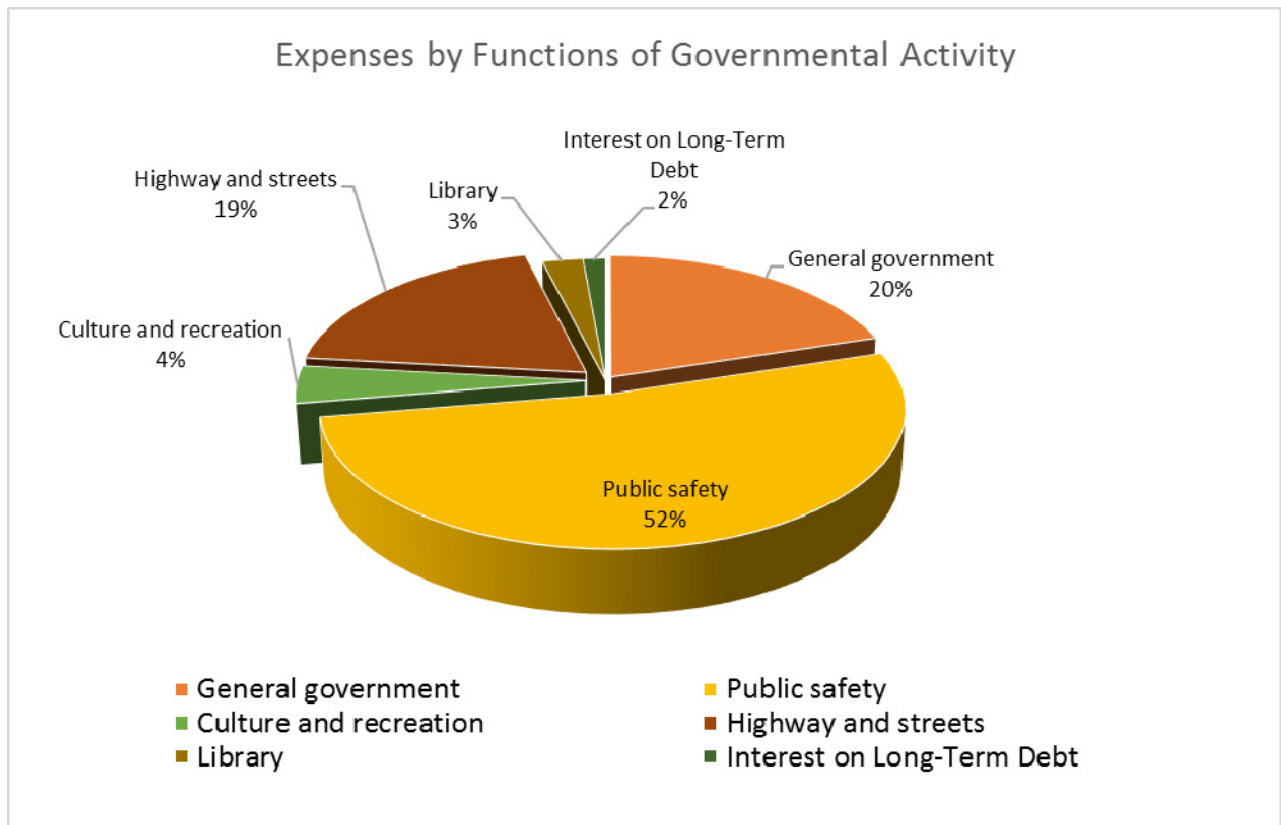
## Governmental Activities

- Overall, total revenues decreased in fiscal year 2015/2016 by \$3.5 million, or 4.6%.
  - These declines were contributed to by decreases in development revenues and reductions in franchise fees, primarily in the amount received from the Gas Company.
- While charges for service remained relatively stable, decreasing by \$0.4 million, or 2.8%, there were significant decreases in grants and contributions for both operating and capital projects.
  - Revenues from operating grants and contributions decreased by \$3 million or 35% from the previous year.
  - Revenues from capital grants and contributions fell by \$3.3 million, a decrease of 71% from the previous year's revenues in 2014/2015.
- General government expenses increased significantly over fiscal year 2014/2015 expenses, by \$6 million or 58%.
  - These increases are partly attributed to increases in liability claims that required a transfer to the Liability Fund, and an increase in the General Fund loan to public facilities for its share of debt service on the City's 2003 Certificates of Participation due to a significant decline in development impact fees.
- In addition to the increases in expenses for general government, other programs experienced similar increases: public safety increased by \$1.2 million, or 2.9%, highways and streets spending increased by \$3.5 million, or 29%, and library expenses increased by \$0.09 million, or 4.8%.

## Business-Type Activities

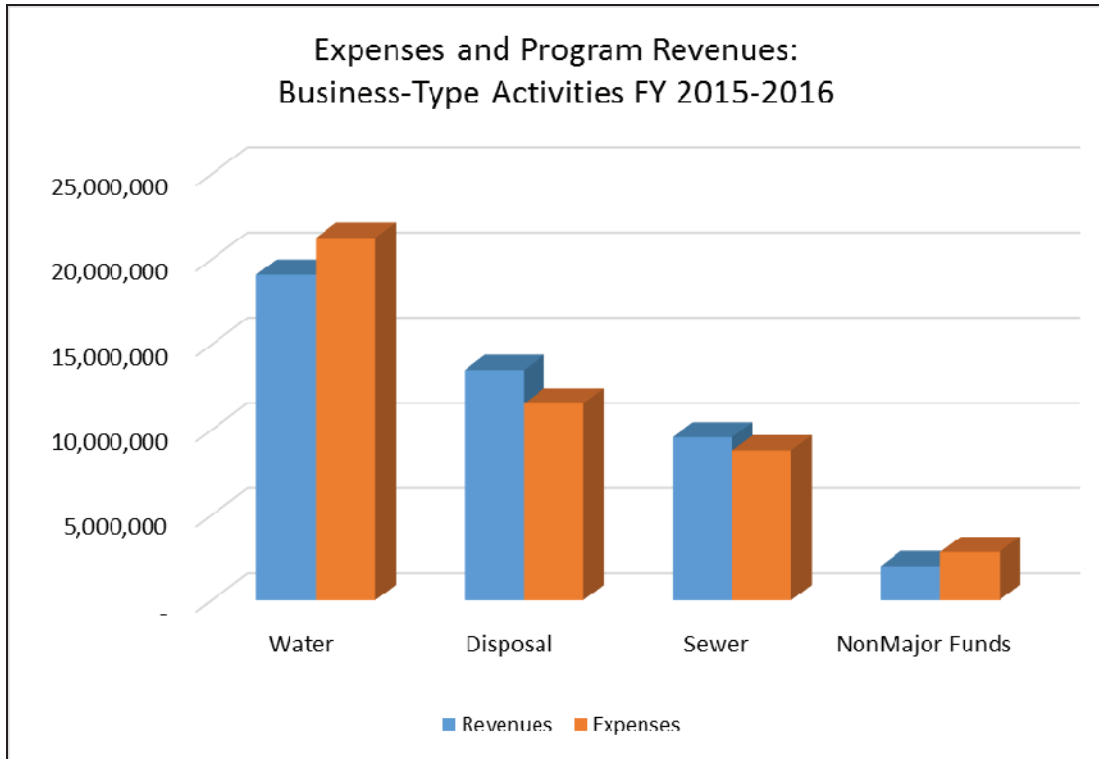
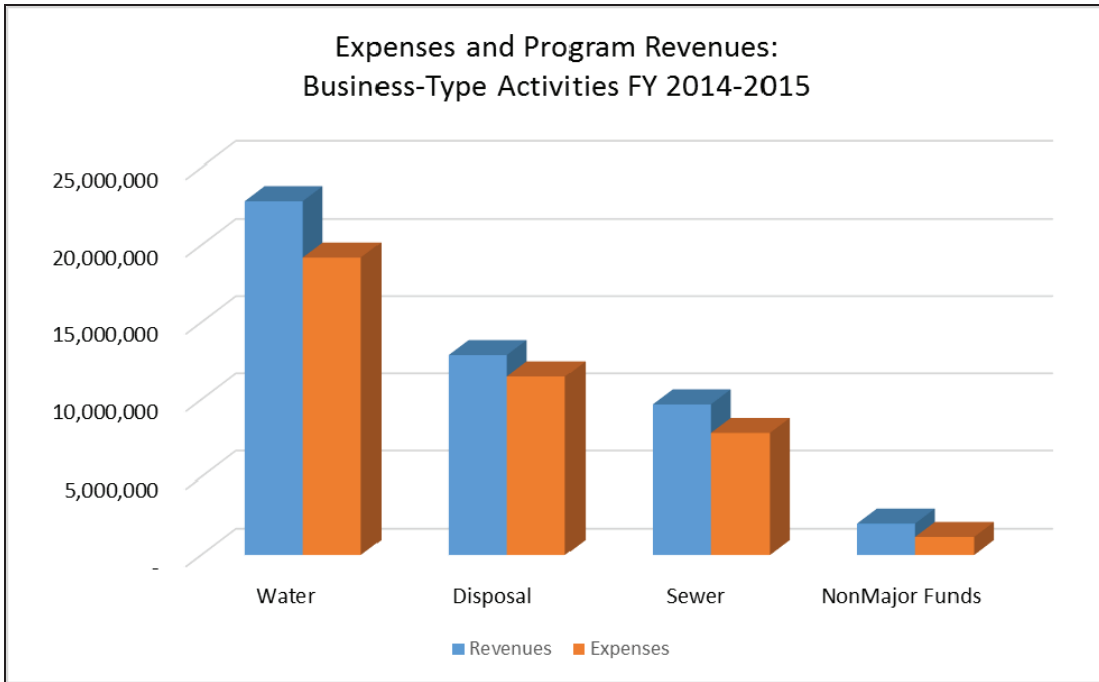
- Overall, ending net position for the business-type activities decreased by \$2 million, or 1%.
- Comparing fiscal year 2014/2015 and fiscal year 2015/2016, total revenues decreased by \$5.2 million, or 9.9%.
- The decrease in revenues is mainly attributable to decreases in revenue received from charges for service and capital grants and contributions, \$3.1 and \$4.2 million respectively.
  - Decreased collection of charges for service occurred mainly within the water fund, where state mandated conservation impacted water use in the City and, hence, water revenues as a result.
    - To address growing water scarcity concerns all over the state, Governor Brown issued Executive Order B-29-15 on April 1, 2015, directing the State Water Resources Control Council (SWRCB) to work with water service providers to reduce urban potable use by 25% from 2013 levels statewide. The City was required to reduce usage by 36% by this standard and achieved 23%.
- Expenses rose from fiscal year 2014/2015 levels by \$4 million, or 9.7%. The programs with the largest increase in expenses were the water fund and the Hillside Memorial Cemetery, at increases of \$2 million, or 10% and \$0.7 million, or 92% respectively.
  - Increases for expenses in the water fund can be attributed to major repair and rehabilitation activities performed on water pipeline, Ward Way and Crafton Hills reservoirs as well as rehabilitation of Chicken Hill and Mill Creek 2A wells.
  - Increased expenses for Hillside Memorial Cemetery were attributed to repaving and irrigation project that replaced 4,500 feet of irrigation pipeline and repaved 5 miles of road.

## Expenses by Function of Governmental Activity



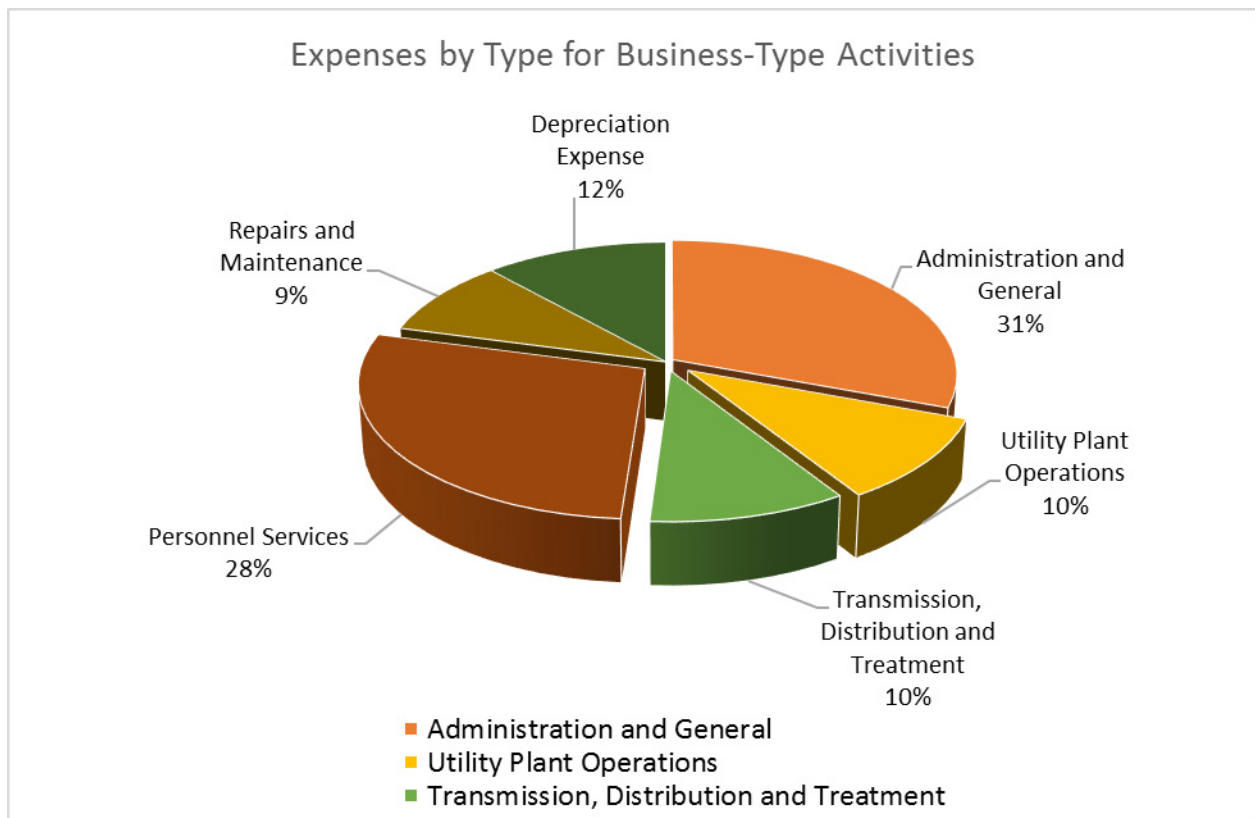
- Expenses overall for governmental activities totaled \$80.6 million, representing an increase over fiscal year 2014/2015 expenses, by \$10.6 million or 15.2%.
- Expenses for general government comprise 20% of total governmental activities, or \$16,235,478. General government includes functions such as administration, parks, streets, engineering and City council.
- Expenses for public safety represent 52% of total governmental activities in the amount of \$42,097,211. The main operations within public safety are the Police and Fire Departments.
- Expenses for highway and streets are 19% of all governmental activities, or \$15,594,075. These expenses include spending on the City's Pavement Accelerated Rehabilitation Implementation Strategy (PARIS) program and other capital repairs to road infrastructure.
- Culture and recreation, Library, and interest on long-term debt comprise 4, 3, and 1% of general government respectively, or \$3,542,242, \$2,023,972 and \$1,123,871.

**Expenses and Program Revenues : Business Type Activities Fiscal Year Comparison**



- Major differences between revenues and expenses for business type activities are show in the two charts above.
  - Fiscal year 2015/2016 saw a decrease in water reveues of \$3,762,290 and an increase in expenses of \$2,078,953. These differences are attributed to state mandated water conservation efforts and an increase in capital repair/replacement activities within the operation.
  - For disposal operations, there was a slight increase in revenues over fiscal year 2014/2015 in the amount of \$617,194 and a slight increase in expenses as well in the amount of \$30,317.
  - In the sewer fund, revenues decreased slightly by \$131,128 and expenses increased by \$925,974.
  - Lastly, for nonmajor funds, comprised of operations like Hillside Memorial Cemetery, the Aviation fund, and Nonpotable Water fund, there were overall decreases in revenues of \$22,561 and increases in expenses of \$1,059,154.

**Expenses by Type for Business-Type Activities**



## MAJOR FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

**Major Governmental Funds.** The **General Fund** is the chief operating fund of the City. At the end of June 2016, the total fund balance reported for the general fund was \$32,168,791, an increase of \$358,236, or 1.1%, from the prior year fund balance of \$31,810,555. As a measure of the general fund's liquidity, it can be useful to compare the total fund balance to total fund expenditures, which show that fund balance is 55.3% of general fund expenditures, however only \$13,454,147 of the \$32.1 million fund balance is unassigned. The unassigned fund balance of \$13.45 million, together with the \$8.1 million fund balance committed to stabilization arrangement (contingencies), is the only portion of fund balance readily available for spending and represents 37.1% of general fund expenditures. Total general fund expenditures this year were \$5,092,476, or 8.7% greater than prior year and total general fund revenues were \$1,778,449, or 3% greater than prior year.

Significant changes in the revenues of the City's General Fund from the prior year are as follows:

- Sales Taxes increased by \$2,304,547 from prior year with increases in the state sales tax compensation allocation and the Bradley Burns sales tax at \$1,363,996; Public Safety Sales Tax (Prop. 172) increased by \$8,492. Increases from the Citrus Plaza, Mountain Grove and other 'donut hole' shopping centers increased by \$520,849.
- Property Taxes increased by \$1,266,571, primarily due to an increase in net taxable value of 5.6%. Of that increase in value, 63% is attributed to residential property.
- Franchise Fees decreased by \$656,111. As previously discussed, fees from SCE, the Gas Company, Verizon and Time Warner decreased over prior year fees collected.
- "Other" Taxes increased a total of \$110,954, with increases of \$37,470 in Transient Occupancy Taxes, \$20,725 in Possessory Interest, and \$52,714 in Mining Taxes.
- Licenses and Permits reflect a decrease of \$925,917, mostly due to the lower revenues from in building permits and plan checks.
- Intergovernmental Revenues decreased by a net amount of \$348,720, primarily the result of reductions in grants carried forward for street striping, Safe Routes to Schools, and ADA sidewalk improvements. As well, significant grants from fiscal year 2014-2015 for Safe Drinking Water and Energy Efficiency Improvements were not included in fiscal year 2015-2016.
- Charges for Services reflect an overall increase of \$212,487 from prior year. While there are variations over and under in each revenue account, the most significant increases include \$471,950 in mutual aid reimbursement, \$174,553 in cost recovery, and \$92,442 in rental property inspections.

The **Local Transportation** fund accounts for the receipt and expenditure of street and road construction funds including the City's Pavement Accelerated Rehabilitation Implementation Strategy (PARIS) program. Expenditures in this fund were \$7,149,799, a portion of which was funded with the proceeds of the Solid Waste Bonds issued as a result of the significant impact that Solid Waste vehicles have on the City's streets. This is a decrease of \$10,543,614 from last year, or 59.6%.

The **Public Facilities Development** fund accounts for the collection and related expenditure of development impact fees designated for constructing new and upgrading existing public facilities. This fund holds Advances Payable to other funds totaling \$8,758,679. The funds and amounts owed include the General Fund in the amount of \$8,277,531, the Open Space Fund and Park and Open Space Development Fund in the amount of \$113,561 each, the Storm Drain Construction Fund in the amount of \$101,610, and the Water Fund Administration in the amount of \$152,416. This is an increase from last year of \$917,168 due to additions to the loans for unpaid interest of \$1,293 and additional transfers from the general fund in the amount of \$913,838 to cover the public facilities fund portion of debt service. The decrease in fund balance is a result of decreased development activity insufficient to cover debt service obligations.



**Major Enterprise Funds.** The **Water Fund** has a total net position of \$118,814,114 at the end of the fiscal year; \$5,535,167 is unrestricted. The **Disposal Fund** has a total net position deficit of \$347,417 at the end of the fiscal year; unrestricted is a deficit of \$9,603,451. The **Sewer Fund** has a total net position of \$49,706,548 at the end of the fiscal year; \$16,301,266 is unrestricted. These funds account for the respective utility services provided by the City. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## GENERAL FUND BUDGET

Differences between the Adopted Budget and the final amended 2015-2016 budget of the General Fund can be briefly summarized as follows:

- Total Revenues - \$237,396 increase in the budget.
- General Government - \$371,816 decrease in the budget
- Public Safety - \$435,444 increase in the budget.
- Culture and Recreation - \$923 increase in the budget.
- Highways and Streets - \$665,405 decrease in the budget.
- Library – \$30,617 decrease in the budget.
- Capital Outlay - \$3,311,631 increase in the budget.
- Debt Service – no change in the budget.

Major deviations between the final budget of the General Fund and its actual operating results were as follows:

	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
Total Revenues	\$ 61,328,397	\$ 61,535,666	\$ 207,269
General Government	12,987,038	12,297,310	689,728
Public Safety	35,626,426	35,066,080	560,346
Culture & Recreation	2,376,102	2,349,022	27,080
Highways & Streets	3,087,828	3,850,585	(762,757)
Library	1,925,229	1,909,442	15,787
Capital Outlay	3,551,631	2,490,660	1,060,971
Debt Service	258,608	258,608	-
Total Expenditures	\$ 59,812,862	\$ 58,221,707	\$ 1,591,155

Actual revenues were over the amended budget estimates by \$207,269. The largest increase was in the Taxes category at \$505,191. The Charges for Services category ended the fiscal year under budget by \$16,815. Use of Money and Property exceeded the amended budget amount by \$266,258. Licenses and Permits ended the year under budget estimates by \$78,439. Miscellaneous revenue ended the year under budget estimates by \$168,214. Overall, actual revenues fell below the original adopted budget by \$308,635 but were \$2,073,927 higher than prior year actual amounts. This is due to the large decreases in expected revenue generated from development activity and large declines in franchise fee revenue, despite conservative revenue projections. These decreases were partially offset by stronger property values and sales tax revenues.

General Government expenditures ended the year under budget by 5.3%.

Public Safety expenditures were under budget by \$560,346, or 1.5%.

This fiscal year, Highways and Streets expenditures ended over budget by \$762,757 due to unexpected increases in the City's street sweeping contract and several unbudgeted repairs for storm drains and other road drainage issues. These expenditures resulted in an increase over budget of 24.7%.

Overall, Culture and Recreation was under budget with a net increase at the end of the year of \$27,080, or 1.1%.

Library expenditures were under budget by \$15,787, or 0.8% at year-end. This was largely due to a reduction in insurance costs.

Actual capital expenditures were under budget by \$1,060,971, or 29.9% at year-end. This is due to the budgeting for various improvement to sidewalk, shade structures in parks, trail construction and the Orange Street Alley project, which had not yet been spent by June 30. These balances will be carried into the new fiscal year.

There were no variations from the budget in the Debt Service principal and interest payments.

The overall favorable variance of \$1,591,155, or 2.6%, was achieved by careful review and monitoring of all categories of expenditures, by all departments, as well as better than expected revenues due to an improving economy. With the difficult economic conditions that have existed in recent years, budget monitoring has become more critical than ever before, requiring the cooperative efforts of management and staff at every level.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounted to \$806,245,920 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, water stock, rights of way and construction in progress.

Major capital asset events during the current fiscal year include the following:

The City recognized a net decrease in construction in progress totaling \$13,361,858, or 16.9%. This decrease signals the completion of various resurfacing and sidewalk improvements, but was largely a result of the City's ongoing Pavement Accelerated Rehabilitation Strategy (PARIS) program. Buildings and improvements increased by \$3,324,172. This includes a wide variety of City facility upgrades including renovation of office and restroom facilities in various location, the addition of audio visual systems, upgrade of the City's broadcasting system, the Orange Street Alley Park project, the beginning of Orange Blossom Trail construction, Gateway beautification projects, installation of shade structures throughout several City parks, the Grove School renovation project and various sidewalk repairs.

Overall, the City's net capital assets decreased by \$7,405,204 for the fiscal year ended June 30, 2016, or 3.4% over prior year. This decrease includes net depreciation changes of \$7,110,201 in the current year.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-Type Activities		Total		Increase/ (Decrease)
	2016	2015	2016	2015	2016	2015	% of Change
Land	\$ 31,079,424	\$ 31,124,102	\$ 28,325,632	\$ 28,325,632	\$ 59,405,056	\$ 59,449,734	(0.1%)
Buildings & Improvements	32,419,145	29,164,956	84,651,414	84,581,431	117,070,559	113,746,387	2.9%
Machinery/Equip./Vehicles	22,188,518	21,325,949	19,187,439	17,832,450	41,375,957	39,158,399	5.7%
Infrastructure	193,562,851	188,152,872	143,822,124	141,662,300	337,384,975	329,815,172	2.3%
Water Stock	408,125	408,125	9,881,460	9,881,460	10,289,585	10,289,585	0.0%
Rights of Way	439,846,428	439,846,428	-	-	439,846,428	439,846,428	0.0%
Construction in Progress	18,312,824	29,713,784	47,246,003	49,206,901	65,558,827	78,920,685	(16.9%)
Accumulated Depreciation	(113,041,525)	(111,093,542)	(151,643,942)	(146,481,724)	(264,685,467)	(257,575,266)	2.8%
<b>Total</b>	<b>\$ 624,775,790</b>	<b>\$ 628,642,674</b>	<b>\$ 181,470,130</b>	<b>\$ 185,008,450</b>	<b>\$ 806,245,920</b>	<b>\$ 813,651,124</b>	<b>(3.4%)</b>

Internal Service Fund capital assets, in the net amount of \$601,089 are included in Governmental Activities.

The City's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB No. 34.

Additional information on the City's Capital Assets can be found in Note 5 of the Notes to the Basic Financial Statements.

### Long-Term Liabilities

Major Long-Term liability events during the current fiscal year include the following:

- In Fiscal Year 2012, the City began drawing on an approved \$13,663,033 State Revolving Fund Loan with the State Department of Public Health for water treatment plant upgrades; \$10,213,748 was disbursed through June 30, 2016 and a loan payment of \$414,025 was made.
- The current year net increase in OPEB obligation reported as required by GASB 45 totals \$5,513,629, or 17.8%.
- The City experienced an increase of \$385,578 or 4.5% in compensated absences.
- There was an increase to the claims payable liability in the amount of \$92,626 or 2.7%.
- Payments of \$8,554,066 for principal and \$2,331,320 for interest were made on existing bonds, notes, and leases payable.

Long-Term Liabilities for governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-Type Activities		Total		Increase/ (Decrease) % of Change
	2016	2015	2016	2015	2016	2015	
Capital Lease Obligations	\$ 1,087,992	\$ 1,338,028	\$ -	\$ -	\$ 1,087,992	\$ 1,338,028	(18.7%)
Taxable Pension Bonds	16,581,841	18,367,081	-	-	16,581,841	18,367,081	(9.7%)
Certificates of Participation	1,370,000	3,155,000	-	-	1,370,000	3,155,000	(56.6%)
Add:Unamortized Premium	96,010	144,014	-	-	96,010	144,014	(33.3%)
Revenue Bonds	-	-	13,190,000	16,455,000	13,190,000	16,455,000	(19.8%)
Add:Unamortized Premium	-	-	1,337,756	1,598,407	1,337,756	1,598,407	(16.3%)
Notes Payable	-	-	18,819,314	16,429,544	18,819,314	16,429,544	14.5%
Leases Payable	1,568,792	1,620,979	-	-	1,568,792	1,620,979	(3.2%)
Claims Payable	3,540,390	3,447,764	-	-	3,540,390	3,447,764	2.7%
Compensated Absences	7,921,892	7,540,623	995,752	991,443	8,917,644	8,532,066	4.5%
Net OPEB Obligation	23,302,014	20,071,239	13,192,413	10,909,559	36,494,427	30,980,798	17.8%
Landfill Closure Liability	-	-	7,710,660	7,596,639	7,710,660	7,596,639	1.5%
<b>Total</b>	<b>\$ 55,468,931</b>	<b>\$ 55,684,728</b>	<b>\$ 55,245,895</b>	<b>\$ 53,980,592</b>	<b>\$ 110,714,826</b>	<b>\$ 109,665,320</b>	<b>26.5%</b>

Additional information on the City's long-term liabilities can be found in Notes 6, 7, 10 and 13 of the Notes to the Basic Financial Statements.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be sent to the Management Services Department at [CAFR@cityofredlands.org](mailto:CAFR@cityofredlands.org) or to Management Services / Finance Director, 35 Cajon Street, Suite 222, Redlands, CA 92373.

This financial report is also available in electronic format on the City's website at <http://cityofredlands.org/finance/annualreport>. Additional information intended for the business community is available on the Economic Development web page also located on the City's website listed above at <http://www.cityofredlands.org/ED>.

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CITY OF REDLANDS

STATEMENT OF NET POSITION  
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 52,147,765	\$ 60,224,228	\$ 112,371,993
Cash and investments with fiscal agent	2,260,914	2,348,370	4,609,284
Receivables:			
Accounts	518,276	6,180,279	6,698,555
Taxes	5,950,056	292	5,950,348
Internal balances	(895,777)	895,777	-
Prepaid costs	55,675	18,013	73,688
Due from other governments	6,685,708	10,000	6,695,708
Inventories	75,000	-	75,000
Restricted assets:			
Cash and investments	-	3,019,500	3,019,500
Capital assets not being depreciated	489,646,801	85,453,095	575,099,896
Capital assets, net of depreciation	135,128,989	96,017,035	231,146,024
<b>Total Assets</b>	<b>691,573,407</b>	<b>254,166,589</b>	<b>945,739,996</b>
<b>Deferred Outflows of Resources:</b>			
Deferred pension related items	7,520,554	1,609,959	9,130,513
<b>Total Deferred Outflows of Resources</b>	<b>7,520,554</b>	<b>1,609,959</b>	<b>9,130,513</b>
<b>Liabilities:</b>			
Accounts payable	2,689,195	1,691,718	4,380,913
Accrued liabilities	1,284,236	389,501	1,673,737
Accrued interest	428,039	284,530	712,569
Unearned revenue	346,438	89,987	436,425
Deposits payable	8,185,100	1,895,635	10,080,735
Noncurrent liabilities:			
Due within one year	8,938,287	4,024,074	12,962,361
Due in more than one year	23,228,630	38,029,408	61,258,038
Net pension liability	67,434,582	14,324,684	81,759,266
Other post employment benefits liability	23,302,014	13,192,413	36,494,427
<b>Total Liabilities</b>	<b>135,836,521</b>	<b>73,921,950</b>	<b>209,758,471</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	7,675,260	1,332,898	9,008,158
<b>Total Deferred Inflows of Resources</b>	<b>7,675,260</b>	<b>1,332,898</b>	<b>9,008,158</b>
<b>Net Position:</b>			
Net investment in capital assets	622,119,006	163,565,980	785,684,986
Restricted for:			
Public safety	1,702,856	-	1,702,856
Highway and streets	1,789,117	-	1,789,117
Capital projects	7,004,762	3,240,000	10,244,762
Debt service	2,265,049	462,600	2,727,649
General government	101,610	-	101,610
Endowment - nonexpendable	2,152,634	-	2,152,634
CFD Assessment	242,507	-	242,507
Unrestricted	(81,795,361)	13,253,120	(68,542,241)
<b>Total Net Position</b>	<b>\$ 555,582,180</b>	<b>\$ 180,521,700</b>	<b>\$ 736,103,880</b>

CITY OF REDLANDS

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 16,235,478	\$ 9,270,657	\$ 280,032	\$ -
Public safety	42,097,211	3,403,559	274,188	-
Culture and recreation	3,542,242	286,315	-	119,170
Highway and streets	15,594,075	1,205,141	5,042,644	1,226,851
Library	2,023,972	33,098	-	-
Interest on long-term debt	1,123,871	-	-	-
<b>Total Governmental Activities</b>	<b>80,616,849</b>	<b>14,198,770</b>	<b>5,596,864</b>	<b>1,346,021</b>
Business-Type Activities:				
Water	21,635,151	18,873,106	-	108,100
Disposal	12,172,640	13,504,267	-	-
Sewer	8,956,871	9,531,484	-	187,782
Groves	841,529	507,914	-	-
Non-Potable Water	81,152	508,556	-	-
Cemetery	1,304,891	461,997	-	-
Aviation	609,088	15,214	-	96,307
<b>Total Business-Type Activities</b>	<b>45,601,322</b>	<b>43,402,538</b>	<b>-</b>	<b>392,189</b>
<b>Total Primary Government</b>	<b>\$ 126,218,171</b>	<b>\$ 57,601,308</b>	<b>\$ 5,596,864</b>	<b>\$ 1,738,210</b>

**General Revenues:**

Taxes:

Property taxes, levied for general purpose

Sales taxes

Franchise taxes

Other taxes

Use of money and property

Other

Intergovernmental (unrestricted)

**Transfers**

**Total General Revenues and Transfers**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

**Net Position at End of Year**

<b>Net (Expenses) Revenues and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (6,684,789)	\$ -	\$ (6,684,789)
(38,419,464)	-	(38,419,464)
(3,136,757)	-	(3,136,757)
(8,119,439)	-	(8,119,439)
(1,990,874)	-	(1,990,874)
(1,123,871)	-	(1,123,871)
<b>(59,475,194)</b>	<b>-</b>	<b>(59,475,194)</b>
-	(2,653,945)	(2,653,945)
-	1,331,627	1,331,627
-	762,395	762,395
-	(333,615)	(333,615)
-	427,404	427,404
-	(842,894)	(842,894)
-	(497,567)	(497,567)
-	<b>(1,806,595)</b>	<b>(1,806,595)</b>
<b>(59,475,194)</b>	<b>(1,806,595)</b>	<b>(61,281,789)</b>
26,424,395	38,109	26,462,504
18,344,596	-	18,344,596
3,079,571	-	3,079,571
1,792,527	-	1,792,527
800,889	1,335,997	2,136,886
1,105,258	2,911,966	4,017,224
234,787	-	234,787
4,486,199	(4,486,199)	-
<b>56,268,222</b>	<b>(200,127)</b>	<b>56,068,095</b>
(3,206,972)	(2,006,722)	(5,213,694)
560,085,769	182,528,422	742,614,191
(1,296,617)	-	(1,296,617)
<b>\$ 555,582,180</b>	<b>\$ 180,521,700</b>	<b>\$ 736,103,880</b>



CITY OF REDLANDS

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	General	Special Revenue Funds	
		Local Transportation	Public Facilities Development
<b>Assets:</b>			
Cash and investments	\$ 25,195,751	\$ -	\$ 396,375
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	423,167	-	-
Taxes	5,785,293	-	-
Prepaid costs	46,941	4	-
Due from other governments	91,895	5,865,225	-
Due from other funds	2,477,604	-	-
Advances to other funds	8,277,531	-	-
<b>Total Assets</b>	<b>\$ 42,298,182</b>	<b>\$ 5,865,229</b>	<b>\$ 396,375</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,326,875	\$ 401,437	\$ -
Accrued payroll	1,034,426	23,970	-
Unearned revenues	-	35,139	-
Deposits payable	7,587,780	208,902	-
Due to other funds	-	2,001,888	-
Advances from other funds	-	-	8,758,679
<b>Total Liabilities</b>	<b>9,949,081</b>	<b>2,671,336</b>	<b>8,758,679</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	180,310	3,776,340	-
<b>Total Deferred Inflows of Resources</b>	<b>180,310</b>	<b>3,776,340</b>	<b>-</b>
<b>Fund Balances:</b>			
Nonspendable	8,324,472	-	-
Restricted	-	-	-
Committed	8,122,332	-	-
Assigned	2,267,840	-	-
Unassigned	13,454,147	(582,447)	(8,362,304)
<b>Total Fund Balances</b>	<b>32,168,791</b>	<b>(582,447)</b>	<b>(8,362,304)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 42,298,182</b>	<b>\$ 5,865,229</b>	<b>\$ 396,375</b>

CITY OF REDLANDS

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>		
Cash and investments	\$ 19,936,526	\$ 45,528,652
Cash and investments with fiscal agents	2,260,914	2,260,914
Receivables:		
Accounts	37,132	460,299
Taxes	164,763	5,950,056
Prepaid costs	5,691	52,636
Due from other governments	728,588	6,685,708
Due from other funds	-	2,477,604
Advances to other funds	970,002	9,247,533
<b>Total Assets</b>	<b>\$ 24,103,616</b>	<b>\$ 72,663,402</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 237,104	\$ 1,965,416
Accrued payroll	145,485	1,203,881
Unearned revenues	311,299	346,438
Deposits payable	388,418	8,185,100
Due to other funds	475,716	2,477,604
Advances from other funds	-	8,758,679
<b>Total Liabilities</b>	<b>1,558,022</b>	<b>22,937,118</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenues	683,789	4,640,439
<b>Total Deferred Inflows of Resources</b>	<b>683,789</b>	<b>4,640,439</b>
<b>Fund Balances:</b>		
Nonspendable	-	8,324,472
Restricted	15,258,535	15,258,535
Committed	7,212,199	15,334,531
Assigned	-	2,267,840
Unassigned	(608,929)	3,900,467
<b>Total Fund Balances</b>	<b>21,861,805</b>	<b>45,085,845</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 24,103,616</b>	<b>\$ 72,663,402</b>

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CITY OF REDLANDS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

Fund balances of governmental funds		\$ 45,085,845
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		624,174,701
Deferred outflows related to pension related items are not included in the governmental fund activity:		
Contributions made subsequent to the measurement date	\$ 6,555,607	
Adjustments due to differences in proportions	505,653	
Differences between expected and actual experiences	<u>97,300</u>	7,158,560
Deferred inflows related to pension related items are not included in the governmental fund activity:		
Difference between projected and actual earnings on pension plans investments	(1,652,718)	
Changes in assumptions	(3,259,943)	
Adjustments due to differences in proportions	(49,870)	
Differences between expected and actual experiences	(556,788)	
Differences in proportionate share of contributions	<u>(1,924,531)</u>	(7,443,850)
Long-term debt, net pension liability and compensated absences that have not been included in the governmental fund activity:		
Capital leases payable	(1,087,992)	
Taxable pension funding bonds	(16,581,841)	
Certificates of participation payable	(1,370,000)	
I-Bank Sports Park lease	(1,568,792)	
Unamortized bond premiums/discounts	(96,010)	
Net pension liability	(64,213,726)	
Compensated Absences	<u>(7,529,497)</u>	(92,447,858)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		(20,379,283)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(428,039)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		4,640,439
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>(4,778,335)</u>
<b>Net Position of governmental activities</b>		<b><u>\$ 555,582,180</u></b>

CITY OF REDLANDS

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds		
	General	Local Transportation	Public Facilities Development
<b>Revenues:</b>			
Taxes	\$ 47,227,707	\$ -	\$ -
Licenses and permits	5,779,896	-	128,799
Intergovernmental	250,267	182,812	-
Charges for services	7,063,379	-	-
Use of money and property	451,709	-	-
Miscellaneous	451,519	2,121,984	-
<b>Total Revenues</b>	<b>61,224,477</b>	<b>2,304,796</b>	<b>128,799</b>
<b>Expenditures:</b>			
Current:			
General government	12,297,310	-	-
Public safety	35,066,080	-	-
Culture and recreation	2,349,022	-	-
Highway and streets	3,850,585	684,107	4,574
Library	1,909,442	-	-
Capital outlay	2,490,660	6,465,692	-
Debt service:			
Principal retirement	219,012	-	-
Interest and fiscal charges	39,596	-	3,330
<b>Total Expenditures</b>	<b>58,221,707</b>	<b>7,149,799</b>	<b>7,904</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,002,770	(4,845,003)	120,895
<b>Other Financing Sources (Uses):</b>			
Transfers in	2,498,055	3,632,719	-
Transfers out	(5,453,778)	-	(1,072,527)
Proceeds from sale of capital asset	311,189	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,644,534)</b>	<b>3,632,719</b>	<b>(1,072,527)</b>
Net Change in Fund Balances	358,236	(1,212,284)	(951,632)
Fund Balances, Beginning of Year, as previously reported	31,810,555	629,837	(7,410,672)
Restatements	-	-	-
Fund Balances, Beginning of Year, as restated	31,810,555	629,837	(7,410,672)
<b>Fund Balances, End of Year</b>	<b>\$ 32,168,791</b>	<b>\$ (582,447)</b>	<b>\$ (8,362,304)</b>

CITY OF REDLANDS

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>		
Taxes	\$ 2,413,382	\$ 49,641,089
Licenses and permits	1,412,872	7,321,567
Intergovernmental	3,204,775	3,637,854
Charges for services	406,359	7,469,738
Use of money and property	265,795	717,504
Miscellaneous	1,212,293	3,785,796
<b>Total Revenues</b>	<b>8,915,476</b>	<b>72,573,548</b>
<b>Expenditures:</b>		
Current:		
General government	618,280	12,915,590
Public safety	5,271,276	40,337,356
Culture and recreation	132,201	2,481,223
Highway and streets	494,824	5,034,090
Library	-	1,909,442
Capital outlay	2,525,471	11,481,823
Debt service:		
Principal retirement	3,728,211	3,947,223
Interest and fiscal charges	1,115,458	1,158,384
<b>Total Expenditures</b>	<b>13,885,721</b>	<b>79,265,131</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,970,245)	(6,691,583)
<b>Other Financing Sources (Uses):</b>		
Transfers in	9,781,065	15,911,839
Transfers out	(3,193,942)	(9,720,247)
Proceeds from sale of capital asset	-	311,189
<b>Total Other Financing Sources (Uses)</b>	<b>6,587,123</b>	<b>6,502,781</b>
Net Change in Fund Balances	1,616,878	(188,802)
Fund Balances, Beginning of Year, as previously reported	21,541,544	46,571,264
Restatements	(1,296,617)	(1,296,617)
Fund Balances, Beginning of Year, as restated	20,244,927	45,274,647
<b>Fund Balances, End of Year</b>	<b>\$ 21,861,805</b>	<b>\$ 45,085,845</b>

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**CITY OF REDLANDS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

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Net change in fund balances - total governmental funds \$ (188,802)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 8,265,603	
Depreciation	(6,894,953)	
Disposals	(5,444,116)	
	\$	(4,073,466)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal repayments on capital leases	250,036	
Principal repayments on certificates of participation	1,785,000	
Principal repayment of I-Bank Sports Park lease	52,187	
Amortization of bond premiums/discounts	48,004	
Principal repayments on taxable pension obligation bonds	1,860,000	
Accredited interest on taxable pension obligation bonds	(74,760)	
		3,920,467

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 61,269

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (285,361)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense. (2,833,750)

Pension obligation expenses is an expenditure in the governmental funds, but reduce the Net Pension Liability in the statement of net position. 1,347,311

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. (44,444)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. (1,110,196)

**Change in net position of governmental activities \$ (3,206,972)**



CITY OF REDLANDS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			Other Enterprise Funds
	Water	Disposal	Sewer	
<b>Assets:</b>				
Current:				
Cash and investments	\$ 19,195,527	\$ 15,061,105	\$ 21,735,070	\$ 4,232,526
Receivables:				
Accounts	2,947,780	1,798,841	1,423,684	9,974
Taxes	-	-	-	292
Prepaid costs	7,557	5,569	4,194	693
Due from other governments	-	-	-	10,000
Inventories	-	-	-	-
Restricted:				
Cash and investments	-	3,019,500	-	-
<b>Total Current Assets</b>	<b>22,150,864</b>	<b>19,885,015</b>	<b>23,162,948</b>	<b>4,253,485</b>
Noncurrent:				
Advances to other funds	1,351,536	960,930	-	-
Capital assets - net of accumulated depreciation	115,549,378	9,229,034	38,336,401	18,355,317
Cash and investment with fiscal agent	355,145	1,167,033	826,192	-
<b>Total Noncurrent Assets</b>	<b>117,256,059</b>	<b>11,356,997</b>	<b>39,162,593</b>	<b>18,355,317</b>
<b>Total Assets</b>	<b>139,406,923</b>	<b>31,242,012</b>	<b>62,325,541</b>	<b>22,608,802</b>
<b>Deferred Outflows of Resources:</b>				
Deferred pension related items	715,349	468,484	376,785	49,341
<b>Total Deferred Outflows of Resources</b>	<b>715,349</b>	<b>468,484</b>	<b>376,785</b>	<b>49,341</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 140,122,272</b>	<b>\$ 31,710,496</b>	<b>\$ 62,702,326</b>	<b>\$ 22,658,143</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 846,545	\$ 179,084	\$ 449,793	\$ 216,296
Accrued payroll	163,110	119,839	92,858	13,694
Interest payable	-	216,097	68,433	-
Unearned revenues	-	84,617	-	5,370
Deposits payable	921,495	82,628	45,090	846,422
Accrued compensated absences	273,381	205,807	238,402	29,683
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	722,698	1,301,806	1,252,297	-
<b>Total Current Liabilities</b>	<b>2,927,229</b>	<b>2,189,878</b>	<b>2,146,873</b>	<b>1,111,465</b>
Noncurrent:				
Advances from other funds	-	-	-	2,801,320
Accrued compensated absences	196,089	27,565	24,825	-
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	12,250,333	14,141,114	3,678,822	-
Net OPEB obligation	5,955,458	3,527,530	3,442,044	267,381
Net pension liability	6,364,848	4,168,356	3,352,464	439,016
Landfill closure	-	7,710,660	-	-
<b>Total Noncurrent Liabilities</b>	<b>24,766,728</b>	<b>29,575,225</b>	<b>10,498,155</b>	<b>3,507,717</b>
<b>Total Liabilities</b>	<b>27,693,957</b>	<b>31,765,103</b>	<b>12,645,028</b>	<b>4,619,182</b>
<b>Deferred Inflows of Resources:</b>				
Deferred pension related items	614,201	319,810	350,750	48,137
<b>Total Deferred Inflows of Resources</b>	<b>614,201</b>	<b>319,810</b>	<b>350,750</b>	<b>48,137</b>
<b>Net Position:</b>				
Net investment in capital assets	102,576,347	9,229,034	33,405,282	18,355,317
Restricted for capital projects	3,240,000	-	-	-
Restricted for debt service	462,600	-	-	-
Unrestricted	5,535,167	(9,603,451)	16,301,266	(364,493)
<b>Total Net Position</b>	<b>111,814,114</b>	<b>(374,417)</b>	<b>49,706,548</b>	<b>17,990,824</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 140,122,272</b>	<b>\$ 31,710,496</b>	<b>\$ 62,702,326</b>	<b>\$ 22,658,143</b>

Adjustment to reflect the consolidation of internal  
 service fund activities related to enterprise funds

**Net Position per Statement of Net Position**

CITY OF REDLANDS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
<b>Assets:</b>		
Current:		
Cash and investments	\$ 60,224,228	\$ 6,619,113
Receivables:		
Accounts	6,180,279	57,977
Taxes	292	-
Prepaid costs	18,013	3,039
Due from other governments	10,000	-
Inventories	-	75,000
Restricted:		
Cash and investments	3,019,500	-
<b>Total Current Assets</b>	<b>69,452,312</b>	<b>6,755,129</b>
Noncurrent:		
Advances to other funds	2,312,466	-
Capital assets - net of accumulated depreciation	181,470,130	601,089
Cash and investment with fiscal agent	2,348,370	-
<b>Total Noncurrent Assets</b>	<b>186,130,966</b>	<b>601,089</b>
<b>Total Assets</b>	<b>255,583,278</b>	<b>7,356,218</b>
<b>Deferred Outflows of Resources:</b>		
Deferred pension related items	1,609,959	361,994
<b>Total Deferred Outflows of Resources</b>	<b>1,609,959</b>	<b>361,994</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 257,193,237</b>	<b>\$ 7,718,212</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>		
<b>Liabilities:</b>		
Current:		
Accounts payable	\$ 1,691,718	\$ 723,779
Accrued payroll	389,501	80,355
Interest payable	284,530	-
Unearned revenues	89,987	-
Deposits payable	1,895,635	-
Accrued compensated absences	747,273	242,070
Accrued claims and judgments	-	1,770,196
Bonds, notes, and capital leases	3,276,801	-
<b>Total Current Liabilities</b>	<b>8,375,445</b>	<b>2,816,400</b>
Noncurrent:		
Advances from other funds	2,801,320	-
Accrued compensated absences	248,479	150,325
Accrued claims and judgments	-	1,770,194
Bonds, notes, and capital leases	30,070,269	-
Net OPEB obligation	13,192,413	2,922,731
Net pension liability	14,324,684	3,220,856
Landfill closure	7,710,660	-
<b>Total Noncurrent Liabilities</b>	<b>68,347,825</b>	<b>8,064,106</b>
<b>Total Liabilities</b>	<b>76,723,270</b>	<b>10,880,506</b>
<b>Deferred Inflows of Resources:</b>		
Deferred pension related items	1,332,898	231,410
<b>Total Deferred Inflows of Resources</b>	<b>1,332,898</b>	<b>231,410</b>
<b>Net Position:</b>		
Net investment in capital assets	163,565,980	601,089
Restricted for capital projects	3,240,000	-
Restricted for debt service	462,600	-
Unrestricted	11,868,489	(3,994,793)
<b>Total Net Position</b>	<b>179,137,069</b>	<b>(3,393,704)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>257,193,237</b>	<b>\$ 7,718,212</b>
	1,384,631	
	<b>\$ 180,521,700</b>	

CITY OF REDLANDS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			
	Water	Disposal	Sewer	Other Enterprise Funds
<b>Operating Revenues:</b>				
Sales and service charges	\$ 18,873,106	\$ 13,504,267	\$ 9,531,484	\$ 1,493,681
Miscellaneous	218,528	-	26,272	518,207
<b>Total Operating Revenues</b>	<b>19,091,634</b>	<b>13,504,267</b>	<b>9,557,756</b>	<b>2,011,888</b>
<b>Operating Expenses:</b>				
Administration and general	6,005,246	3,180,883	2,349,888	2,105,467
Utility plant operations	2,848,184	-	1,707,763	-
Transmission, distribution & treatment	4,457,580	-	-	32,149
Personnel services	5,139,938	3,993,390	2,839,320	519,721
Repairs and maintenance	351,779	3,263,251	420,405	35,557
Premiums paid out	-	-	-	-
Depreciation expense	2,453,677	1,096,552	1,474,380	137,609
<b>Total Operating Expenses</b>	<b>21,256,404</b>	<b>11,534,076</b>	<b>8,791,756</b>	<b>2,830,503</b>
Operating Income (Loss)	(2,164,770)	1,970,191	766,000	(818,615)
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	345,147	470,337	423,921	96,592
Interest expense	(336,613)	(662,548)	(158,337)	(9,546)
Miscellaneous income	129,622	-	-	27,977
Miscellaneous expense	(193)	-	(2,013)	-
Property taxes	-	-	-	38,109
Grants	-	82,968	-	96,307
<b>Total Nonoperating Revenues (Expenses)</b>	<b>137,963</b>	<b>(109,243)</b>	<b>263,571</b>	<b>249,439</b>
Income (Loss) Before Transfers and Contributions	(2,026,807)	1,860,948	1,029,571	(569,176)
Transfers in	12,342	11,457	5,695	1,700
Transfers out	(711,031)	(3,744,151)	(62,211)	-
Contributions	630,335	423,841	1,021,094	129,467
Changes in Net Position	(2,095,161)	(1,447,905)	1,994,149	(438,009)
<b>Net Position:</b>				
Beginning of Year	113,909,275	1,073,488	47,712,399	18,428,833
<b>End of Fiscal Year</b>	<b>\$ 111,814,114</b>	<b>\$ (374,417)</b>	<b>\$ 49,706,548</b>	<b>\$ 17,990,824</b>

Changes in Net Position

Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds

**Changes in Net Position of Business-Type Activities per Statement of Activities**

CITY OF REDLANDS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	<b>Business-Type Activities - Enterprise Funds Totals</b>	<b>Governmental Activities- Internal Service Funds</b>
<b>Operating Revenues:</b>		
Sales and service charges	\$ 43,402,538	\$ 13,707,953
Miscellaneous	763,007	544,351
<b>Total Operating Revenues</b>	<b>44,165,545</b>	<b>14,252,304</b>
<b>Operating Expenses:</b>		
Administration and general	13,641,484	7,623,617
Utility plant operations	4,555,947	-
Transmission, distribution & treatment	4,489,729	-
Personnel services	12,492,369	3,113,527
Repairs and maintenance	4,070,992	2,327,296
Premiums paid out	-	420,888
Depreciation expense	5,162,218	274,960
<b>Total Operating Expenses</b>	<b>44,412,739</b>	<b>13,760,288</b>
Operating Income (Loss)	(247,194)	492,016
<b>Nonoperating Revenues (Expenses):</b>		
Interest revenue	1,335,997	89,277
Interest expense	(1,167,044)	(5,892)
Miscellaneous income	157,599	-
Miscellaneous expense	(2,206)	-
Property taxes	38,109	-
Grants	179,275	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>541,730</b>	<b>83,385</b>
Income (Loss) Before Transfers and Contributions	294,536	575,401
Transfers in	31,194	1,242,134
Transfers out	(4,517,393)	(2,947,527)
Contributions	2,204,737	-
Changes in Net Position	(1,986,926)	(1,129,992)
<b>Net Position:</b>		
Beginning of Year	181,123,995	(2,263,712)
<b>End of Fiscal Year</b>	<b>179,137,069</b>	<b>\$ (3,393,704)</b>
	(1,986,926)	
	(19,796)	
	<b>\$ (2,006,722)</b>	

## CITY OF REDLANDS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Disposal</b>	<b>Sewer</b>	<b>Other Enterprise Funds</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 19,119,522	\$ 14,412,629	\$ 9,476,540	\$ 2,063,991
Cash paid to suppliers for goods and services	(7,869,765)	(4,158,432)	(1,997,557)	(490,971)
Cash payments for claims	-	-	-	-
Cash paid to employees for services	(10,907,995)	(7,298,920)	(4,888,760)	(2,065,474)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>341,762</b>	<b>2,955,277</b>	<b>2,590,223</b>	<b>(492,454)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers out	(711,031)	(3,744,151)	(62,211)	-
Cash transfers in	12,342	11,457	-	1,700
Cash received from other activities	129,429	-	-	27,977
Advance from other funds	16,772	-	-	555,168
Intergovernmental	-	18,609	-	38,109
Grants received	-	82,968	-	96,307
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(552,488)</b>	<b>(3,631,117)</b>	<b>(62,211)</b>	<b>719,261</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(100,339)	(717,815)	(711,211)	(83,468)
Principal paid on long term debt	(1,904,387)	(1,258,393)	(1,210,168)	-
Interest paid on capital debt	(348,563)	(820,164)	(251,413)	(9,546)
Proceeds of debt issued	447,718	3,050,000	-	-
Cash contributions received from developers	630,335	423,841	1,021,094	129,467
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,275,236)</b>	<b>677,469</b>	<b>(1,151,698)</b>	<b>36,453</b>
<b>Cash Flows from Investing Activities:</b>				
Investment fees	-	-	-	-
Interest received	345,147	470,337	423,921	96,592
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>345,147</b>	<b>470,337</b>	<b>423,921</b>	<b>96,592</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,140,815)</b>	<b>471,966</b>	<b>1,800,235</b>	<b>359,852</b>
Cash and Cash Equivalents at Beginning of Year	20,691,487	18,775,672	20,761,027	3,872,674
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 19,550,672</b>	<b>\$ 19,247,638</b>	<b>\$ 22,561,262</b>	<b>\$ 4,232,526</b>

CITY OF REDLANDS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2016

	<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers and users	\$ 45,072,682	\$ 14,267,227
Cash paid to suppliers for goods and services	(14,516,725)	(9,212,189)
Cash payments for claims	-	(328,262)
Cash paid to employees for services	(25,161,149)	(3,101,661)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>5,394,808</u></b>	<b><u>1,625,115</u></b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Cash transfers out	(4,517,393)	(2,947,527)
Cash transfers in	25,499	1,242,134
Cash received from other activities	157,406	-
Advance from other funds	571,940	-
Intergovernmental	56,718	-
Grants received	179,275	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b><u>(3,526,555)</u></b>	<b><u>(1,705,393)</u></b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and construction of capital assets	(1,612,833)	(481,542)
Principal paid on long term debt	(4,372,948)	-
Interest paid on capital debt	(1,429,686)	-
Proceeds of debt issued	3,497,718	-
Cash contributions received from developers	2,204,737	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b><u>(1,713,012)</u></b>	<b><u>(481,542)</u></b>
<b>Cash Flows from Investing Activities:</b>		
Investment fees	-	(5,892)
Interest received	1,335,997	89,277
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>1,335,997</u></b>	<b><u>83,385</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b><u>1,491,238</u></b>	<b><u>(478,435)</u></b>
Cash and Cash Equivalents at Beginning of Year	64,100,860	7,097,548
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 65,592,098</u></b>	<b><u>\$ 6,619,113</u></b>

## CITY OF REDLANDS

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Disposal</b>	<b>Sewer</b>	<b>Other Enterprise Funds</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (2,164,770)	\$ 1,970,191	\$ 766,000	\$ (818,615)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	2,453,677	1,096,552	1,474,380	137,609
(Increase) decrease in accounts receivable	145,906	106,478	(126,306)	18,406
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in due from other governments	-	-	-	33,697
(Increase) decrease in prepaid expense	(7,557)	(5,569)	(4,194)	(693)
(Increase) decrease in deferred outflows	(124,091)	(110,970)	(55,544)	(6,479)
Increase (decrease) in deferred inflows	(1,026,697)	(672,386)	(540,778)	(70,816)
Increase (decrease) in accounts payable	(204,665)	(889,612)	134,805	74,376
Increase (decrease) in accrued payroll	(137,373)	(75,546)	(61,128)	(5,916)
Increase (decrease) in deposits payable	(118,018)	82,628	45,090	66,470
Increase (decrease) in deferred revenue	-	-	-	(43,697)
Increase (decrease) in net pension liability	660,708	719,256	253,306	25,509
Increase (decrease) in net OPEB obligation	1,002,496	580,253	622,480	77,625
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	(137,854)	39,981	82,112	20,070
Increase (decrease) in landfill closure liability	-	114,021	-	-
<b>Total Adjustments</b>	<b>2,506,532</b>	<b>985,086</b>	<b>1,824,223</b>	<b>326,161</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 341,762</b>	<b>\$ 2,955,277</b>	<b>\$ 2,590,223</b>	<b>\$ (492,454)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Amortization of premiums on debt	\$ -	\$ 182,994	\$ 77,656	\$ -

CITY OF REDLANDS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2016

	<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ (247,194)	\$ 492,016
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>		
Depreciation	5,162,218	274,960
(Increase) decrease in accounts receivable	144,484	14,803
(Increase) decrease in inventory	-	85,107
(Increase) decrease in due from other governments	33,697	-
(Increase) decrease in prepaid expense	(18,013)	15,972
(Increase) decrease in deferred outflows	(297,084)	(91,404)
Increase (decrease) in deferred inflows	(2,310,677)	(519,548)
Increase (decrease) in accounts payable	(885,096)	240,740
Increase (decrease) in accrued payroll	(279,963)	(83,443)
Increase (decrease) in deposits payable	76,170	-
Increase (decrease) in deferred revenue	(43,697)	-
Increase (decrease) in net pension liability	1,658,779	610,353
Increase (decrease) in net OPEB obligation	2,282,854	397,025
Increase (decrease) in claims and judgments	-	92,626
Increase (decrease) in compensated absences	4,309	95,908
Increase (decrease) in landfill closure liability	114,021	-
<b>Total Adjustments</b>	<b>5,642,002</b>	<b>1,133,099</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 5,394,808</b>	<b>\$ 1,625,115</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>		
Amortization of premiums on debt	\$ 260,650	\$ -



CITY OF REDLANDS

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2016

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the Former RDA
<b>Assets:</b>		
Cash and investments	\$ 5,322,865	\$ 3,539,441
Cash and investments with fiscal agents	2,779,830	19,513
Receivables:		
Note	-	117,571
Accrued interest	238,109	-
Capital assets:		
Capital assets, not being depreciated	-	2,833,418
<b>Total Assets</b>	<b><u>\$ 8,340,804</u></b>	<b><u>6,509,943</u></b>
<b>Deferred Outflows of Resources:</b>		
Deferred charge on refunding		550,536
<b>Total Deferred Outflows of Resources</b>		<b><u>550,536</u></b>
<b>Liabilities:</b>		
Accounts payable	\$ 227,226	313,114
Accrued payroll	-	4,633
Accrued interest	-	167,992
Deposits payable	8,113,578	3,000
Long-term liabilities:		
Due in one year	-	2,840,000
Due in more than one year	-	14,938,236
<b>Total Liabilities</b>	<b><u>\$ 8,340,804</u></b>	<b><u>18,266,975</u></b>
<b>Net Position:</b>		
Held in trust for other purposes		(11,206,496)
<b>Total Net Position</b>		<b><u>\$ (11,206,496)</u></b>

CITY OF REDLANDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2016

	<u>Private-Purpose Trust Fund Successor Agency of the Former RDA</u>
<b>Additions:</b>	
Taxes	\$ 3,820,143
Interest and change in fair value of investments	162,175
Miscellaneous	<u>8,775</u>
<b>Total Additions</b>	<b><u>3,991,093</u></b>
<b>Deductions:</b>	
Administrative expenses	249,999
Contractual services	327,441
Interest expense	<u>763,714</u>
<b>Total Deductions</b>	<b><u>1,341,154</u></b>
<b>Changes in Net Position</b>	<b>2,649,939</b>
Net Position - Beginning of the Year	<u>(13,856,435)</u>
<b>Net Position - End of the Year</b>	<b><u>\$ (11,206,496)</u></b>

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**Note 1: Summary of Significant Accounting Policies**

**a. Reporting Entity**

The City of Redlands ("City") is a municipal corporation governed by a five-member city council with the mayor elected by the council itself. The City was incorporated in 1888 under the general laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City. Each blended component unit has a June 30 year-end.

**Blended Component Units**

The Redlands Public Improvement Corporation ("Corporation") was organized in June 1985 pursuant to the Nonprofit Public Benefit Corporation Law of the State of California, solely for the purpose of providing financial assistance to the City by acquiring, constructing, improving, developing and installing certain real and personal property together with appurtenances and appurtenant work for the use, benefit and enjoyment of the public. The corporation was formed at the request of the City and the directors receive no compensation. The corporation is presented as a governmental fund type.

The Redlands Financing Authority ("Authority") was established May 1, 1999, pursuant to the Joint Exercise of Powers Laws of the State of California. The Authority was created by the Agency and the City for the primary purpose of assisting the financing of capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits.

Separate financial statements for the blended component units are not prepared.

**Related Organizations**

The City of Redlands' officials are also responsible for appointing members of the boards of other organizations, but the City of Redlands' accountability for these organizations does not extend beyond making the appointments. The board of the Friends of the A.K. Smiley Public Library and the Redlands Historical Museum Association are appointed by the City Council.

**b. Measurement Focus, Basis of Accounting and Basis of Presentation**

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary

**Note 1: Summary of Significant Accounting Policies (Continued)**

government (including the blended component units), as well as discretely presented financial statements. The City has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when the revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows or resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

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.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and enterprise funds. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, 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 were

**Note 1: Summary of Significant Accounting Policies (Continued)**

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 have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the *measurability* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated* and *voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, 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 nonspendable fund balance 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.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

**Note 1: Summary of Significant Accounting Policies (Continued)**

Proprietary and Fiduciary Funds

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, 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. In the fund financial statements, proprietary and fiduciary 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 and fiduciary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as noncapital revenues and expenses.

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. Private-purpose trust funds account for the assets and liabilities of other agencies and report additions such as taxes and deductions such as administrative and contract services.

**c. Fund Classification**

The City utilizes the following broad categories of funds:

Major Funds

Major funds are those funds which are either material or of particular importance.

*Major Governmental Funds* — Governmental funds are generally used to account for tax-supported activities. The following governmental funds met the criteria of a major fund:

General Fund

The General Fund is the general operating fund of the City. It is used to account for all activities, except those required to be accounted for in another fund.

**Note 1: Summary of Significant Accounting Policies (Continued)**

Local Transportation

The Local Transportation Fund is used to account for the receipt and expenditure of street and road construction funds including the City's Pavement Accelerated Rehabilitation Implementation Strategy (PARIS) Project, a portion of which is being funded with proceeds of Solid Waste Bonds issued as a result of the significant adverse impact that Solid Waste vehicles have on the City's streets.

Public Facilities Development

The Public Facilities Development Fund is used to account for the collection and related expenditure of development impact fees used for constructing new and upgrading existing public facilities.

*Major Proprietary Funds* — Proprietary funds are used to report an activity for which a fee is charged to external users to recover the cost of operation.

Water Fund

The Water Fund is an enterprise fund used to account for water utility services provided by the City.

Disposal Fund

The Disposal Fund is an enterprise fund used to account for refuse disposal utility services provided by the City.

Sewer Fund

The Sewer Fund is an enterprise fund used to account for waste water utility services provided by the City.

Additionally the government reports the following fund types:

Capital Project

Capital project funds are used to account for the expenditures of construction of various capital improvements projects throughout the City.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Internal Service Funds

The Internal Service Funds are used to account for the City's self-insured general liability and workers' compensation, the cost of maintaining and replacing the City's rolling stock fleet, and information technology services. City departments are the primary users of these services and are charged a fee on a cost reimbursement basis.



**Note 1: Summary of Significant Accounting Policies (Continued)**

Permanent Fund

The Cemetery Endowment Fund, a Permanent Fund, establishes an endowment fund for future maintenance of the cemetery.

Agency Funds

Agency funds are used to account for the City's Special Deposits and Community Facilities District Trust in a trustee capacity. The funds are custodial in nature, and do not involve measurement of results of operations.

Private-Purpose Trust Fund

The private purpose trust fund accounts for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

**d. Investments**

For financial reporting purposes, investments are adjusted to their fair value whenever the difference between fair market value and the carrying amount is material.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balances.

**e. Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City. Cash equivalents have an original maturity date of three months or less from the date of purchase. For purposes of the statement of cash flows, the entire balance of cash and investments for the proprietary funds is considered cash and cash equivalents.

**f. Capital Assets**

Capital assets, which include land, rights of way, structures, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Capital assets purchased or constructed in excess of \$5,000 are capitalized if it has an expected useful life of three years or more. The cost of

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

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**Note 1: Summary of Significant Accounting Policies (Continued)**

normal maintenance and repairs that do not add to the value of the asset's lives are not capitalized.

Major capital outlay for capital assets and improvements are capitalized as projects are constructed. For debt-financed capital assets, interest incurred during the construction phase is reflected in the capitalization value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired. Contributed capital assets are valued at their estimated fair market value at the date of contribution.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class is as follows:

Structures	10-40 years
Equipment	3-10 years
Infrastructure	20-75 years

**g. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position of fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the fiduciary fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second are deferred outflows relating to the net pension liability reported in the government-wide and proprietary fund statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, and of adjustments due to difference in proportions, and the difference between expected and actual experiences. These amounts are deferred and amortized over the expected average remaining service life time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time. The government has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grant revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the government

**Note 1: Summary of Significant Accounting Policies (Continued)**

has deferred inflows relating to the net pension liability reported in the government-wide and proprietary statements of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized straight-line over a five-year period, of adjustments due to difference in proportions, the difference between actual contributions made and the proportionate share of the risk pool's total contributions, the difference between expected and actual experiences and the change in assumptions. These amounts are deferred and amortized over the expected average remaining service life time.

**h. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds.

**i. Fund Equity**

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the

**Note 1: Summary of Significant Accounting Policies (Continued)**

components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by unassigned fund balance.

**Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**Stabilization Arrangement**

As described in Chapter 3.06 of the Municipal Code, the City has established a stabilization arrangement committing a minimum of 12% of the sum of the General Fund's operating expenses and operating transfers out. The balance at June 30, 2016, is \$8,122,332 and is included in committed fund balance. These funds may be used only when the City is faced with an unforeseen or uncontrollable event which includes but is not limited to:

1. Local revenue shortfalls due to a major business closure or relocation.
2. Legislative or judicial mandates to provide new or expanded services or programs that, in total, cost the City \$200,000 or more.
3. Natural and civil disasters such as earthquakes, fires, floods, riots and health epidemics.

**j. Inventory**

Inventory is valued at cost, using the first-in, first-out method, which approximates market value. Supplies are recorded as expenditures when they are used rather than when purchased.

**k. Compensated Absences**

A total of 10 to 25 days of vacation and 12 days of sick leave per year may be accumulated by each employee. The City accrues a liability for compensated absences which meets the following criteria:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with GASB Statement No. 16, a liability is recorded in the governmental funds only if it has matured for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

**Note 1: Summary of Significant Accounting Policies (Continued)**

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City.

**I. Cash and Investments with Fiscal Agent**

The City has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds, Certificates of Participation and lease obligations. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates or leases, may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions and indentures are generally more restrictive than the City's general investment policy.

**m. Property Taxes**

With the passage of Proposition 13 in 1978 (Article XIII A, California State Constitution), property taxes are limited to one percent of market value, plus additional taxes for repayment of existing or subsequent voter-approved indebtedness. Under Article XIII A, the market value of taxable property is subject to a maximum annual increase of two percent. Market value may be appraised at significantly more than two percent depending on other factors such as improvements, sale or change of ownership. The City receives a portion of the one percent general tax levy which is shared by several other local governments including the county and the school district. The City's share is based on a formula prescribed in Section 26912(b) of the Government Code. The county apportions property taxes to the City on a scheduled basis which generally adheres to the actual tax collection periods. The tax lien date is January 1 of each year and covers the ensuing fiscal year's tax returns. The tax levy date is from July 1 to June 30 of each year. The first installment becomes due on November 1 with penalties and interest accruing after December 10. The second installment is due no later than April 10.

**n. Bond Premiums and Discounts**

Bond discounts for proprietary and fiduciary fund types are deferred and amortized over the term of the bond using the bonds-outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds payable.

**o. Use of Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenue and expenses during the reporting period. Actual results could differ from those estimates.

**p. Pension Plans**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined

**Note 1: Summary of Significant Accounting Policies (Continued)**

on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

**q. Effect of New Accounting Standards**

During the fiscal year ended June 30, 2016, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

**GASB Statement No. 72 – Fair Value Measurement and Application** requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The City organized these disclosures by type of asset or liability reported at fair value.

**Note 2: Stewardship, Compliance and Accountability**

The annual budget adopted by the City Council provides for the general operations of the City. It includes proposed expenditures and the means of financing them. Budget appropriations lapse at the end of the year. The City Council approves total budgeted appropriations and amendments to appropriations throughout the year. The City Manager can approve budget appropriation transfers between departments within a fund; however any revisions that alter the total expenditures of a fund must be approved by City Council. The departments of the General Fund are considered to be departments for purposes of this requirement. Each fund other than the General Fund is considered to be departments. Actual expenditures may not legally exceed budgeted appropriations at the department level. The budgetary information shown for revenues and expenditures represents the original adopted budget adjusted for any changes made by the City Council.

Formal budgetary information is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations which are encumbered at year-end lapse, and then are added to the following year's budgeted appropriations.

Annual budgets are adopted for all governmental funds types of a basis substantially consistent with generally accepted accounting principles (GAAP).

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

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**Note 3: Cash and Investments**

Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 112,371,993
Restricted cash and investments	3,019,500
Cash and investments held by fiscal agent	4,609,284

Fiduciary Funds:

Cash and investments	8,862,306
Cash and investments held by fiscal agent	2,799,343
Total cash and investments	<u>\$ 131,662,426</u>

Cash and investments as of June 30, 2016, consist of the following:

Cash on hand	\$ 5,500
Deposits with financial institutions	6,201,080
Restricted cash	3,019,500
Investments	122,436,346
Total cash and investments	<u>\$ 131,662,426</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 3: Cash and Investments (Continued)**

Investment Types Authorized by State Law	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Local Agency Bonds	No	5 years	None	None
US. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	15%
Negotiable Certificates of Deposit	Yes	5 years	30%	30%
Repurchase Agreements	Yes	7 days	None	None
Reverse Repurchase Agreements	No	92 days	None	None
Medium-Term Notes	Yes	5 years	15%	15%
Mutual Funds	Yes	N/A	10%	10%
Money Market Mutual Funds	Yes	N/A	10%	10%
Mortgage Pass-Through Securities	No	5 years	None	None
County Pooled Investment Funds (LAIF)	No	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None
	No	N/A	None	None

\* Based on state law requirements or investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by fiscal agent are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	15%	15%
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None



CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 3: Cash and Investments (Continued)**

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Federal agency securities	\$ 48,678,665	\$ -	\$ 5,764,480	\$ 42,914,185
U.S. treasury notes	8,078,100	2,006,060	2,001,320	4,070,720
Corporate bonds	16,335,620	7,094,910	4,019,590	5,221,120
Certificates of deposit	21,208,531	6,212,537	4,733,493	10,262,501
Tennessee Valley Authority	1,050,530	-	1,050,530	-
Municipal bonds	2,611,891	563,011	-	2,048,880
Mutual funds	211,727	211,727	-	-
LAIF	16,061,834	16,061,834	-	-
Held by fiscal agent:				
Federal agency securities	826,584	826,584	-	-
Money market mutual funds	7,372,864	7,372,864	-	-
Total	\$ 122,436,346	\$ 40,349,527	\$ 17,569,413	\$ 64,517,406

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 3: Cash and Investments (Continued)**

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Rating as of Year End	
				AAA/Aa	Not Rated
Federal agency securities	\$ 48,678,665	N/A	\$ -	\$ 48,678,665	\$ -
U.S. treasury notes	8,078,100	N/A	8,078,100	-	-
Corporate bonds	16,335,620	A	-	16,335,620	-
Certificates of deposit	21,208,531	N/A	-	-	21,208,531
Tennessee Valley Authority	1,050,530	N/A	-	1,050,530	-
Municipal bonds	2,611,891	N/A	-	-	2,611,891
Mutual funds	211,727	A	-	211,727	-
LAIF	16,061,834	N/A	-	-	16,061,834
Held by fiscal agent:					
Federal agency securities	826,584	N/A	-	826,584	-
Money market funds	7,372,864	A	-	7,372,864	-
Total	<u>\$ 122,436,346</u>		<u>\$ 8,078,100</u>	<u>\$ 74,475,990</u>	<u>\$ 39,882,256</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal agency securities	\$ 7,024,640
Federal Home Loan Bank	Federal agency securities	7,757,290
Federal National Mortgage Association	Federal agency securities	21,865,655

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 3: Cash and Investments (Continued)**

Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the City.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated.

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

Investment Type	Totals	Level		
		1	2	3
Federal agency securities	\$ 48,678,665	\$ -	\$ 48,678,665	\$ -
U.S. treasury notes	8,078,100	8,078,100	-	-
Corporate bonds	16,335,620	-	16,335,620	-
Certificates of deposit	21,208,531	-	21,208,531	-
Tennessee Valley Authority	1,050,530	-	1,050,530	-
Municipal bonds	2,611,891	-	2,611,891	-
Mutual funds	211,727	211,727	-	-
LAIF	16,061,834	-	16,061,834	-
Held by fiscal agent				
Federal agency securities	826,584	-	826,584	-
Money market mutual funds	7,372,864	-	7,372,864	-
Total Investments	\$ 122,436,346	\$ 8,289,827	\$ 114,146,519	\$ -

U.S. treasury notes and mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Federal agency securities, corporate bonds, certificates of deposit, Tennessee Valley Authority, municipal bonds, LAIF and money market mutual funds classified in Level 2 of the fair value hierarchy are value using institutional bond quotes or specified fair market value factors.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 4: Interfund Receivables, Payables and Transfers**

**a. Due To/From Other Funds:**

As of June 30, 2016, the City had the following due to/from other funds:

Funds	Due To Other Funds		Total
	Local Transportation Fund	Nonmajor Governmental Funds	
Due From Other Funds:			
General Fund	\$ 2,001,888	\$ 475,716	\$ 2,477,604

The interfund balances were made to cover negative cash balances at June 30, 2016.

**b. Advances To/From Other Funds:**

As of June 30, 2016, advances to/from other funds were as follows:

Funds	Advances from other funds		Total
	Public Facilities Development	Nonmajor Proprietary Funds	
Advances to other funds:			
General Fund	\$ 8,277,531	\$ -	\$ 8,277,531
Nonmajor governmental funds	328,732	641,270	970,002
Water Fund	152,416	1,199,120	1,351,536
Disposal Fund	-	960,930	960,930
Total	<u>\$ 8,758,679</u>	<u>\$ 2,801,320</u>	<u>\$ 11,559,999</u>

The General Fund has advances of \$8,277,531 to the Public Facilities Development Fund to provide funding for capital expenditures and debt service coverage on the COP's issued for capital facilities. The payable will be refunded through future development impact fee collections. Additional advances were made to the Public Facilities Fund to assist in debt service payments on the COP's. At June 30, 2016, these advances were from the Open Space Fund for \$113,561, the Park Development Fund for \$113,561, the Storm Drain Construction Fund for \$101,610, and the Water Fund for \$152,416.

An advance of \$641,270 was made from the Cemetery Endowment to the Cemetery Fund to provide funding for capital expenditures. The Water Fund and Disposal Fund advanced the Cemetery and Aviation Funds \$2,160,050 to provide funding for capital expenditures.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 4: Interfund Receivables, Payables and Transfers (Continued)**

**c. Transfers In/Out:**

Transfers in and out for the year ended June 30, 2016, were as follows:

Funds	Transfers Out		
	General Fund	Public Facilities Development	Nonmajor Governmental Funds
Transfers In:			
General Fund	\$ -	\$ 121,685	\$ 1,734,816
Local Transportation Fund	-	-	-
Nonmajor Governmental Funds	4,443,307	950,842	1,459,126
Water Fund	-	-	-
Disposal Fund	-	-	-
Sewer Fund	-	-	-
Nonmajor Enterprise Funds	-	-	-
Internal Service Funds	1,010,471	-	-
<b>Total</b>	<b>\$ 5,453,778</b>	<b>\$ 1,072,527</b>	<b>\$ 3,193,942</b>

Funds	Transfers Out				
	Water	Disposal	Sewer	Internal Service	Total
Transfers In:					
General Fund	\$ 387,289	\$ 212,567	\$ 41,698	\$ -	\$ 2,498,055
Local Transportation Fund	102,412	3,513,219	17,088	-	3,632,719
Nonmajor Governmental Funds	-	-	-	2,927,790	9,781,065
Water Fund	-	-	-	12,342	12,342
Disposal Fund	11,457	-	-	-	11,457
Sewer Fund	-	-	-	5,695	5,695
Nonmajor Enterprise Funds	-	-	-	1,700	1,700
Internal Service Funds	209,873	18,365	3,425	-	1,242,134
<b>Total</b>	<b>\$ 711,031</b>	<b>\$ 3,744,151</b>	<b>\$ 62,211</b>	<b>\$ 2,947,527</b>	<b>\$ 17,185,167</b>

Interfund transfers were used for operations, deficit repayment, debt payment and general administration charges.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Transfers	Additions	Deletions	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 31,124,102	\$ -	\$ -	\$ 44,678	\$ 31,079,424
Water rights	408,125	-	-	-	408,125
Rights of way	439,846,428	-	-	-	439,846,428
Construction in progress	29,713,784	(11,400,960)	-	-	18,312,824
Total capital assets not being depreciated	501,092,439	(11,400,960)	-	44,678	489,646,801
Capital assets being depreciated:					
Infrastructure	188,152,872	11,400,960	3,983,208	9,974,189	193,562,851
Buildings and improvements	29,164,956	-	3,254,189	-	32,419,145
Machinery, equipment and vehicles	21,325,949	-	1,509,748	647,179	22,188,518
Total capital assets being depreciated	238,643,777	11,400,960	8,747,145	10,621,368	248,170,514
Less accumulated depreciation for:					
Infrastructure	81,766,128	-	4,157,481	4,574,751	81,348,858
Buildings and improvements	11,276,571	-	1,498,454	-	12,775,025
Machinery, equipment and vehicles	18,050,843	-	1,513,978	647,179	18,917,642
Total accumulated depreciation	111,093,542	-	7,169,913	5,221,930	113,041,525
Total capital assets being depreciated, net	127,550,235	11,400,960	1,577,232	5,399,438	135,128,989
Governmental activities:					
Capital assets, net	\$ 628,642,674	\$ -	\$ 1,577,232	\$ 5,444,116	\$ 624,775,790
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 28,325,632	\$ -	\$ -	\$ -	\$ 28,325,632
Water rights	9,881,460	-	-	-	9,881,460
Construction in progress	49,206,901	(1,991,782)	30,884	-	47,246,003
Total capital assets not being depreciated	87,413,993	(1,991,782)	30,884	-	85,453,095
Capital assets being depreciated:					
Infrastructure	141,662,300	1,991,782	168,042	-	143,822,124
Buildings and improvements	84,581,431	-	69,983	-	84,651,414
Machinery, equipment and vehicles	17,832,450	-	1,354,989	-	19,187,439
Total capital assets being depreciated	244,076,181	1,991,782	1,593,014	-	247,660,977
Less accumulated depreciation for:					
Infrastructure	69,106,887	-	2,449,837	-	71,556,724
Buildings and improvements	62,970,650	-	1,526,794	-	64,497,444
Machinery, equipment and vehicles	14,404,187	-	1,185,587	-	15,589,774
Total accumulated depreciation	146,481,724	-	5,162,218	-	151,643,942
Total capital assets being depreciated, net	97,594,457	1,991,782	(3,569,204)	-	96,017,035
Business-type activities:					
Capital assets, net	\$ 185,008,450	\$ -	\$ (3,538,320)	\$ -	\$ 181,470,130

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 5: Capital Assets (Continued)**

Depreciation expense was charged to the following functions in the Statement of Activities:

	Governmental Activities	Business-Type Activities
General government	\$ 206,849	\$ -
Public safety	1,034,243	-
Highway and streets	4,688,568	-
Culture and recreation	965,293	-
Water	-	2,453,677
Disposal	-	1,096,552
Sewer	-	1,474,380
Nonmajor proprietary funds	-	137,609
Internal service	274,960	-
Total	<u>\$ 7,169,913</u>	<u>\$ 5,162,218</u>

**Note 6: Long-Term Liabilities**

Governmental Activities:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Amount Due Within One Year
Compensated absences	\$ 7,540,623	\$ 4,225,220	\$ 3,843,951	\$ 7,921,892	\$ 4,052,438
Claims payable (Note 7)	3,447,764	2,663,073	2,570,447	3,540,390	1,770,196
OPEB Obligation (Note 10)	20,071,239	5,685,082	2,454,307	23,302,014	-
2007 Series Taxable Pension					
Funding Bonds	19,150,000	-	1,860,000	17,290,000	2,060,000
Less: (accrued interest)	(782,919)	-	(74,760)	(708,159)	-
Certificate of Participation:					
2003 Lease Revenue Refunding	3,155,000	-	1,785,000	1,370,000	775,000
Add: unamortized premium	144,014	-	48,004	96,010	-
Capital leases payable	1,338,028	-	250,036	1,087,992	226,823
I-Bank Sports Park Lease	1,620,979	-	52,187	1,568,792	53,830
Total governmental activities long-term liabilities	<u>\$ 55,684,728</u>	<u>\$ 12,573,375</u>	<u>\$ 12,789,172</u>	<u>\$ 55,468,931</u>	<u>\$ 8,938,287</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$392,395 of compensated absences and \$2,922,731 of OPEB Obligation for internal service funds are included in the above amounts. Also, for the governmental activities, compensated absences and OPEB are generally liquidated by the General Fund.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 6: Long-Term Liabilities (Continued)**Capital Leases Payable

The City has entered into several lease agreements for various equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The assets acquired under capital leases are machinery, equipment and vehicles. The total cost was \$3,104,363. The outstanding balance at June 30, 2016, is \$1,087,992.

The following schedule summarizes the debt to maturity payments for capital leases:

Year Ending June 30	Amount
2017	\$ 258,609
2018	136,924
2019	136,924
2020	136,924
2021	136,924
2022 - 2026	441,792
Total minimum lease payments	1,248,097
Less: Amount representing interest	(160,105)
Total minimum lease payments	<u>\$ 1,087,992</u>

2007 Taxable Pension Funding Bonds

On August 1, 2007, the City issued \$25,862,392 of 2007 Taxable Pension Funding Bonds to refund the City's obligation to PERS, reimburse the City for its payment of a portion of its fiscal year ended 2008 unfunded liability and pay the costs of issuance of the bonds. Interest is payable February 1 and August 1 of each year commencing on February 1, 2008. Interest rate is 5.233% with annual principal payments plus accreted value commencing February 1, 2008. The amount outstanding at June 30, 2016, is \$17,290,000.

The annual requirements to amortize pension funding bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30	2007 Taxable Pension Funding Bonds	
	Principal	Interest
2017	\$ 2,060,000	\$ 892,069
2018	2,280,000	775,679
2019	2,515,000	646,859
2020	1,220,000	505,506
2021	1,345,000	441,470
2022-2026	3,700,000	1,285,751
2027-2031	1,350,000	1,009,832
2032-2036	2,230,000	595,512
2037-2040	590,000	34,822
	17,290,000	
Less unaccreted discount	(708,159)	
Totals	<u>\$ 16,581,841</u>	<u>\$ 6,187,500</u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

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**Note 6: Long-Term Liabilities (Continued)**

Certificates of Participation

2003 Lease Revenue Refunding Certificates of Participation

On May 28, 2003, the Redlands Financing Authority issued \$16,620,000 of Lease Revenue Refunding Certificates of Participation. The certificates were issued to retire \$18,145,000 outstanding Certificates of Participation dated in 1993. They represented the interests of the owners thereof in lease payments to be made by the City to the Redlands Financing Authority for the use and occupancy of certain public capital facilities refinanced with the proceeds of the prior certificates and the real property upon which they are situated.

The Certificates mature on September 1 of each year, beginning September 1, 2006 through September 1, 2017, in amounts ranging from \$595,000 to \$1,785,000. The interest will be calculated from September 1, 2003, at the rates per annum set forth in the bond documents and will represent the sum of the portions of the lease payments coming due during the six months preceding each interest payment date. The interest rates will range from 2.2% to 5%.

The outstanding balance at June 30, 2016, was \$1,370,000 with an unamortized premium of \$96,010.

The following schedule summarizes the annual debt service requirements to maturity for the Certificate of Participation:

Year Ending June 30	2003 Lease Revenue Refunding COP	
	Principal	Interest
2017	\$ 775,000	\$ 49,125
2018	595,000	14,875
Totals	\$ 1,370,000	\$ 64,000

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

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**Note 6: Long-Term Liabilities (Continued)**

I-Bank Sports Park Lease Payable

On December 1, 2006, the City entered into this agreement for the purpose of obtaining additional funds to complete the Sports Park project. The City has agreed to pay the amount over thirty years commencing on the date of the lease, which carries an annual interest rate of 3.15% with principal and interest payments due every six months starting August 1, 2007, and payable in full on August 1, 2036. The City pledged the Community Center to obtain this loan with I-Bank. At June 30, 2016, the outstanding balance of the I-Bank Sports Park lease payable balance was \$1,568,792.

The annual retirements to amortize lease payable outstanding as of June 30, 2016, are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ 102,399
2018	102,372
2019	102,344
2020	102,314
2021	102,287
2022-2026	510,961
2027-2031	510,079
2032-2036	509,043
2037-2041	<u>101,670</u>
Total minimum lease payments	2,143,469
Less: Amount representing interest	<u>(574,677)</u>
Total minimum lease payments	<u>\$ 1,568,792</u>

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 6: Long-Term Liabilities (Continued)**

Business-Type Activities:

The following is a summary of changes in business-type long-term liabilities, including landfill closure liability, for the year ended June 30, 2016:

	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016	Amount Due Within One Year
Compensated absences	\$ 991,443	\$ 702,587	\$ 698,278	\$ 995,752	\$ 747,273
OPEB obligation (Note 10)	10,909,559	3,349,783	1,066,929	13,192,413	-
Landfill closure (Note 13)	7,596,639	114,021	-	7,710,660	-
Revenue Bonds:					
2012A Water refunding	1,195,000	-	1,195,000	-	-
2012A Wastewater refunding	2,875,000	-	925,000	1,950,000	960,000
Add: unamortized premium	149,098	-	77,655	71,443	-
2013A Solid Waste Revenue	12,385,000	-	1,145,000	11,240,000	1,185,000
Add: unamortized premium	1,449,309	-	182,996	1,266,313	-
Total	<u>37,551,048</u>	<u>4,166,391</u>	<u>5,290,858</u>	<u>36,426,581</u>	<u>2,892,273</u>
Notes payable:					
California recycled water project	3,194,844	-	285,168	2,909,676	292,297
Safe drinking water project	3,849,298	-	295,362	3,553,936	302,315
I-Bank solid waste Hinckley water treatment plant upgrade	-	3,050,000	113,393	2,936,607	116,806
Total notes payable	<u>9,385,402</u>	<u>447,718</u>	<u>414,025</u>	<u>9,419,095</u>	<u>420,383</u>
Total business-type activities long-term liabilities	<u>\$ 53,980,592</u>	<u>\$ 7,664,109</u>	<u>\$ 6,398,806</u>	<u>\$ 55,245,895</u>	<u>\$ 4,024,074</u>

2012A Water Refunding Revenue Bonds

The \$3,480,000 of Water Refunding Revenue Bonds, issue of 2012, consists of serial bonds with varying interest rates ranging from 2% to 3%. Interest is payable semiannually on March 1 and September 1. Serial bonds mature annually on September 1, 2013 through September 1, 2015. The revenues of the Water Fund are pledged as security toward the payment of this debt. The net proceeds were used to refinance the 1999 Water Refunding Revenue Bonds. The amount outstanding at June 30, 2016, was \$0 with an unamortized premium of \$0. The City completed the advance refunding to reduce its total debt service payments by \$373,017 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$338,150.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

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**Note 6: Long-Term Liabilities (Continued)**

2012A Wastewater Refunding Revenue Bonds

The \$4,655,000 of Wastewater Refunding Revenue Bonds, issue of 2012, Series A, consists of serial bonds with varying interest rates from 2% to 4%. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually September 1, 2013 through September 1, 2017. The revenues of the Wastewater Fund are pledged as security toward the payment of this debt. The net proceeds were used to refinance the 1999A Wastewater Refunding Revenue Bonds. The amount outstanding at June 30, 2016, was \$1,950,000 with an unamortized premium of \$71,443.

The annual requirements to amortize bonds payable subsequent to June 30, 2016 are as follows:

Year Ending June 30	2012A Wastewater Revenue Refunding Bonds	
	Principal	Interest
2017	\$ 960,000	\$ 58,800
2018	990,000	19,800
Totals	<u>\$ 1,950,000</u>	<u>\$ 78,600</u>

2013A Solid Waste Revenue Bonds

The \$13,500,000 of Solid Waste Revenue Bonds, issue of 2013, Series A, consists of serial bonds with varying interest rates from 3% to 5%. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually September 1, 2014 through September 1, 2023. The revenues of the Disposal Fund are pledged as security toward the payment of this debt. The proceeds were used to finance a portion of the cost of acquisition and construction of street improvements within the City of Redlands. The amount outstanding at June 30, 2016, was \$11,240,000 with an unamortized premium of \$1,266,313.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 6: Long-Term Liabilities (Continued)**

The annual requirements to amortize bonds payable subsequent to June 30, 2016, are as follows:

Year Ending June 30	2013A Solid Waste Revenue Refunding Bonds	
	Principal	Interest
2017	\$ 1,185,000	\$ 514,100
2018	1,235,000	465,700
2019	1,290,000	408,750
2020	1,360,000	342,500
2021	1,430,000	272,750
2021-2025	4,740,000	363,500
Totals	<u>\$ 11,240,000</u>	<u>\$ 2,367,300</u>

Pledged Revenues

The City has a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purpose for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions of the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenues for the remainder of the term of the commitment:

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses)	Annual Debt Service Payments	Debt Service as a Percentage of Pledged Revenue
Water revenues	\$ 288,907	\$ 1,212,925	420%
Wastewater revenues	2,240,380	1,016,875	45%
Solid waste revenues	3,066,743	1,699,975	55%

Notes Payable

On June 30, 2009, the City entered into a note payable agreement for \$659,414 from the Water Resources Control Board through the Agricultural Drainage Water Management Loan Program for the Texas Street Wellhead Treatment Project. The note carries an annual interest rate of 3.6% with principal and interest payments due annually. This note was paid off in 2015.

On September 2, 2003, the City entered into a loan agreement with the California Water Resources Control Board in the amount of \$7,918,234 to assist in financing the construction of advanced wastewater treatment facilities at the existing wastewater treatment plant. The note carries an annual interest rate of 2.5% with principal and interest payments due annually starting November 30, 2005. The amount outstanding at June 30, 2016, was \$2,909,676.

**CITY OF REDLANDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 6: Long-Term Liabilities (Continued)**

On January 30, 2004, the City entered into a loan agreement with the State of California, Department of Water Resources in the amount of \$1,664,876 to assist in financing construction of a project which will enable the City to meet safe drinking water standards. As of June 30, 2006, the loan had been increased to \$6,100,844. The note carries an annual interest rate of 2.34% with principal and interest payments due every six months starting January 1, 2006. At June 30, 2016, the City has \$3,553,936 in outstanding principal.

On June 21, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Hinckley water treatment plant upgrade. The City may borrow up to \$13,663,033 or the eligible costs of the project, whichever is less. The loan has an interest rate of 2.5017% with maturities through 2034. Principal and interest is due every six months starting January 1, 2011. The outstanding balance at June 30, 2016, is \$9,419,095.

On March 2, 2015, the City entered into an agreement for the purpose of obtaining additional funds to complete the Solid Waste project. The City has agreed to pay the amount over thirty years commencing on the date of the loan, which carries an annual interest rate of 3.01% with principal and interest payments due every six months starting August 1, 2015, and payable in full on August 1, 2044. At June 30, 2016, the outstanding balance of the loan was \$2,936,607.

The annual requirements for the notes payable outstanding as of June 30, 2016, are as follows:

Year Ending June 30	Total Notes Payable	
	Principal	Interest
2017	\$ 1,131,801	\$ 473,804
2018	1,160,321	445,229
2019	1,189,566	415,932
2020	1,219,550	385,891
2021	1,250,294	355,089
2022-2026	6,375,566	1,285,382
2027-2031	3,858,370	613,959
2032-2036	2,633,846	129,334
Totals	<u>\$ 18,819,314</u>	<u>\$ 4,104,620</u>

**Note 7: Claims Payable**

On June 30, 2016, and throughout 2015-2016, the City was self-insured for the first \$1,000,000 per occurrence for commercial general liability and automobile liability. The City purchased excess liability insurance to provide additional coverage of \$10,000,000 per occurrence with a \$10,000,000 aggregate. The City also purchased airport liability insurance including commercial general liability, Personal & Advertising Injury, Products Completed, and Hangerkeepers Limit in a single limit liability amount of \$10,000,000 per occurrence. For workers' compensation and employer's liability, the City was self-insured for \$1,000,000 per occurrence with excess coverage of \$25,000,000 for worker's compensation per occurrence with a \$25,000,000 aggregate, and \$1,000,000 for employer's liability per occurrence.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 7: Claims Payable (Continued)**

At June 30, 2016, \$1,540,355 and \$2,000,035 have been accrued for general liability and workers' compensation claims, respectively. All funds of the City participate in the worker's compensation program and make payments to the Workers' Compensation Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims. The Liability Insurance Internal Service Fund receives an annual operating transfer from the General Fund to cover operating costs including payment of claims. The liability for unpaid claims for general liability and workers' compensation is discounted to reflect anticipated future investment earnings, assuming a five percent interest rate. Settled claims have not exceeded the commercial coverage in the past three years.

The accruals indicated above represent estimates of amounts to be paid for reported claims, and incurred but not reported claims based upon past experience, modified for current trends and information. While the ultimate amounts of losses incurred through June 30, 2016 are dependent on future developments, based upon information provided from the City Attorney, outside counsel and others involved with the administration of the programs, the City's management believes that the aggregate accrual is adequate to cover such losses.

Reconciliation of the changes in the City's aggregate liabilities for the year ended June 30, 2016, is as follows:

<u>2015-2016</u>	<u>Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year</u>
Liability claims	\$ 1,492,318	\$ 1,584,872	\$ 1,536,835	\$ 1,540,355
Workers' compensation	1,955,446	1,078,201	1,033,612	2,000,035
	<u>\$ 3,447,764</u>	<u>\$ 2,663,073</u>	<u>\$ 2,570,447</u>	<u>\$ 3,540,390</u>

<u>2014-2015</u>	<u>Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year</u>
Liability claims	\$ 1,405,651	\$ 336,833	\$ 250,166	\$ 1,492,318
Workers' compensation	1,983,667	1,179,366	1,207,587	1,955,446
	<u>\$ 3,389,318</u>	<u>\$ 1,516,199</u>	<u>\$ 1,457,753</u>	<u>\$ 3,447,764</u>

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 8: Fund Balance and Net Position**

**a. Fund Balance Classifications**

At June 30, 2016, the City reports the following fund balance classifications:

	<u>General</u>	<u>Local Transportation</u>	<u>Public Facilities Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balances:</b>					
Nonspendable					
Prepaid costs	\$ 46,941	\$ -	\$ -	\$ -	\$ 46,941
Advances to other funds	8,277,531	-	-	-	8,277,531
Restricted					
Public safety	-	-	-	613,780	613,780
Police programs and equipment	-	-	-	1,089,076	1,089,076
Street reconstruction/improvement projects	-	-	-	7,004,762	7,004,762
Debt service	-	-	-	2,265,049	2,265,049
Storm drain improvements	-	-	-	1,890,727	1,890,727
Endowment	-	-	-	2,152,634	2,152,634
CFD assessment	-	-	-	242,507	242,507
Committed					
Stabilization arrangement	8,122,332	-	-	-	8,122,332
Park and open space acquisition/improvement	-	-	-	1,497,147	1,497,147
Downtown Redlands Business Association	-	-	-	69,683	69,683
Street reconstruction/improvement projects	-	-	-	5,645,369	5,645,369
Assigned					
Public works	598,388	-	-	-	598,388
Capital Projects	1,669,452	-	-	-	1,669,452
Unassigned	13,454,147	(582,447)	(8,362,304)	(608,929)	3,900,467
<b>Total Fund Balances</b>	<b>\$ 32,168,791</b>	<b>\$ (582,447)</b>	<b>\$ (8,362,304)</b>	<b>\$ 21,861,805</b>	<b>\$ 45,085,845</b>

**b. Fund Balance/Net Position Deficits**

At June 30, 2016, the following non-major funds have fund deficits:

	<u>Deficit Amount</u>
Special Revenue Funds:	
Parking Authority	\$ 31,420
General Capital Improvement	445,746
Community Development Block Grant	55,194
Supplemental Law Enforcement	17,459
Disaster Recovery	59,110
Enterprise Fund:	
Cemetery	1,822,276
Internal Service Fund:	
Information Technology	1,664,716
Workers' Compensation Self-Insurance	1,137,772
Equipment Maintenance	1,082,786



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 8: Fund Balance and Net Position (Continued)**

**c. Expenditures in Excess of Appropriations**

Expenditures for the year ended June 30, 2016, exceeded the appropriations of the following major funds/departments:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
City manager	\$ 943,611	\$ 959,511	\$ (15,900)
City attorney	613,881	683,181	(69,300)
Parks	1,566,056	1,583,828	(17,772)
Highways and streets	3,087,828	3,850,585	(762,757)
Transfers out	5,412,155	5,453,778	(41,623)
Special revenue:			
Public Facilities Development			
Debt Service	-	3,330	(3,330)
Transfers out	1,072,523	1,072,527	(4)

**d. Restatement of Net Position and Fund Balances:**

Fund balance in the following fund has been restated:

Statement of Revenues, Expenditures and Changes in Fund Balances of	
Governmental Funds	
Measure I Fund	\$ (1,296,617)
	<u>\$ (1,296,617)</u>

The Measure I Fund restatement was the result of expenditures incurred in previous years that had not previously been recorded, resulting in a decrease of opening fund balance.

**Note 9: Defined Benefit Pension Plan**

**General Information about the Pension Plan**

***Plan Description, Benefits Provided and Employees Covered***

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer defined benefit pension plan for the miscellaneous employees and a cost-sharing multiple-employer public employee defined benefit pension plan for the public safety employees that acts as a common investment and administrative agent for participating public entities within the State of California. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. All full-time employees are eligible to participate in PERS. Part-time employees are not eligible to participate in PERS retirement system but participate in a defined contribution plan. Benefit provisions for the Plan's are established by State statute's and City resolution. Copies of PERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, California 95814.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 9: Defined Benefit Pension Plan (Continued)****Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

	<b>Miscellaneous Plan</b>	
	<b>Tier 1*</b>	<b>PEPRA</b>
Hire date	Prior to September 1, 2013	January 1, 2013 and after
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	7.000%	6.500%
Required employer contribution rates	17.280%	17.280%

	<b>Safety Cost-Sharing Rate Plans</b>		
	<b>Safety Fire*</b>	<b>Safety Police*</b>	<b>PEPRA Police</b>
Hire date	Prior to January 1, 2013	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	3.000%, 50+ yrs	2.000% - 2.700%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000%	9.000%	12.250%
Required employer contribution rates	20.230%	20.230%	12.821%

\* This plan is closed to new entrants. Subsequent to January 1, 2013, all new entrants are part of the PEPRA plans. There were no PEPRA employees for Fire as of the valuation date of June 30, 2014.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

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**Note 9: Defined Benefit Pension Plan (Continued)*****Employees Covered***

As of the valuation date of June 30, 2014, the following employees were covered by the benefit terms of the Miscellaneous Plan:

<u>Description</u>	<u>Number of members</u>
Active members	285
Transferred members	115
Terminated members	122
Retired members and beneficiaries	428
<b>Total</b>	<b>950</b>

***Contribution Description***

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the employer contributions recognized as a reduction to the net pension liability for all Plan's was \$6,999,508.

**Net Pension Liability**

The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

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**Note 9: Defined Benefit Pension Plan (Continued)*****Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

For the measurement period ended June 30, 2015, the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

***Change of Assumptions***

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

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**Note 9: Defined Benefit Pension Plan (Continued)**

“GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees’ Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by CalPERS effective on July 1, 2014.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10 (1)</b>	<b>Real Return Years 11+ (2)</b>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

**Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

The following table shows the changes in net pension liability recognized over the measurement period for the Miscellaneous Plan.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 9: Defined Benefit Pension Plan (Continued)**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2014 (Valuation Date)	\$ 138,103,332	\$ 111,548,409	\$ 26,554,923
Changes Recognized for the Measurement Period:			
Service Cost	2,735,046	-	2,735,046
Interest on the Total Pension Liability	10,224,502	-	10,224,502
Difference between Expected and Actual Experience	334,519	-	334,519
Changes of Assumptions	(2,403,446)	-	(2,403,446)
Contributions from the Employer	-	2,749,274	(2,749,274)
Contributions from Employees	-	1,219,187	(1,219,187)
Net Investment Income	-	2,473,614	(2,473,614)
Employee Contributions	(7,496,594)	(7,496,594)	-
Administrative Expense	-	(121,971)	121,971
Net Changes During 2014-15	3,394,027	(1,176,490)	4,570,517
Balance at: 6/30/2015 (Measurement Date)	\$ 141,497,359	\$ 110,371,919	\$ 31,125,440

As of June 30, 2016, the City Safety Rate Plans reported net pension liabilities/(assets) for its proportionate shares of the net pension liability/(asset) of each rate Plan as follows:

	<b>Proportionate Share of Net Pension Liability/(Asset)</b>
Safety Police Rate Plan	\$ 27,637,281
Safety PEPRA Police Rate Plan	(32)
Safety Fire Rate Plan	22,996,577
Tota Safety Plan Net Pension Liability	\$ 50,633,826

The City's net pension liability/(asset) for each Safety Rate Plan is measured as the proportionate share of the net pension liability/(asset). The net pension liability/(asset) of each of the Safety Rate Plans is measured as of June 30, 2015, and the total pension liability/(asset) for each Safety Rate Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. The City's proportion of the net pension liability/(asset) was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability/(asset) for each Safety Rate Plan as of June 30, 2014 and 2015, was as follows:

	<b>Safety Cost-Sharing Rate Plans</b>		
	<b>Police</b>	<b>Fire</b>	<b>PEPRA</b>
Proportion - June 30, 2014	0.62842%	0.51544%	0.00000%
Proportion - June 30, 2015	0.67074%	0.55811%	0.00000%
Change - Increase (Decrease)	0.04232%	0.04267%	0.00000%

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**
**Note 9: Defined Benefit Pension Plan (Continued)*****Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability/(asset) of the Plan's as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% 6.65%	Current Discount 7.65%	Discount Rate + 1% 8.65%
Miscellaneous Plan	\$ 49,216,180	\$ 31,125,440	\$ 16,113,114
Safety Police Rate Plan	45,099,421	27,637,281	13,318,647
Safety PEPRAs Police Rate Plan	116	(32)	(155)
Safety Fire Rate Plan	36,966,174	22,996,577	11,541,763
<b>Total Net Pension Liability</b>	<b>\$ 131,281,891</b>	<b>\$ 81,759,266</b>	<b>\$ 40,973,369</b>

***Pension Plan Fiduciary Net Position***

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

For the measurement period ending June 30, 2015 (the measurement date), the City incurred a pension expense of \$6,101,699 for all Plans.

As of June 30, 2016, the City has deferred outflows and deferred inflows of resources related to all pension plans as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Current year contributions that occurred after the measurement date of June 30, 2015	\$ 8,401,847	\$ -
Change of Assumption	-	4,163,165
Difference between Expected and Actual Experiences	223,013	556,788
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,313,804
Adjustment due to differences in proportions	505,653	23,623
Difference in proportionate share	-	1,950,778
<b>Total</b>	<b>\$ 9,130,513</b>	<b>\$ 9,008,158</b>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

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**Note 9: Defined Benefit Pension Plan (Continued)**

\$8,401,847 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Measurement Period ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2016	\$ (4,109,982)
2017	(4,055,885)
2018	(2,858,918)
2019	2,745,293
Total	<u>\$ (8,279,492)</u>

**Note 10: Other Post-Employment Benefits Plan**

In addition to the pension benefits described in Note 9, the City provides post-retirement health care benefits, in accordance with applicable Memoranda of Understanding and the California Government Code, to all employees who retire from the City.

Plan Description

The City administers a defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The City pays up to the entire cost of health benefits for eligible retirees and their spouses until age 65 subject to the City's vesting schedule. After age 65, the City contributes a flat monthly rate of \$397 for those employees who retire under the PERS retirement system and subscribe to the PERS Health Insurance System, in accordance with the Government Code. This is a perpetual benefit which is available to all PERS retirees including eligible dependents of deceased retirees. Annual increases in the monthly rate are limited to \$20 and based upon the annual increase in PERS family premiums. In addition, the City also contributed the entire monthly premium for health insurance for all employees who retire with the City and have a minimum of 15 years of cumulative service with the City, or 20 years depending on the particular bargaining units.

City's Funding Policy

The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2015-16, the City contributed \$3,521,245 to the plan from the General Fund. Upon retirement, City's employees who are not eligible for fully paid medical benefits based on service may elect to convert the value of their sick leave for payment of the balance of the premiums which are not paid by the City.



CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 10: Other Post-Employment Benefits Plan (Continued)**

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$ 9,305,921
Interest on net OPEB obligation	1,316,684
Adjustment to annual required contribution	<u>(1,587,731)</u>
Annual OPEB cost (expense)	9,034,874
Contributions made	<u>3,521,245</u>
Increase/(decrease) in Net OPEB obligation	5,513,629
Net OPEB obligation - beginning of year	<u>30,980,798</u>
Net OPEB obligation - end of year	<u>\$ 36,494,427</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
6/30/2014	\$ 8,272,277	\$ 2,932,192	35.4%	\$ 25,401,393
6/30/2015	8,888,072	3,308,666	37.2%	30,980,798
6/30/2016	9,034,874	3,521,245	39.0%	36,464,427

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/2011	\$ -	\$ 81,728,065	\$ 81,728,065	0%	\$ 29,340,000	278.56%
6/30/2013	-	99,727,982	99,727,982	0%	29,819,315	334.44%
6/30/2015	-	112,055,821	112,055,821	0%	30,826,085	363.51%

**Note 10: Other Post-Employment Benefits Plan (Continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.25% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements of 1% per year for the first three years then decrements of .5% to an ultimate rate of 5% after the seventh year. Both rates included a 2.75% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over an open-period basis using a 30 year amortization period. It is assumed the City's payroll will increase 3% per year.

**Note 11: Contingencies**

The City is presently involved in other matters of litigation that have arisen in the normal course of the City's business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to have a material adverse financial impact on the City.

In 1998, the voters of California approved Proposition No. 11 which amended Article XIII, Section 29 of the California Constitution to allow cities and counties to enter into contracts to apportion sales and use tax revenue, by ordinance or resolution, and upon approval by a two-thirds vote of the legislative bodies of the parties to the contract. The City has provided in its contract with the County of San Bernardino that the benefit of receiving the sales and use tax revenue generated by businesses located in the unincorporated area of the Donut Hole, in exchange for the City's provision of municipal services, will terminate on December 31, 2003, unless an extension of the term of the contract beyond December 31, 2003, is consented to by a majority vote of the qualified voters of the City. The term has been extended beyond December 31, 2003, under the Ordinance No. 2550. The County of San Bernardino and the City apportion the sales and use tax revenue generated by businesses located in the Donut Hole generally on the basis of ninety percent (90%) of such sales and use tax revenue being provided to the City and ten percent (10%) of such sales and use tax revenue being provided to the County.

**CITY OF REDLANDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016**

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**Note 12: Construction Commitments**

The following material construction commitments existed at June 30, 2016:

Project Name	Contract Amount	Expenditures to date as of June 30, 2016	Remaining Commitments
Redlands Entry Landscape Beautification Project	\$ 1,360,464	\$ -	\$ 1,360,464
Digester 1 & 2 Recoating Project	366,520	-	366,520

**Note 13: Solid Waste Landfill**

State and federal laws and regulations require the City to provide financial assurance for closure and postclosure costs of the California Street Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for fifteen years after closure. Although closure and postclosure activities will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$7,710,660 reported as landfill closure and postclosure liability at June 30, 2016, represents the cumulative amount reported to date based on the use of 60.91 percent of the total estimated capacity of the landfill including final covering. The City will recognize the remaining estimated costs of closure and postclosure care of \$800,000 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform closure and postclosure activities in 2015 dollars. The City expects to close the landfill in the year 2042. Actual costs may differ due to inflation, changes in technology or changes in regulations.

The City is required by state and federal laws and regulations to maintain adequate funds to provide financial assurance for closure and postclosure costs through one of a combination of alternative mechanisms. For closure costs, the City has established an enterprise fund mechanism with a separate fund, the California Street Landfill Closure fund. For postclosure costs, the City has entered into a Pledge of Revenue Agreement with the California Integrated Waste Management Board. The City is in compliance with these requirements. At June 30, 2016, \$6,413,423 is held for landfill closure. The City expects that future inflation costs will be paid from future annual operating revenues in the enterprise fund. Postclosure costs are agreed to be covered by revenue from solid waste customer billings which is deposited directly into the Disposal enterprise fund.

**Note 14: Debt Without Government Commitment**

The special assessment bonds are secured by valid assessment liens upon certain lands within the special assessment district and are not direct liabilities of the City and, accordingly, are not included in the accompanying basic financial statements. The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the faith, credit, nor taxing power of the City is pledged to the payment of the bonds. The City acts solely as an agent for those paying assessments and for the bondholders.

**Note 14: Debt Without Government Commitment (Continued)**

In September 2001, the City issued for and on behalf of the Community Facilities District No. 2001-1 (Northwest Development Project) \$9,255,000 aggregate principal amount of 2001 Special Tax Bonds to finance the acquisition of certain public improvements with appurtenant work and incidental expenses within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2002 to 2015 are serial bonds payable in annual installments of \$170,000 to \$355,000 while bonds maturing in the year 2022 in the amount of \$3,175,000 and bonds maturing in the year 2026 in the amount of \$2,535,000 are term bonds. The interest rates on the bonds range from 3.75% to 6.45%. The outstanding balance at June 30, 2016, was \$5,710,000.

In February 2004, the City issued for and on behalf of the Community Facilities District No. 2003-1 (Redlands Business Center) \$9,545,000 aggregate principal amount of 2004 Special Tax Bonds to finance the acquisition and construction of certain street improvements, sewers, storm drains, water distribution facilities, and other public improvements within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2006 to 2021 are serial bonds payable in annual installments of \$20,000 to \$270,000, while bonds maturing in the year 2027 in the amount of \$2,255,000 and bonds maturing in the year 2033 in the amount of \$5,280,000 are term bonds. The interest rates on the bonds range from 2.5% to 5.9%. The outstanding balance at June 30, 2016, was \$8,705,000.

**Note 15: Successor Agency Trust for Assets of the Former Redevelopment Agency**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Redlands that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On November 1, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

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**Note 15: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

**a. Cash and Investments**

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 3,539,441
Cash and investments with fiscal agent	<u>19,513</u>
	<u>\$ 3,558,954</u>

**b. Notes Receivable**

A note in the amount of \$40,000 is receivable in monthly installments of \$182 beginning in July 2010, including interest payments at 0.9% due from inception. The note is secured by the deed of trust and assignment of rents and is guaranteed by the debtor. The full amount will be due in June 2030. An additional note of \$150,000 is receivable in monthly installments of \$658 beginning in October 2011, including an interest at 0.51% due from inception with annual adjustments to reflect the LAIF rate up to a maximum percentage of 3.17%. The note is secured by the deed of trust. The full amount will be due in October 2031. As of June 30, 2016, the notes receivable balance is \$117,571.

**CITY OF REDLANDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016**

**Note 15: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

**c. Capital Assets**

An analysis of capital assets as of June 30, 2016, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Fiduciary Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,733,418	\$ -	\$ -	\$ 2,733,418
Right-of-Way	100,000	-	-	100,000
Total Capital Assets, Not Being Depreciated	<u>2,833,418</u>	<u>-</u>	<u>-</u>	<u>2,833,418</u>
Capital assets, being depreciated:				
Machinery and equipment	13,418	-	-	13,418
Total Capital Assets, Being Depreciated	<u>13,418</u>	<u>-</u>	<u>-</u>	<u>13,418</u>
Less accumulated depreciation:				
Machinery and equipment	13,418	-	-	13,418
Total Accumulated Depreciation	<u>13,418</u>	<u>-</u>	<u>-</u>	<u>13,418</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 2,833,418</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,833,418</u></u>

**d. Amount Due to City**

On July 11, 2012, and on July 26, 2012, the City entered into loans with the Successor Agency of the former redevelopment agency in the amount of \$65,607 and \$3,157,400, respectively. The former loan was used toward the payment of the demand for payment from the County of San Bernardino Auditor-Controller. The latter loan was used to meet enforceable obligations of the Successor Agency from July 2012 through December 2012, including principal and interest on tax allocation bonds which were due on August 1, 2012.

In a letter from the Attorney General of the State of California dated August 25, 2014, the DOF concurs with the City of Redlands that the loan in the amount of \$3,157,400 is an enforceable obligation and will be paid using Redevelopment Property Tax Trust Fund money in future periods. This was paid off in 2015.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 15: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

**e. Long-Term Debt**

The following is a summary of changes in the long-term liabilities of the Successor Agency as of June 30, 2016:

	Balance June 30, 2015	Additions	Repayments	Defeasance	Balance June 30, 2016	Due Within One Year
Fiduciary Activities						
Tax Allocation Bonds						
1998 Refunding Series A	\$ 14,225,000	\$ -	\$ 1,500,000	\$ 12,725,000	\$ -	\$ -
2003 Series A	6,215,000	-	670,000	5,545,000	-	-
2007 Refunding Series A	2,940,000	-	300,000	2,640,000	-	-
2016 Refunding Series A	-	13,925,000	-	-	13,925,000	2,470,000
Add: unamortized premium	-	1,246,353	57,023	-	1,189,330	-
2016 Refunding Series B	-	2,685,000	-	-	2,685,000	370,000
Less: unamortized discount	-	(22,104)	(1,010)	-	(21,094)	-
Total	<u>\$ 23,380,000</u>	<u>\$ 17,834,249</u>	<u>\$ 2,526,013</u>	<u>\$ 20,910,000</u>	<u>\$ 17,778,236</u>	<u>\$ 2,840,000</u>

A description of the individual issues of bonds of the Successor Agency of the Former Redevelopment Agency outstanding as of June 30, 2016, follows:

1998A Tax Allocation Refunding Bonds

In December of 1998, the Agency issued \$31,805,000 in 1998 Tax Allocation Refunding Bonds, Series A with interest rates of 3.7% to 5%. This was a current refunding of the following: \$6,145,000 of outstanding 1994 Refunding Parking Lease Revenue Bonds with a variable interest rate; \$19,710,000 of outstanding 1994 Subordinated Tax Allocation Refunding Bonds with a variable interest rate; and \$3,680,000 of outstanding 1987 Tax Allocation Refunding Bonds with interest rates of 4.5% to 7%. The net proceeds of \$30,488,750 (after payment of \$1,316,250 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities, those securities were deposited in an irrevocable trust with an escrow agent to refund the noted bonds. As a result, these refunded bonds are considered defeased. The reserve requirement was \$2,151,100 and the reserve as of June 30, 2015 was \$2,237,732. On February 1, 2012, this debt was transferred to the Successor Agency which took over responsibility of winding down the operations of the former Agency upon dissolution. The bonds were fully refunded in the current year with the issuance of the 2016 Refunding Series A Tax Allocation Bonds.

2003A Tax Allocation Bonds

In November of 2003, the Agency issued \$17,300,000 in 2003 Tax Allocation Bonds, Series A with interest rates of 2% to 4.25%. The proceeds of the bond were used to provide funds for redevelopment activities in the Project Area, fund a deposit to a debt service reserve account, and to pay for costs incurred in connection with the issuance, sale, and delivery of the Series 2003A Bonds, including the premium for a municipal bond insurance policy. Interest on the Series 2003A Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and payable on February 1 and August 1 of each year, commencing February 1, 2004, until maturity or earlier redemption thereof. In August of 2007 a portion of the bond was defeased in an amount equal to \$4,300,000 through unspent proceeds of the bond. The reserve requirement was \$929,109 and the reserve as of June 30, 2015, was \$940,829. On February 1, 2012, this debt was transferred to the Successor Agency which took over responsibility of winding down the operations of the former Agency upon dissolution. The bonds were fully refunded in the current year with the issuance of the 2016 Refunding Series A Tax Allocation Bonds.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 15: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

2007A Tax Allocation Bonds

In August of 2007, the Agency issued \$4,640,000 in 2007 Tax Allocation Bonds, Series A with interest rates of 5.818%. The proceeds of the bond were used to provide funds for certain low and moderate income housing purposes within the Project Area, fund a deposit to a debt service reserve account, and pay costs incurred in connection with the issuance, sale, and delivery of the Series 2007A bonds, including the premium for a bond insurance policy.

Interest on the Series 2007A Bond will be calculated on the basis of a 360-day year of twelve 30-day months and payable on February 1 and August 1 of each year, commencing February 1, 2008, until maturity in 2022 or earlier redemption thereof. The reserve requirement was \$464,000 and the reserve as of June 30, 2015, was \$477,438. On February 1, 2012 this debt was transferred to the Successor Agency which took over responsibility of winding down the operations of the former Agency upon dissolution. The bonds were fully refunded in the current year with the issuance of the 2016 Refunding Series B Tax Allocation Bonds.

2016A & B Tax Allocation Bonds

In March of 2016, the Agency issued \$16,610,000 in 2016 Tax Allocation Bonds, Series A and B, with interest rates ranging from 1.00% to 4.00%. The proceeds of the bonds were used to refund the 1998A, 2003A and 2007A Tax Allocation Bond, to fund a deposit to a debt service reserve account, and to pay costs incurred in connection with the issuance, sale and delivery of the Series 2016A & B bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$576,931, which is reported as a deferred outflow of resources in the accompanying financial statements and amortized over the remaining life of the refunding debt. The agency completed the refunding to reduce its total debt service payments by \$5,327,009 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,408,326. Interest is payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2016. The bonds mature in 2022 and principal is payable on August 1 each year, commencing August 1, 2016. As of June 30, 2016, the outstanding principal balance on the bonds is \$16,610,000, while the net outstanding unamortized premium is \$1,168,236.

The annual debt service requirements as of June 30, 2016, are as follows:

Year Ended June 30	2016A&B Tax Allocation Bonds	
	Principal	Interest
2017	\$ 2,840,000	\$ 443,828
2018	2,115,000	456,031
2019	2,170,000	388,875
2020	2,240,000	309,638
2021	2,330,000	226,363
2022-2023	4,915,000	185,731
Totals	<u>\$ 16,610,000</u>	<u>\$ 2,010,466</u>



**Note 15: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

**f. Pledged Revenue**

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$18,620,466 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$3,820,143 and the debt service obligation on the bonds was \$3,540,828.

**g. Insurance**

The Successor Agency is covered under the City's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 7.

# **REQUIRED SUPPLEMENTARY INFORMATION**

**Note 1: Budgetary Information**

Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for all governmental fund types. The budget is prepared on a GAAP (Generally Accepted Accounting Principles) basis. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments.

The City Council may amend the budget only during a regular meeting, providing that sufficient monies are available and that expenditures of proceeds of taxes will not be increased beyond the constitutional appropriation limit as imposed by Article XIII B of the State Constitution.

The City's formal budgetary process begins at the operating program level. Departmental budgets are comprised of the various operating program budgets. Operating programs do not cross departmental lines. Individual fund budgets consist of the departmental budgets; departmental budgets may cross fund lines.

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the Governmental Fund types, unexpended budgeted amounts, except for amounts relating to capital projects, lapse at the end of the budget year. Spending control (legal level) for most funds is established by the amount of expenditures budgeted at the departmental and fund levels. Accordingly, the General Fund expenditures are displayed in the supplementary schedules at the department level and the Special Revenue, Debt Service, Capital Projects, and Permanent Funds expenditures are displayed at the function level. Management control is exercised at the line item level in each operating program. Management can transfer budgeted amounts within operating programs, departments or funds, provided that such transfers do not increase the overall budget. Appropriations that increase the budget require City Council approval.

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 31,810,555	\$ 31,810,555	\$ 31,810,555	\$ -
<b>Resources (Inflows):</b>				
Taxes	45,992,788	46,722,516	47,227,707	505,191
Licenses and permits	6,526,378	5,858,335	5,779,896	(78,439)
Intergovernmental	463,105	559,262	250,267	(308,995)
Charges for services	6,967,348	7,080,194	7,063,379	(16,815)
Use of money and property	215,000	185,451	451,709	266,258
Miscellaneous	281,912	619,733	451,519	(168,214)
Transfers in	2,109,067	2,245,097	2,498,055	252,958
Proceeds from sale of capital asset	780,500	302,906	311,189	8,283
<b>Amounts Available for Appropriations</b>	<b>95,146,653</b>	<b>95,384,049</b>	<b>95,844,276</b>	<b>460,227</b>
<b>Charges to Appropriations (Outflow):</b>				
General government				
City council	360,110	320,370	300,709	19,661
City clerk	238,396	210,635	210,056	579
City manager	942,094	943,611	959,511	(15,900)
Finance	2,152,612	2,323,430	2,184,124	139,306
City attorney	554,358	613,881	683,181	(69,300)
Human resources	3,718,660	3,860,368	3,683,845	176,523
Building maintenance	1,339,780	1,282,492	1,191,315	91,177
Development services	4,052,844	3,432,251	3,084,569	347,682
Public safety				
Police	23,867,962	23,723,450	23,522,398	201,052
Fire	11,323,020	11,902,976	11,543,682	359,294
Culture and recreation				
Community services	810,305	810,046	765,194	44,852
Parks	1,564,874	1,566,056	1,583,828	(17,772)
Highway and streets	3,753,233	3,087,828	3,850,585	(762,757)
Library	1,955,846	1,925,229	1,909,442	15,787
Capital outlay	240,000	3,551,631	2,490,660	1,060,971
Debt service:				
Principal retirement	219,012	219,012	219,012	-
Interest and fiscal charges	39,596	39,596	39,596	-
Transfers out	5,040,823	5,412,155	5,453,778	(41,623)
<b>Total Charges to Appropriations</b>	<b>62,173,525</b>	<b>65,225,017</b>	<b>63,675,485</b>	<b>1,549,532</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 32,973,128</b>	<b>\$ 30,159,032</b>	<b>\$ 32,168,791</b>	<b>\$ 2,009,759</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
LOCAL TRANSPORTATION  
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 629,837	\$ 629,837	\$ 629,837	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	2,177,203	182,812	(1,994,391)
Miscellaneous	1,537,300	2,400,000	2,121,984	(278,016)
Transfers in	1,845,939	2,115,873	3,632,719	1,516,846
State loan issued	6,000,000	6,000,000	-	(6,000,000)
<b>Amounts Available for Appropriations</b>	<b>10,013,076</b>	<b>13,322,913</b>	<b>6,567,352</b>	<b>(6,755,561)</b>
<b>Charges to Appropriations (Outflow):</b>				
Highway and streets	1,703,216	870,301	684,107	186,194
Capital outlay	14,984,288	7,179,936	6,465,692	714,244
Transfers out	-	72,400	-	72,400
<b>Total Charges to Appropriations</b>	<b>16,687,504</b>	<b>8,122,637</b>	<b>7,149,799</b>	<b>972,838</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (6,674,428)</b>	<b>\$ 5,200,276</b>	<b>\$ (582,447)</b>	<b>\$ (5,782,723)</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC FACILITIES DEVELOPMENT  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (7,410,672)	\$ (7,410,672)	\$ (7,410,672)	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	1,290,000	166,000	128,799	(37,201)
<b>Amounts Available for Appropriations</b>	<b>(6,120,672)</b>	<b>(7,244,672)</b>	<b>(7,281,873)</b>	<b>(37,201)</b>
<b>Charges to Appropriations (Outflow):</b>				
Highway and streets	15,500	20,905	4,574	16,331
Debt service:				
Interest and fiscal charges	-	-	3,330	(3,330)
Transfers out	1,072,027	1,072,523	1,072,527	(4)
<b>Total Charges to Appropriations</b>	<b>1,087,527</b>	<b>1,093,428</b>	<b>1,080,431</b>	<b>12,997</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (7,208,199)</b>	<b>\$ (8,338,100)</b>	<b>\$ (8,362,304)</b>	<b>\$ (24,204)</b>

CITY OF REDLANDS

**MISCELLANEOUS PLAN - AGENT MULTIPLE EMPLOYER PLAN  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015	2016
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 2,703,390	\$ 2,735,046
Interest	9,786,094	10,224,502
Difference between expected and actual experience	-	334,519
Changes in assumptions	-	(2,403,446)
Benefit payments, including refunds of employee contributions	(7,031,419)	(7,496,594)
<b>Net Change in Total Pension Liability</b>	<b>\$ 5,458,065</b>	<b>\$ 3,394,027</b>
<b>Total Pension Liability - Beginning</b>	<b>132,645,267</b>	<b>138,103,332</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 138,103,332</b>	<b>\$ 141,497,359</b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contribution - Employer	\$ 2,614,893	\$ 2,749,274
Contribution - Employee	1,378,971	1,219,187
Net investment income	16,743,903	2,473,614
Benefit payments, including refunds of employee contributions	(7,031,419)	(7,496,594)
Administrative expense	-	(121,971)
<b>Net Change in Fiduciary Net Position</b>	<b>\$ 13,706,348</b>	<b>\$ (1,176,490)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>97,842,061</b>	<b>111,548,409</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 111,548,409</b>	<b>\$ 110,371,919</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 26,554,923</b>	<b>\$ 31,125,440</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>80.77%</b>	<b>78.00%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 17,019,956</b>	<b>\$ 17,548,793</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>156.02%</b>	<b>177.37%</b>

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

CITY OF REDLANDS

**MISCELLANEOUS PLAN - AGENT MULTIPLE EMPLOYER PLAN  
SCHEDULE OF PLAN CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 2,752,528	\$ 3,275,192
Contribution in Relation to the Actuarially Determined Contribution	(2,752,528)	(3,275,192)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 17,548,793	\$ 18,953,660
Contributions as a Percentage of Covered-Employee Payroll	15.68%	17.28%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

**Note to Schedule:**

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percentage of payroll, closed
Assets valuation method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20%
Payroll Growth	3.00%
Investment rate of return	7.65% net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.



**CITY OF REDLANDS  
 COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 AS OF JUNE 30, 2016**

	<b>2015</b>	<b>2016</b>
<b><u>Safety Police Rate Plan</u></b>		
Rate Plan's Proportion of the Net Pension Liability	0.37882%	0.40265%
Rate Plan's Proportionate Share of the Net Pension Liability	\$ 23,571,857	\$ 27,637,281
Rate Plan's Covered Payroll	\$ 8,524,438	\$ 8,383,746
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	276.52%	329.65%
<b><u>Safety Fire Rate Plan</u></b>		
Rate Plan's Proportion of the Net Pension Liability/(Asset)	0.31071%	0.33504%
Rate Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 19,333,929	\$ 22,996,577
Rate Plan's Covered Payroll	\$ 5,768,052	\$ 5,785,366
Rate Plan's Proportionate Share of the Net Pension Liability/(Asset) as Percentage of Covered Payroll	335.19%	397.50%
<b><u>Safety Police PEPPRA Rate Plan</u></b>		
Rate Plan's Proportion of the Net Pension Liability	N/A	0.00000%
Rate Plan's Proportionate Share of the Net Pension Liability	N/A	\$ (32)
Rate Plan's Covered Payroll	N/A	\$ 173,077
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	N/A	-0.02%
<b><u>Total Plan</u></b>		
Plan's Proportion of the Net Pension Liability	0.68953%	0.73768%
Plan's Proportionate Share of the Net Pension Liability	\$ 42,905,786	\$ 50,633,826
Plan's Covered Payroll	\$ 14,292,490	\$ 14,342,189
Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	300.20%	353.04%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offer of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent to 7.65 percent (net of administrative expense) to correct for an adjustment to exclude administrative expense.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

**CITY OF REDLANDS  
 COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN  
 SCHEDULE OF PLAN CONTRIBUTIONS  
 AS OF JUNE 30, 2016**

	2015	2016
<b>Safety Police Rate Plan</b>		
Actuarially Determined Contribution	\$ 2,515,366	\$ 2,882,155
Contribution in Relation to the Actuarially Determined Contribution	(2,515,366)	(2,882,155)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 8,383,746	\$ 8,349,619
Contributions as a Percentage of Covered-Employee Payroll	30.00%	34.52%
<b>Safety Fire Rate Plan</b>		
Actuarially Determined Contribution	\$ 1,731,614	\$ 2,217,983
Contribution in Relation to the Actuarially Determined Contribution	(1,731,614)	(2,217,983)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,785,366	\$ 6,032,266
Contributions as a Percentage of Covered-Employee Payroll	29.93%	36.77%
<b>Safety Police PEPRA Rate Plan</b>		
Safety PEPRA Rate Plan	\$ -	\$ 26,517
Contribution in Relation to the Actuarially Determined Contribution	-	(26,517)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 173,077	\$ 222,404
Contributions as a Percentage of Covered-Employee Payroll	0.00%	11.92%
<b>Total Plan</b>		
Actuarially Determined Contribution	\$ 4,246,980	\$ 5,126,655
Contribution in Relation to the Actuarially Determined Contribution	(4,246,980)	(5,126,655)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 14,342,189	\$ 14,604,289
Contributions as a Percentage of Covered-Employee Payroll	29.61%	35.10%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

**Note to Schedule:**

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method/period	Level percent payroll/closed
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.30% to 14.20%
Payroll growth	3.00%
Investment rate of return	7.65% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society.
Mortality	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<b>Special Revenue Funds</b>			
	<b>Emergency Service</b>	<b>Household Hazardous Waste</b>	<b>State Gas Tax</b>	<b>Measure I Sales Tax</b>
<b>Assets:</b>				
Cash and investments	\$ 152,416	\$ 118,662	\$ -	\$ -
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	7,233	-	-
Taxes	12,861	-	-	-
Prepaid costs	3,945	110	-	-
Due from other governments	-	1,770	-	-
Advances to other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 169,222</b>	<b>\$ 127,775</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 34,143	\$ -	\$ -	\$ -
Accrued payroll	119,756	1,214	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>153,899</b>	<b>1,214</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	15,323	126,561	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>15,323</b>	<b>126,561</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 169,222</b>	<b>\$ 127,775</b>	<b>\$ -</b>	<b>\$ -</b>

## CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

(CONTINUED)

## Special Revenue Funds

	Air Quality Improvement	Traffic Safety	Measure I (2010)	Open Space
<b>Assets:</b>				
Cash and investments	\$ 447,810	\$ -	\$ 6,865,549	\$ 727,642
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	24,086	2,842	-	-
Taxes	-	-	146,245	-
Prepaid costs	-	-	1	-
Due from other governments	-	22,639	-	-
Advances to other funds	-	-	-	113,561
<b>Total Assets</b>	<b>\$ 471,896</b>	<b>\$ 25,481</b>	<b>\$ 7,011,795</b>	<b>\$ 841,203</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 7,657	\$ -	\$ -
Accrued payroll	-	-	7,033	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>7,657</b>	<b>7,033</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	471,896	17,824	7,004,762	-
Committed	-	-	-	841,203
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>471,896</b>	<b>17,824</b>	<b>7,004,762</b>	<b>841,203</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 471,896</b>	<b>\$ 25,481</b>	<b>\$ 7,011,795</b>	<b>\$ 841,203</b>

## CITY OF REDLANDS

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>Special Revenue Funds</b>			
	<b>Downtown Redlands Business Area</b>	<b>Parking Authority</b>	<b>General Capital Improvement</b>	<b>Community Development Block Grant</b>
<b>Assets:</b>				
Cash and investments	\$ 85,361	\$ 22,754	\$ -	\$ -
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	1,881	320	-	-
Taxes	-	-	-	-
Prepaid costs	41	-	-	-
Due from other governments	7,723	-	500,788	68,480
Advances to other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 95,006</b>	<b>\$ 23,074</b>	<b>\$ 500,788</b>	<b>\$ 68,480</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 13,593	\$ 1,215	\$ 102,292	\$ 9,876
Accrued payroll	4,007	-	1,470	-
Unearned revenues	-	-	-	-
Deposits payable	-	53,279	-	-
Due to other funds	-	-	352,393	64,213
<b>Total Liabilities</b>	<b>17,600</b>	<b>54,494</b>	<b>456,155</b>	<b>74,089</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	7,723	-	490,379	49,585
<b>Total Deferred Inflows of Resources</b>	<b>7,723</b>	<b>-</b>	<b>490,379</b>	<b>49,585</b>
<b>Fund Balances:</b>				
Restricted	-	-	-	-
Committed	69,683	-	-	-
Unassigned	-	(31,420)	(445,746)	(55,194)
<b>Total Fund Balances</b>	<b>69,683</b>	<b>(31,420)</b>	<b>(445,746)</b>	<b>(55,194)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 95,006</b>	<b>\$ 23,074</b>	<b>\$ 500,788</b>	<b>\$ 68,480</b>

## CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Asset Forfeiture</u>	<u>Police Grants</u>	<u>Supplemental Law Enforcement</u>	<u>Park and Open Space</u>
<b>Assets:</b>				
Cash and investments	\$ 1,083,719	\$ 86,343	\$ 260,102	\$ 555,524
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Prepaid costs	1,518	-	-	-
Due from other governments	10,741	58,776	-	-
Advances to other funds	-	-	-	113,561
<b>Total Assets</b>	<b><u>\$ 1,095,978</u></b>	<b><u>\$ 145,119</u></b>	<b><u>\$ 260,102</u></b>	<b><u>\$ 669,085</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 46,996	\$ 581	\$ -	\$ 13,141
Accrued payroll	-	8,412	1,687	-
Unearned revenues	-	35,425	275,874	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b><u>46,996</u></b>	<b><u>44,418</u></b>	<b><u>277,561</u></b>	<b><u>13,141</u></b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	78,431	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>78,431</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>				
Restricted	1,048,982	22,270	-	-
Committed	-	-	-	655,944
Unassigned	-	-	(17,459)	-
<b>Total Fund Balances</b>	<b><u>1,048,982</u></b>	<b><u>22,270</u></b>	<b><u>(17,459)</u></b>	<b><u>655,944</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 1,095,978</u></b>	<b><u>\$ 145,119</u></b>	<b><u>\$ 260,102</u></b>	<b><u>\$ 669,085</u></b>

CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Special Revenue Funds			
	Arterial Street Construction	Traffic Signals	Freeway Interchanges	Street Lighting District #1
<b>Assets:</b>				
Cash and investments	\$ 2,310,315	\$ 1,122,990	\$ 2,418,020	\$ 222
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	604
Prepaid costs	-	-	-	10
Due from other governments	-	-	-	-
Advances to other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,310,315</b>	<b>\$ 1,122,990</b>	<b>\$ 2,418,020</b>	<b>\$ 836</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 2,750	\$ -
Accrued payroll	-	-	-	174
Unearned revenues	-	-	-	-
Deposits payable	-	203,206	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>203,206</b>	<b>2,750</b>	<b>174</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	-	-	-	662
Committed	2,310,315	919,784	2,415,270	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>2,310,315</b>	<b>919,784</b>	<b>2,415,270</b>	<b>662</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,310,315</b>	<b>\$ 1,122,990</b>	<b>\$ 2,418,020</b>	<b>\$ 836</b>

## CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			Capital Projects Funds
	CFD 2004-1 Assessment	Landscape Maintenance District	Disaster Recovery	Storm Drain
<b>Assets:</b>				
Cash and investments	\$ 378,085	\$ 961	\$ -	\$ 1,789,457
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	750	168	-	-
Prepaid costs	35	8	-	23
Due from other governments	-	-	57,671	-
Advances to other funds	-	-	-	101,610
<b>Total Assets</b>	<b>\$ 378,870</b>	<b>\$ 1,137</b>	<b>\$ 57,671</b>	<b>\$ 1,891,090</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,864	\$ 996	\$ -	\$ -
Accrued payroll	566	141	-	1,025
Unearned revenues	-	-	-	-
Deposits payable	131,933	-	-	-
Due to other funds	-	-	59,110	-
<b>Total Liabilities</b>	<b>136,363</b>	<b>1,137</b>	<b>59,110</b>	<b>1,025</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	57,671	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>57,671</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	242,507	-	-	1,890,065
Committed	-	-	-	-
Unassigned	-	-	(59,110)	-
<b>Total Fund Balances</b>	<b>242,507</b>	<b>-</b>	<b>(59,110)</b>	<b>1,890,065</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 378,870</b>	<b>\$ 1,137</b>	<b>\$ 57,671</b>	<b>\$ 1,891,090</b>



CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Debt Service Funds		Permanent Funds	Total Governmental Funds
	General Debt Service	Redlands Public Improvement Corporation	Cemetery Endowment	
<b>Assets:</b>				
Cash and investments	\$ -	\$ -	\$ 1,510,594	\$ 19,936,526
Cash and investments with fiscal agents	2,260,914	-	-	2,260,914
Receivables:				
Accounts	-	-	770	37,132
Taxes	4,135	-	-	164,763
Prepaid costs	-	-	-	5,691
Due from other governments	-	-	-	728,588
Advances to other funds	-	-	641,270	970,002
<b>Total Assets</b>	<b>\$ 2,265,049</b>	<b>\$ -</b>	<b>\$ 2,152,634</b>	<b>\$ 24,103,616</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 237,104
Accrued payroll	-	-	-	145,485
Unearned revenues	-	-	-	311,299
Deposits payable	-	-	-	388,418
Due to other funds	-	-	-	475,716
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,558,022</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	683,789
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>683,789</b>
<b>Fund Balances:</b>				
Restricted	2,265,049	-	2,152,634	15,258,535
Committed	-	-	-	7,212,199
Unassigned	-	-	-	(608,929)
<b>Total Fund Balances</b>	<b>2,265,049</b>	<b>-</b>	<b>2,152,634</b>	<b>21,861,805</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,265,049</b>	<b>\$ -</b>	<b>\$ 2,152,634</b>	<b>\$ 24,103,616</b>

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## CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Emergency Service	Household Hazardous Waste	State Gas Tax	Measure I Sales Tax
<b>Revenues:</b>				
Taxes	\$ 1,092,759	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	7,307	1,523,725	-
Charges for services	-	115,570	-	-
Use of money and property	-	-	-	-
Miscellaneous	200	-	-	-
<b>Total Revenues</b>	<b>1,092,959</b>	<b>122,877</b>	<b>1,523,725</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	4,504,442	143,553	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	31,024	-	-	-
Interest and fiscal charges	827	-	-	-
<b>Total Expenditures</b>	<b>4,536,293</b>	<b>143,553</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,443,334)	(20,676)	1,523,725	-
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,467,651	-	-	-
Transfers out	-	-	(1,524,176)	(1,442,366)
<b>Total Other Financing Sources (Uses)</b>	<b>3,467,651</b>	<b>-</b>	<b>(1,524,176)</b>	<b>(1,442,366)</b>
Net Change in Fund Balances	24,317	(20,676)	(451)	(1,442,366)
Fund Balances, Beginning of Year	(8,994)	147,237	451	1,442,366
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(8,994)	147,237	451	1,442,366
<b>Fund Balances, End of Year</b>	<b>\$ 15,323</b>	<b>\$ 126,561</b>	<b>\$ -</b>	<b>\$ -</b>

## CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	<b>Special Revenue Funds</b>			
	<b>Air Quality Improvement</b>	<b>Traffic Safety</b>	<b>Measure I (2010)</b>	<b>Open Space</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 1,111,846	\$ -
Licenses and permits	-	212,623	-	27,323
Intergovernmental	89,559	-	-	-
Charges for services	-	-	-	-
Use of money and property	6,695	-	113,148	12,223
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>96,254</b>	<b>212,623</b>	<b>1,224,994</b>	<b>39,546</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	546
Highway and streets	-	-	231,429	-
Capital outlay	-	-	193,252	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>424,681</b>	<b>546</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	96,254	212,623	800,313	39,000
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	1,442,366	16,760
Transfers out	-	(200,375)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(200,375)</b>	<b>1,442,366</b>	<b>16,760</b>
Net Change in Fund Balances	96,254	12,248	2,242,679	55,760
Fund Balances, Beginning of Year	375,642	5,576	6,058,700	785,443
Restatements	-	-	(1,296,617)	-
Fund Balances, Beginning of Year, as Restated	375,642	5,576	4,762,083	785,443
<b>Fund Balances, End of Year</b>	<b>\$ 471,896</b>	<b>\$ 17,824</b>	<b>\$ 7,004,762</b>	<b>\$ 841,203</b>

## CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	<b>Special Revenue Funds</b>			
	<b>Downtown Redlands Business Area</b>	<b>Parking Authority</b>	<b>General Capital Improvement</b>	<b>Community Development Block Grant</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	39,355	-	1,058,138	194,000
Charges for services	290,789	-	-	-
Use of money and property	2,171	7,310	-	-
Miscellaneous	20,622	-	-	-
<b>Total Revenues</b>	<b>352,937</b>	<b>7,310</b>	<b>1,058,138</b>	<b>194,000</b>
<b>Expenditures:</b>				
Current:				
General government	443,435	19,430	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	26,156
Highway and streets	-	-	77,282	88,776
Capital outlay	-	-	1,100,904	128,653
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>443,435</b>	<b>19,430</b>	<b>1,178,186</b>	<b>243,585</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(90,498)	(12,120)	(120,048)	(49,585)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(90,498)	(12,120)	(120,048)	(49,585)
Fund Balances, Beginning of Year	160,181	(19,300)	(325,698)	(5,609)
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	160,181	(19,300)	(325,698)	(5,609)
<b>Fund Balances, End of Year</b>	<b>\$ 69,683</b>	<b>\$ (31,420)</b>	<b>\$ (445,746)</b>	<b>\$ (55,194)</b>

## CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	<b>Special Revenue Funds</b>			
	<b>Asset Forfeiture</b>	<b>Police Grants</b>	<b>Supplemental Law Enforcement</b>	<b>Park and Open Space</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	91,847
Intergovernmental	-	180,202	70,526	-
Charges for services	-	-	-	-
Use of money and property	15,516	-	3,873	11,366
Miscellaneous	761,421	87,500	-	285,318
<b>Total Revenues</b>	<b>776,937</b>	<b>267,702</b>	<b>74,399</b>	<b>388,531</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	278,788	273,968	70,525	-
Culture and recreation	-	-	-	105,499
Highway and streets	-	-	-	-
Capital outlay	217,131	17,449	-	461,131
Debt service:				
Principal retirement	-	-	-	52,187
Interest and fiscal charges	-	-	-	50,238
<b>Total Expenditures</b>	<b>495,919</b>	<b>291,417</b>	<b>70,525</b>	<b>669,055</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	281,018	(23,715)	3,874	(280,524)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(16,760)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,760)</b>
Net Change in Fund Balances	281,018	(23,715)	3,874	(297,284)
Fund Balances, Beginning of Year	767,964	45,985	(21,333)	953,228
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	767,964	45,985	(21,333)	953,228
<b>Fund Balances, End of Year</b>	<b>\$ 1,048,982</b>	<b>\$ 22,270</b>	<b>\$ (17,459)</b>	<b>\$ 655,944</b>

## CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	<b>Special Revenue Funds</b>			
	<b>Arterial Street Construction</b>	<b>Traffic Signals</b>	<b>Freeway Interchanges</b>	<b>Street Lighting District #1</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 25,083
Licenses and permits	509,738	65,751	346,380	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	22,135	11,553	26,235	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>531,873</b>	<b>77,304</b>	<b>372,615</b>	<b>25,083</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Highway and streets	10,546	4,429	9,716	24,428
Capital outlay	-	-	337,633	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>10,546</b>	<b>4,429</b>	<b>347,349</b>	<b>24,428</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	521,327	72,875	25,266	655
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	521,327	72,875	25,266	655
Fund Balances, Beginning of Year	1,788,988	846,909	2,390,004	7
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	1,788,988	846,909	2,390,004	7
<b>Fund Balances, End of Year</b>	<b>\$ 2,310,315</b>	<b>\$ 919,784</b>	<b>\$ 2,415,270</b>	<b>\$ 662</b>

CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			Capital Projects Funds
	CFD 2004-1 Assessment	Landscape Maintenance District	Disaster Recovery	Storm Drain
<b>Revenues:</b>				
Taxes	\$ 149,838	\$ 27,995	\$ -	\$ -
Licenses and permits	-	-	-	159,210
Intergovernmental	-	-	41,963	-
Charges for services	-	-	-	-
Use of money and property	3,784	-	-	28,711
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>153,622</b>	<b>27,995</b>	<b>41,963</b>	<b>187,921</b>
<b>Expenditures:</b>				
Current:				
General government	78,941	33,072	43,402	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	-	-	48,218
Capital outlay	-	-	-	69,318
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>78,941</b>	<b>33,072</b>	<b>43,402</b>	<b>117,536</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	74,681	(5,077)	(1,439)	70,385
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	5,078	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>5,078</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	74,681	1	(1,439)	70,385
Fund Balances, Beginning of Year	167,826	(1)	(57,671)	1,819,680
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	167,826	(1)	(57,671)	1,819,680
<b>Fund Balances, End of Year</b>	<b>\$ 242,507</b>	<b>\$ -</b>	<b>\$ (59,110)</b>	<b>\$ 1,890,065</b>



## CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	Debt Service Funds		Permanent Funds	Total Governmental Funds
	General Debt Service	Redlands Public Improvement Corporation	Cemetery Endowment	
<b>Revenues:</b>				
Taxes	\$ 5,861	\$ -	\$ -	\$ 2,413,382
Licenses and permits	-	-	-	1,412,872
Intergovernmental	-	-	-	3,204,775
Charges for services	-	-	-	406,359
Use of money and property	1,075	-	-	265,795
Miscellaneous	-	-	57,232	1,212,293
<b>Total Revenues</b>	<b>6,936</b>	<b>-</b>	<b>57,232</b>	<b>8,915,476</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	618,280
Public safety	-	-	-	5,271,276
Culture and recreation	-	-	-	132,201
Highway and streets	-	-	-	494,824
Capital outlay	-	-	-	2,525,471
Debt service:				
Principal retirement	1,860,000	1,785,000	-	3,728,211
Interest and fiscal charges	947,710	116,683	-	1,115,458
<b>Total Expenditures</b>	<b>2,807,710</b>	<b>1,901,683</b>	<b>-</b>	<b>13,885,721</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,800,774)	(1,901,683)	57,232	(4,970,245)
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,947,527	1,901,683	-	9,781,065
Transfers out	(10,265)	-	-	(3,193,942)
<b>Total Other Financing Sources (Uses)</b>	<b>2,937,262</b>	<b>1,901,683</b>	<b>-</b>	<b>6,587,123</b>
Net Change in Fund Balances	136,488	-	57,232	1,616,878
Fund Balances, Beginning of Year	2,128,561	-	2,095,402	21,541,544
Restatements	-	-	-	(1,296,617)
Fund Balances, Beginning of Year, as Restated	2,128,561	-	2,095,402	20,244,927
<b>Fund Balances, End of Year</b>	<b>\$ 2,265,049</b>	<b>\$ -</b>	<b>\$ 2,152,634</b>	<b>\$ 21,861,805</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
EMERGENCY SERVICE  
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (8,994)	\$ (8,994)	\$ (8,994)	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,100,000	1,100,000	1,092,759	(7,241)
Charges for services	15,000	9,000	-	(9,000)
Miscellaneous	3,000	3,400	200	(3,200)
Transfers in	3,430,481	3,451,317	3,467,651	16,334
<b>Amounts Available for Appropriations</b>	<b>4,539,487</b>	<b>4,554,723</b>	<b>4,551,616</b>	<b>(3,107)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	4,516,731	4,531,967	4,504,442	27,525
Debt service:				
Principal retirement	31,024	31,024	31,024	-
Interest and fiscal charges	726	726	827	(101)
<b>Total Charges to Appropriations</b>	<b>4,548,481</b>	<b>4,563,717</b>	<b>4,536,293</b>	<b>27,424</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (8,994)</b>	<b>\$ (8,994)</b>	<b>\$ 15,323</b>	<b>\$ 24,317</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
HOUSEHOLD HAZARDOUS WASTE  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 147,237	\$ 147,237	\$ 147,237	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	12,000	7,307	(4,693)
Charges for services	114,500	111,800	115,570	3,770
<b>Amounts Available for Appropriations</b>	<b>261,737</b>	<b>271,037</b>	<b>270,114</b>	<b>(923)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	192,659	218,879	143,553	75,326
<b>Total Charges to Appropriations</b>	<b>192,659</b>	<b>218,879</b>	<b>143,553</b>	<b>75,326</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 69,078</b>	<b>\$ 52,158</b>	<b>\$ 126,561</b>	<b>\$ 74,403</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 STATE GAS TAX  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 451	\$ 451	\$ 451	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,522,700	1,566,532	1,523,725	(42,807)
<b>Amounts Available for Appropriations</b>	<b>1,523,151</b>	<b>1,566,983</b>	<b>1,524,176</b>	<b>(42,807)</b>
<b>Charges to Appropriations (Outflow):</b>				
Transfers out	1,522,700	1,566,532	1,524,176	42,356
<b>Total Charges to Appropriations</b>	<b>1,522,700</b>	<b>1,566,532</b>	<b>1,524,176</b>	<b>42,356</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 451</b>	<b>\$ 451</b>	<b>\$ -</b>	<b>\$ (451)</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 MEASURE I SALES TAX  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,442,366	\$ 1,442,366	\$ 1,442,366	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	6,650	-	(6,650)
<b>Amounts Available for Appropriations</b>	<b>1,442,366</b>	<b>1,449,016</b>	<b>1,442,366</b>	<b>(6,650)</b>
<b>Charges to Appropriations (Outflow):</b>				
Highway and streets	6,174	242,597	-	242,597
Capital outlay	1,463,690	1,206,419	-	1,206,419
Transfers out	-	-	1,442,366	(1,442,366)
<b>Total Charges to Appropriations</b>	<b>1,469,864</b>	<b>1,449,016</b>	<b>1,442,366</b>	<b>6,650</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (27,498)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
AIR QUALITY IMPROVEMENT  
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 375,642	\$ 375,642	\$ 375,642	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	81,000	81,000	89,559	8,559
Use of money and property	5,000	5,000	6,695	1,695
<b>Amounts Available for Appropriations</b>	<b>461,642</b>	<b>461,642</b>	<b>471,896</b>	<b>10,254</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	-	57,147	-	57,147
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>57,147</b>	<b>-</b>	<b>57,147</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 461,642</b>	<b>\$ 404,495</b>	<b>\$ 471,896</b>	<b>\$ 67,401</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 TRAFFIC SAFETY  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,576	\$ 5,576	\$ 5,576	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	182,500	192,682	212,623	19,941
<b>Amounts Available for Appropriations</b>	<b>188,076</b>	<b>198,258</b>	<b>218,199</b>	<b>19,941</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	750	-	-	-
Transfers out	181,750	198,258	200,375	(2,117)
<b>Total Charges to Appropriations</b>	<b>182,500</b>	<b>198,258</b>	<b>200,375</b>	<b>(2,117)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 5,576</b>	<b>\$ -</b>	<b>\$ 17,824</b>	<b>\$ 17,824</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
MEASURE I (2010)  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 4,762,083	\$ 4,762,083	\$ 4,762,083	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,048,566	1,048,566	1,111,846	63,280
Use of money and property	30,000	55,912	113,148	57,236
Transfers in	-	-	1,442,366	1,442,366
<b>Amounts Available for Appropriations</b>	<b>5,840,649</b>	<b>5,866,561</b>	<b>7,429,443</b>	<b>1,562,882</b>
<b>Charges to Appropriations (Outflow):</b>				
Highway and streets	229,251	1,117	231,429	(230,312)
Capital outlay	5,000,000	310,536	193,252	117,284
<b>Total Charges to Appropriations</b>	<b>5,229,251</b>	<b>311,653</b>	<b>424,681</b>	<b>(113,028)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 611,398</b>	<b>\$ 5,554,908</b>	<b>\$ 7,004,762</b>	<b>\$ 1,449,854</b>



CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 OPEN SPACE  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 785,443	\$ 785,443	\$ 785,443	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	70,000	38,500	27,323	(11,177)
Use of money and property	10,000	6,300	12,223	5,923
Transfers in	-	-	16,760	16,760
<b>Amounts Available for Appropriations</b>	<b>865,443</b>	<b>830,243</b>	<b>841,749</b>	<b>11,506</b>
<b>Charges to Appropriations (Outflow):</b>				
Culture and recreation	7,000	-	546	(546)
<b>Total Charges to Appropriations</b>	<b>7,000</b>	<b>-</b>	<b>546</b>	<b>(546)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 858,443</b>	<b>\$ 830,243</b>	<b>\$ 841,203</b>	<b>\$ 10,960</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
DOWNTOWN REDLANDS BUSINESS AREA  
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 160,181	\$ 160,181	\$ 160,181	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	42,000	39,355	(2,645)
Charges for services	275,000	250,000	290,789	40,789
Use of money and property	2,000	1,653	2,171	518
Miscellaneous	25,000	20,000	20,622	622
<b>Amounts Available for Appropriations</b>	<b>462,181</b>	<b>473,834</b>	<b>513,118</b>	<b>39,284</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	507,774	458,314	443,435	14,879
<b>Total Charges to Appropriations</b>	<b>532,774</b>	<b>458,314</b>	<b>443,435</b>	<b>14,879</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (70,593)</b>	<b>\$ 15,520</b>	<b>\$ 69,683</b>	<b>\$ 54,163</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 PARKING AUTHORITY  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (19,300)	\$ (19,300)	\$ (19,300)	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	6,500	6,500	7,310	810
<b>Amounts Available for Appropriations</b>	<b>(12,800)</b>	<b>(12,800)</b>	<b>(11,990)</b>	<b>810</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	20,332	20,332	19,430	902
<b>Total Charges to Appropriations</b>	<b>20,332</b>	<b>20,332</b>	<b>19,430</b>	<b>902</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (33,132)</b>	<b>\$ (33,132)</b>	<b>\$ (31,420)</b>	<b>\$ 1,712</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
GENERAL CAPITAL IMPROVEMENT  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (325,698)	\$ (325,698)	\$ (325,698)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,861,332	1,501,014	1,058,138	(442,876)
Miscellaneous	125,000	-	-	-
Transfers in	-	72,400	-	(72,400)
<b>Amounts Available for Appropriations</b>	<b>1,660,634</b>	<b>1,247,716</b>	<b>732,440</b>	<b>(515,276)</b>
<b>Charges to Appropriations (Outflow):</b>				
Highway and streets	1,246,476	139,376	77,282	62,094
Capital outlay	1,983,814	1,206,340	1,100,904	105,436
<b>Total Charges to Appropriations</b>	<b>3,230,290</b>	<b>1,345,716</b>	<b>1,178,186</b>	<b>167,530</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (1,569,656)</b>	<b>\$ (98,000)</b>	<b>\$ (445,746)</b>	<b>\$ (347,746)</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY DEVELOPMENT BLOCK GRANT  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (5,609)	\$ (5,609)	\$ (5,609)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	322,287	529,856	194,000	(335,856)
<b>Amounts Available for Appropriations</b>	<b>316,678</b>	<b>524,247</b>	<b>188,391</b>	<b>(335,856)</b>
<b>Charges to Appropriations (Outflow):</b>				
Culture and recreation	36,727	34,584	26,156	8,428
Highway and streets	104,339	104,339	88,776	15,563
Capital outlay	402,805	390,933	128,653	262,280
<b>Total Charges to Appropriations</b>	<b>543,871</b>	<b>529,856</b>	<b>243,585</b>	<b>286,271</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (227,193)</b>	<b>\$ (5,609)</b>	<b>\$ (55,194)</b>	<b>\$ (49,585)</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 ASSET FORFEITURE  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 767,964	\$ 767,964	\$ 767,964	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	12,500	15,516	3,016
Miscellaneous	191,500	512,700	761,421	248,721
<b>Amounts Available for Appropriations</b>	<b>959,464</b>	<b>1,293,164</b>	<b>1,544,901</b>	<b>251,737</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	249,057	298,588	278,788	19,800
Capital outlay	229,498	363,777	217,131	146,646
<b>Total Charges to Appropriations</b>	<b>478,555</b>	<b>662,366</b>	<b>495,919</b>	<b>166,447</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 480,909</b>	<b>\$ 630,798</b>	<b>\$ 1,048,982</b>	<b>\$ 418,184</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 POLICE GRANTS  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 45,985	\$ 45,985	\$ 45,985	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	169,990	355,911	180,202	(175,709)
Miscellaneous	-	87,500	87,500	-
<b>Amounts Available for Appropriations</b>	<b>215,975</b>	<b>489,396</b>	<b>313,687</b>	<b>(175,709)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	378,341	425,962	273,968	151,994
Capital outlay	17,449	17,449	17,449	-
<b>Total Charges to Appropriations</b>	<b>395,790</b>	<b>443,411</b>	<b>291,417</b>	<b>151,994</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (179,815)</b>	<b>\$ 45,985</b>	<b>\$ 22,270</b>	<b>\$ (23,715)</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 SUPPLEMENTAL LAW ENFORCEMENT  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (21,333)	\$ (21,333)	\$ (21,333)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	113,000	126,194	70,526	(55,668)
Use of money and property	968	2,000	3,873	1,873
<b>Amounts Available for Appropriations</b>	<b>92,635</b>	<b>106,861</b>	<b>53,066</b>	<b>(53,795)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	113,968	62,646	70,525	(7,879)
<b>Total Charges to Appropriations</b>	<b>113,968</b>	<b>62,646</b>	<b>70,525</b>	<b>(7,879)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (21,333)</b>	<b>\$ 44,215</b>	<b>\$ (17,459)</b>	<b>\$ (61,674)</b>



CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
PARK AND OPEN SPACE  
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 953,228	\$ 953,228	\$ 953,228	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	275,000	121,000	91,847	(29,153)
Use of money and property	13,000	7,780	11,366	3,586
Miscellaneous	1,200	250,000	285,318	35,318
<b>Amounts Available for Appropriations</b>	<b>1,242,428</b>	<b>1,332,008</b>	<b>1,341,759</b>	<b>9,751</b>
<b>Charges to Appropriations (Outflow):</b>				
Culture and recreation	23,303	40,412	105,499	(65,087)
Capital outlay	407,847	623,228	461,131	162,097
Debt service:				
Principal retirement	52,186	52,186	52,187	(1)
Interest and fiscal charges	50,239	50,239	50,238	1
Transfers out	-	-	16,760	(16,760)
<b>Total Charges to Appropriations</b>	<b>533,575</b>	<b>766,065</b>	<b>685,815</b>	<b>80,250</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 708,853</b>	<b>\$ 565,943</b>	<b>\$ 655,944</b>	<b>\$ 90,001</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
ARTERIAL STREET CONSTRUCTION  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,788,988	\$ 1,788,988	\$ 1,788,988	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	968,000	64,500	509,738	445,238
Use of money and property	17,000	13,500	22,135	8,635
<b>Amounts Available for Appropriations</b>	<b>2,773,988</b>	<b>1,866,988</b>	<b>2,320,861</b>	<b>453,873</b>
<b>Charges to Appropriations (Outflow):</b>				
Highway and streets	29,599	10,538	10,546	(8)
<b>Total Charges to Appropriations</b>	<b>29,599</b>	<b>10,538</b>	<b>10,546</b>	<b>(8)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,744,389</b>	<b>\$ 1,856,450</b>	<b>\$ 2,310,315</b>	<b>\$ 453,865</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC SIGNALS  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 846,909	\$ 846,909	\$ 846,909	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	250,000	11,500	65,751	54,251
Use of money and property	6,600	7,100	11,553	4,453
<b>Amounts Available for Appropriations</b>	<b>1,103,509</b>	<b>865,509</b>	<b>924,213</b>	<b>58,704</b>
<b>Charges to Appropriations (Outflow):</b>				
Highway and streets	17,000	4,958	4,429	529
<b>Total Charges to Appropriations</b>	<b>17,000</b>	<b>4,958</b>	<b>4,429</b>	<b>529</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,086,509</b>	<b>\$ 860,551</b>	<b>\$ 919,784</b>	<b>\$ 59,233</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
 FREEWAY INTERCHANGES  
 YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 2,390,004	\$ 2,390,004	\$ 2,390,004	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	1,250,000	59,000	346,380	287,380
Use of money and property	7,500	18,143	26,235	8,092
<b>Amounts Available for Appropriations</b>	<b>3,647,504</b>	<b>2,467,147</b>	<b>2,762,619</b>	<b>295,472</b>
<b>Charges to Appropriations (Outflow):</b>				
Highway and streets	1,035,496	1,033,052	9,716	1,023,336
Capital outlay	-	-	337,633	(337,633)
<b>Total Charges to Appropriations</b>	<b>1,035,496</b>	<b>1,033,052</b>	<b>347,349</b>	<b>685,703</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,612,008</b>	<b>\$ 1,434,095</b>	<b>\$ 2,415,270</b>	<b>\$ 981,175</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 STREET LIGHTING DISTRICT #1  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7	\$ 7	\$ 7	\$ -
<b>Resources (Inflows):</b>				
Taxes	25,500	25,500	25,083	(417)
<b>Amounts Available for Appropriations</b>	<b>25,507</b>	<b>25,507</b>	<b>25,090</b>	<b>(417)</b>
<b>Charges to Appropriations (Outflow):</b>				
Highway and streets	25,842	21,855	24,428	(2,573)
<b>Total Charges to Appropriations</b>	<b>25,842</b>	<b>21,855</b>	<b>24,428</b>	<b>(2,573)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (335)</b>	<b>\$ 3,652</b>	<b>\$ 662</b>	<b>\$ (2,990)</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
CFD 2004-1 ASSESSMENT  
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 167,826	\$ 167,826	\$ 167,826	\$ -
<b>Resources (Inflows):</b>				
Taxes	125,000	125,000	149,838	24,838
Use of money and property	2,500	2,500	3,784	1,284
<b>Amounts Available for Appropriations</b>	<b>295,326</b>	<b>295,326</b>	<b>321,448</b>	<b>26,122</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	155,718	124,305	78,941	45,364
<b>Total Charges to Appropriations</b>	<b>155,718</b>	<b>124,305</b>	<b>78,941</b>	<b>45,364</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 139,608</b>	<b>\$ 171,021</b>	<b>\$ 242,507</b>	<b>\$ 71,486</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
LANDSCAPE MAINTENANCE DISTRICT  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (1)	\$ (1)	\$ (1)	\$ -
<b>Resources (Inflows):</b>				
Taxes	30,000	30,000	27,995	(2,005)
Transfers in	-	-	5,078	5,078
<b>Amounts Available for Appropriations</b>	<b>29,999</b>	<b>29,999</b>	<b>33,072</b>	<b>3,073</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	30,000	30,000	33,072	(3,072)
<b>Total Charges to Appropriations</b>	<b>30,000</b>	<b>30,000</b>	<b>33,072</b>	<b>(3,072)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (1)</b>	<b>\$ (1)</b>	<b>\$ -</b>	<b>\$ 1</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
DISASTER RECOVERY  
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (57,671)	\$ (57,671)	\$ (57,671)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	41,963	41,963
<b>Amounts Available for Appropriations</b>	<b>(57,671)</b>	<b>(57,671)</b>	<b>(15,708)</b>	<b>41,963</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	-	-	43,402	(43,402)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>43,402</b>	<b>(43,402)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (57,671)</b>	<b>\$ (57,671)</b>	<b>\$ (59,110)</b>	<b>\$ (1,439)</b>



CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
STORM DRAIN  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,819,680	\$ 1,819,680	\$ 1,819,680	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	200,000	12,500	159,210	146,710
Use of money and property	20,000	16,000	28,711	12,711
<b>Amounts Available for Appropriations</b>	<b>2,039,680</b>	<b>1,848,180</b>	<b>2,007,601</b>	<b>159,421</b>
<b>Charges to Appropriations (Outflow):</b>				
Highway and streets	461,535	58,700	48,218	10,482
Capital outlay	63,356	71,309	69,318	1,991
<b>Total Charges to Appropriations</b>	<b>524,891</b>	<b>130,009</b>	<b>117,536</b>	<b>12,473</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,514,789</b>	<b>\$ 1,718,171</b>	<b>\$ 1,890,065</b>	<b>\$ 171,894</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
GENERAL DEBT SERVICE  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 2,128,561	\$ 2,128,561	\$ 2,128,561	\$ -
<b>Resources (Inflows):</b>				
Taxes	-	-	5,861	5,861
Use of money and property	-	-	1,075	1,075
Transfers in	2,809,835	2,809,835	2,947,527	137,692
<b>Amounts Available for Appropriations</b>	<b>4,938,396</b>	<b>4,938,396</b>	<b>5,083,024</b>	<b>144,628</b>
<b>Charges to Appropriations (Outflow):</b>				
Debt service:				
Principal retirement	1,860,000	1,860,000	1,860,000	-
Interest and fiscal charges	949,835	949,835	947,710	2,125
Transfers out	-	-	10,265	(10,265)
<b>Total Charges to Appropriations</b>	<b>2,809,835</b>	<b>2,809,835</b>	<b>2,817,975</b>	<b>(8,140)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,128,561</b>	<b>\$ 2,128,561</b>	<b>\$ 2,265,049</b>	<b>\$ 136,488</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
 REDLANDS PUBLIC IMPROVEMENT CORPORATION  
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Transfers in	1,900,684	1,901,676	1,901,683	7
<b>Amounts Available for Appropriations</b>	<b>1,900,684</b>	<b>1,901,676</b>	<b>1,901,683</b>	<b>7</b>
<b>Charges to Appropriations (Outflow):</b>				
Debt service:				
Principal retirement	1,785,000	1,785,000	1,785,000	-
Interest and fiscal charges	115,684	116,676	116,683	(7)
<b>Total Charges to Appropriations</b>	<b>1,900,684</b>	<b>1,901,676</b>	<b>1,901,683</b>	<b>(7)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 CEMETARY ENDOWMENT  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,095,402	\$ 2,095,402	\$ 2,095,402	\$ -
<b>Resources (Inflows):</b>				
Miscellaneous	60,000	60,235	57,232	(3,003)
<b>Amounts Available for Appropriations</b>	<b>2,155,402</b>	<b>2,155,637</b>	<b>2,152,634</b>	<b>(3,003)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,155,402</b>	<b>\$ 2,155,637</b>	<b>\$ 2,152,634</b>	<b>\$ (3,003)</b>

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## CITY OF REDLANDS

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2016**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Groves</b>	<b>Non-Potable Water</b>	<b>Cemetery</b>	<b>Aviation</b>	<b>Totals</b>
<b>Assets:</b>					
Current:					
Cash and investments	\$ 64,008	\$ 3,290,652	\$ 814,987	\$ 62,879	\$ 4,232,526
Receivables:					
Accounts	-	-	8,612	1,362	9,974
Taxes	-	-	-	292	292
Prepaid costs	33	13	536	111	693
Due from other governments	-	-	-	10,000	10,000
<b>Total Current Assets</b>	<b>64,041</b>	<b>3,290,665</b>	<b>824,135</b>	<b>74,644</b>	<b>4,253,485</b>
Noncurrent:					
Capital assets - net of accumulated depreciation	13,768,834	64,360	701,310	3,820,813	18,355,317
<b>Total Noncurrent Assets</b>	<b>13,768,834</b>	<b>64,360</b>	<b>701,310</b>	<b>3,820,813</b>	<b>18,355,317</b>
<b>Total Assets</b>	<b>13,832,875</b>	<b>3,355,025</b>	<b>1,525,445</b>	<b>3,895,457</b>	<b>22,608,802</b>
<b>Deferred Outflows of Resources:</b>					
Deferred pension related items	2,506	3,988	31,955	10,892	49,341
<b>Total Deferred Outflows of Resources</b>	<b>2,506</b>	<b>3,988</b>	<b>31,955</b>	<b>10,892</b>	<b>49,341</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 13,835,381</b>	<b>\$ 3,359,013</b>	<b>\$ 1,557,400</b>	<b>\$ 3,906,349</b>	<b>\$ 22,658,143</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>					
<b>Liabilities:</b>					
Current:					
Accounts payable	\$ 83,686	\$ 3,009	\$ 96,038	\$ 33,563	\$ 216,296
Accrued payroll	898	1,251	9,395	2,150	13,694
Unearned revenues	-	-	-	5,370	5,370
Deposits payable	-	-	844,991	1,431	846,422
Accrued compensated absences	-	-	29,683	-	29,683
<b>Total Current Liabilities</b>	<b>84,584</b>	<b>4,260</b>	<b>980,107</b>	<b>42,514</b>	<b>1,111,465</b>
Noncurrent:					
Advances from other funds	-	-	1,840,390	960,930	2,801,320
OPEB obligation	-	-	248,239	19,142	267,381
Net pension liability	22,291	35,484	284,324	96,917	439,016
<b>Total Noncurrent Liabilities</b>	<b>22,291</b>	<b>35,484</b>	<b>2,372,953</b>	<b>1,076,989</b>	<b>3,507,717</b>
<b>Total Liabilities</b>	<b>106,875</b>	<b>39,744</b>	<b>3,353,060</b>	<b>1,119,503</b>	<b>4,619,182</b>
<b>Deferred Inflows of Resources:</b>					
Deferred pension related items	4,008	3,987	26,616	13,526	48,137
<b>Total Deferred Inflows of Resources</b>	<b>4,008</b>	<b>3,987</b>	<b>26,616</b>	<b>13,526</b>	<b>48,137</b>
<b>Net Position:</b>					
Net investment in capital assets	13,768,834	64,360	701,310	3,820,813	18,355,317
Unrestricted	(44,336)	3,250,922	(2,523,586)	(1,047,493)	(364,493)
<b>Total Net Position</b>	<b>13,724,498</b>	<b>3,315,282</b>	<b>(1,822,276)</b>	<b>2,773,320</b>	<b>17,990,824</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 13,835,381</b>	<b>\$ 3,359,013</b>	<b>\$ 1,557,400</b>	<b>\$ 3,906,349</b>	<b>\$ 22,658,143</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Totals</b>
	<b>Groves</b>	<b>Non-Potable Water</b>	<b>Cemetery</b>	<b>Aviation</b>	
<b>Operating Revenues:</b>					
Sales and service charges	\$ 507,914	\$ 508,556	\$ 461,997	\$ 15,214	\$ 1,493,681
Miscellaneous	134,858	-	111,225	272,124	518,207
<b>Total Operating Revenues</b>	<b>642,772</b>	<b>508,556</b>	<b>573,222</b>	<b>287,338</b>	<b>2,011,888</b>
<b>Operating Expenses:</b>					
Administration and general	807,039	7,047	899,361	392,020	2,105,467
Transmission, distribution & treatment	-	32,149	-	-	32,149
Depreciation expense	280	5,230	7,479	124,620	137,609
Personnel services	34,160	36,726	368,931	79,904	519,721
Repairs and maintenance	57	-	26,476	9,024	35,557
<b>Total Operating Expenses</b>	<b>841,536</b>	<b>81,152</b>	<b>1,302,247</b>	<b>605,568</b>	<b>2,830,503</b>
Operating Income (Loss)	(198,764)	427,404	(729,025)	(318,230)	(818,615)
<b>Nonoperating Revenues (Expenses):</b>					
Interest revenue	2,306	49,370	42,933	1,983	96,592
Interest expense	-	-	(5,462)	(4,084)	(9,546)
Miscellaneous income	-	-	27,514	463	27,977
Property taxes	-	-	-	38,109	38,109
Grants	-	-	-	96,307	96,307
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,306</b>	<b>49,370</b>	<b>64,985</b>	<b>132,778</b>	<b>249,439</b>
Income (Loss) Before Transfers and Contributions	(196,458)	476,774	(664,040)	(185,452)	(569,176)
Transfers in	1,700	-	-	-	1,700
Contributions	-	129,467	-	-	129,467
Changes in Net Position	(194,758)	606,241	(664,040)	(185,452)	(438,009)
<b>Net Position:</b>					
Beginning of Year	13,919,256	2,709,041	(1,158,236)	2,958,772	18,428,833
<b>End of Fiscal Year</b>	<b>\$ 13,724,498</b>	<b>\$ 3,315,282</b>	<b>\$ (1,822,276)</b>	<b>\$ 2,773,320</b>	<b>\$ 17,990,824</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Totals</b>
	<b>Groves</b>	<b>Non-Potable Water</b>	<b>Cemetery</b>	<b>Aviation</b>	
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 642,772	\$ 508,556	\$ 593,127	\$ 319,536	\$ 2,063,991
Cash paid to suppliers for goods and services	(6,056)	(69,723)	(280,878)	(134,314)	(490,971)
Cash paid to employees for services	(814,623)	(11,123)	(844,423)	(395,305)	(2,065,474)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(177,907)</b>	<b>427,710</b>	<b>(532,174)</b>	<b>(210,083)</b>	<b>(492,454)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Cash transfers in	1,700	-	-	-	1,700
Cash received from other activities	-	-	27,514	463	27,977
Advances from other funds	-	-	555,168	-	555,168
Intergovernmental	-	-	-	38,109	38,109
Grants received	-	-	-	96,307	96,307
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>1,700</b>	<b>-</b>	<b>582,682</b>	<b>134,879</b>	<b>719,261</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	-	-	(46,438)	(37,030)	(83,468)
Interest paid on long-term debt	-	-	(5,462)	(4,084)	(9,546)
Cash contributions received from developers	-	129,467	-	-	129,467
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>129,467</b>	<b>(51,900)</b>	<b>(41,114)</b>	<b>36,453</b>
<b>Cash Flows from Investing Activities:</b>					
Interest received	2,306	49,370	42,933	1,983	96,592
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>2,306</b>	<b>49,370</b>	<b>42,933</b>	<b>1,983</b>	<b>96,592</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(173,901)</b>	<b>606,547</b>	<b>41,541</b>	<b>(114,335)</b>	<b>359,852</b>
Cash and Cash Equivalents at Beginning of Year	237,909	2,684,105	773,446	177,214	3,872,674
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 64,008</b>	<b>\$ 3,290,652</b>	<b>\$ 814,987</b>	<b>\$ 62,879</b>	<b>\$ 4,232,526</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ (198,764)	\$ 427,404	\$ (729,025)	\$ (318,230)	\$ (818,615)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Depreciation	280	5,230	7,479	124,620	137,609
(Increase) decrease in accounts receivable	-	-	19,905	(1,499)	18,406
(Increase) decrease in due from other governments	-	-	-	33,697	33,697
(Increase) decrease in prepaid expense	(33)	(13)	(536)	(111)	(693)
(Increase) decrease in deferred outflows	234	(489)	(5,839)	(385)	(6,479)
Increase (decrease) in deferred inflows	(3,596)	(5,723)	(45,863)	(15,634)	(70,816)
Increase (decrease) in accounts payable	28,194	(835)	48,595	(1,578)	74,376
Increase (decrease) in accrued payroll	(80)	405	(4,283)	(1,958)	(5,916)
Increase (decrease) in deposits payable	-	-	66,470	-	66,470
Increase (decrease) in deferred revenue	-	-	-	(43,697)	(43,697)
Increase (decrease) in net pension liability	(4,142)	1,731	32,370	(4,450)	25,509
Increase (decrease) in net OPEB obligation	-	-	58,483	19,142	77,625
Increase (decrease) in compensated absences	-	-	20,070	-	20,070
<b>Total Adjustments</b>	<b>20,857</b>	<b>306</b>	<b>196,851</b>	<b>108,147</b>	<b>326,161</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (177,907)</b>	<b>\$ 427,710</b>	<b>\$ (532,174)</b>	<b>\$ (210,083)</b>	<b>\$ (492,454)</b>

**Non-Cash Investing, Capital, and Financing Activities:**

During fiscal year 2015-2016, there was no non-cash investing, capital and financing activities.



## CITY OF REDLANDS

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2016**

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Liability Self- Insurance</b>	<b>Information Technology</b>	<b>Workers' Compensation Self-Insurance</b>	<b>Equipment Maintenance</b>
<b>Assets:</b>				
Current:				
Cash and investments	\$ 2,238,383	\$ 498,784	\$ 1,213,996	\$ 456,950
Receivables:				
Accounts	120	-	-	54,067
Prepaid costs	134	704	189	882
Inventories	-	-	-	75,000
<b>Total Current Assets</b>	<b>2,238,637</b>	<b>499,488</b>	<b>1,214,185</b>	<b>586,899</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	-	514,652	-	86,437
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>514,652</b>	<b>-</b>	<b>86,437</b>
<b>Total Assets</b>	<b>2,238,637</b>	<b>1,014,140</b>	<b>1,214,185</b>	<b>673,336</b>
<b>Deferred Outflows of Resources:</b>				
Deferred pension related items	22,885	126,089	30,882	81,675
<b>Total Deferred Outflows of Resources</b>	<b>22,885</b>	<b>126,089</b>	<b>30,882</b>	<b>81,675</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,261,522</b>	<b>\$ 1,140,229</b>	<b>\$ 1,245,067</b>	<b>\$ 755,011</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 117,908	\$ 183,886	\$ 70,227	\$ 346,911
Accrued payroll	4,206	29,291	7,614	14,765
<b>Total Current Liabilities</b>	<b>892,292</b>	<b>289,971</b>	<b>1,077,859</b>	<b>406,393</b>
Noncurrent:				
Accrued compensated absences	-	93,290	3,986	18,182
Accrued claims and judgments	770,177	-	1,000,017	-
Net pension liability	203,618	1,121,889	274,769	726,706
Net OPEB obligation	98,197	1,217,533	19,480	622,920
<b>Total Noncurrent Liabilities</b>	<b>1,071,992</b>	<b>2,432,712</b>	<b>1,298,252</b>	<b>1,367,808</b>
<b>Total Liabilities</b>	<b>1,964,284</b>	<b>2,722,683</b>	<b>2,376,111</b>	<b>1,774,201</b>
<b>Deferred Inflows of Resources:</b>				
Deferred pension related items	5,171	82,262	6,728	63,596
<b>Total Deferred Inflows of Resources</b>	<b>5,171</b>	<b>82,262</b>	<b>6,728</b>	<b>63,596</b>
<b>Net Position:</b>				
Net investment in capital assets	-	514,652	-	86,437
Unrestricted	292,067	(2,179,368)	(1,137,772)	(1,169,223)
<b>Total Net Position</b>	<b>292,067</b>	<b>(1,664,716)</b>	<b>(1,137,772)</b>	<b>(1,082,786)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 2,261,522</b>	<b>\$ 1,140,229</b>	<b>\$ 1,245,067</b>	<b>\$ 755,011</b>

## CITY OF REDLANDS

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2016

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Utility Billing</u>	<u>Payroll Clearing</u>	<u>Totals</u>
<b>Assets:</b>			
Current:			
Cash and investments	\$ 2,211,000	\$ -	\$ 6,619,113
Receivables:			
Accounts	3,790	-	57,977
Prepaid costs	1,130	-	3,039
Inventories	-	-	75,000
<b>Total Current Assets</b>	<b>2,215,920</b>	<b>-</b>	<b>6,755,129</b>
Noncurrent:			
Capital assets - net of accumulated depreciation	-	-	601,089
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>601,089</b>
<b>Total Assets</b>	<b>2,215,920</b>	<b>-</b>	<b>7,356,218</b>
<b>Deferred Outflows of Resources:</b>			
Deferred pension related items	100,463	-	361,994
<b>Total Deferred Outflows of Resources</b>	<b>100,463</b>	<b>-</b>	<b>361,994</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,316,383</b>	<b>\$ -</b>	<b>\$ 7,718,212</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	\$ 4,847	\$ -	\$ 723,779
Accrued payroll	24,479	-	80,355
<b>Total Current Liabilities</b>	<b>149,885</b>	<b>-</b>	<b>2,816,400</b>
Noncurrent:			
Accrued compensated absences	34,867	-	150,325
Accrued claims and judgments	-	-	1,770,194
Net pension liability	893,874	-	3,220,856
Net OPEB obligation	964,601	-	2,922,731
<b>Total Noncurrent Liabilities</b>	<b>1,893,342</b>	<b>-</b>	<b>8,064,106</b>
<b>Total Liabilities</b>	<b>2,043,227</b>	<b>-</b>	<b>10,880,506</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	73,653	-	231,410
<b>Total Deferred Inflows of Resources</b>	<b>73,653</b>	<b>-</b>	<b>231,410</b>
<b>Net Position:</b>			
Net investment in capital assets	-	-	601,089
Unrestricted	199,503	-	(3,994,793)
<b>Total Net Position</b>	<b>199,503</b>	<b>-</b>	<b>(3,393,704)</b>
<b>Total Liabilities, Deferred Inflows of Resources,     and Net Position</b>	<b>\$ 2,316,383</b>	<b>\$ -</b>	<b>\$ 7,718,212</b>

## CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Funds			
	Liability Self- Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance
<b>Operating Revenues:</b>				
Sales and service charges	\$ -	\$ 3,380,730	\$ 2,044,225	\$ 4,401,792
Miscellaneous	7,444	-	-	-
<b>Total Operating Revenues</b>	<b>7,444</b>	<b>3,380,730</b>	<b>2,044,225</b>	<b>4,401,792</b>
<b>Operating Expenses:</b>				
Administration and general	2,315,212	1,802,006	1,485,220	1,236,394
Depreciation expense	-	262,378	-	12,582
Personnel services	196,693	1,127,554	417,321	493,146
Repairs and maintenance	-	-	-	2,319,067
Premiums paid out	239,858	-	181,030	-
<b>Total Operating Expenses</b>	<b>2,751,763</b>	<b>3,191,938</b>	<b>2,083,571</b>	<b>4,061,189</b>
Operating Income (Loss)	(2,744,319)	188,792	(39,346)	340,603
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	30,133	5,388	17,310	-
Interest expense	-	-	-	(5,892)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>30,133</b>	<b>5,388</b>	<b>17,310</b>	<b>(5,892)</b>
Income (Loss) Before Transfers	(2,714,186)	194,180	(22,036)	334,711
Transfers in	1,241,663	471	-	-
Transfers out	-	-	-	-
Changes in Net Position	(1,472,523)	194,651	(22,036)	334,711
<b>Net Position:</b>				
Beginning of Year	1,764,590	(1,859,367)	(1,115,736)	(1,417,497)
<b>End of Fiscal Year</b>	<b>\$ 292,067</b>	<b>\$ (1,664,716)</b>	<b>\$ (1,137,772)</b>	<b>\$ (1,082,786)</b>

## CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2016

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Utility Billing</b>	<b>Payroll Clearing</b>	<b>Totals</b>
<b>Operating Revenues:</b>			
Sales and service charges	\$ 933,679	\$ 2,947,527	\$ 13,707,953
Miscellaneous	536,907	-	544,351
<b>Total Operating Revenues</b>	<b>1,470,586</b>	<b>2,947,527</b>	<b>14,252,304</b>
<b>Operating Expenses:</b>			
Administration and general	784,785	-	7,623,617
Depreciation expense	-	-	274,960
Personnel services	878,813	-	3,113,527
Repairs and maintenance	8,229	-	2,327,296
Premiums paid out	-	-	420,888
<b>Total Operating Expenses</b>	<b>1,671,827</b>	<b>-</b>	<b>13,760,288</b>
Operating Income (Loss)	(201,241)	2,947,527	492,016
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	36,446	-	89,277
Interest expense	-	-	(5,892)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>36,446</b>	<b>-</b>	<b>83,385</b>
Income (Loss) Before Transfers	(164,795)	2,947,527	575,401
Transfers in	-	-	1,242,134
Transfers out	-	(2,947,527)	(2,947,527)
Changes in Net Position	(164,795)	-	(1,129,992)
<b>Net Position:</b>			
Beginning of Year	364,298	-	(2,263,712)
<b>End of Fiscal Year</b>	<b>\$ 199,503</b>	<b>\$ -</b>	<b>\$ (3,393,704)</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2016**

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Liability Self- Insurance</b>	<b>Information Technology</b>	<b>Workers' Compensation Self-Insurance</b>	<b>Equipment Maintenance</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from user departments	\$ 7,444	\$ 3,380,730	\$ 2,044,225	\$ 4,416,079
Cash paid to suppliers for goods and services	(2,239,266)	(1,509,725)	(1,387,913)	(3,405,752)
Cash payments for claims	(191,821)	-	(136,441)	-
Cash paid to employees for services	(174,170)	(1,143,471)	(380,825)	(544,211)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(2,597,813)</b>	<b>727,534</b>	<b>139,046</b>	<b>466,116</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers out	-	-	-	-
Cash transfers in	1,241,663	471	-	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>1,241,663</b>	<b>471</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	-	(475,642)	-	(5,900)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(475,642)</b>	<b>-</b>	<b>(5,900)</b>
<b>Cash Flows from Investing Activities:</b>				
Investment fees	-	-	-	(5,892)
Interest received	30,133	5,388	17,310	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>30,133</b>	<b>5,388</b>	<b>17,310</b>	<b>(5,892)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,326,017)</b>	<b>257,751</b>	<b>156,356</b>	<b>454,324</b>
Cash and Cash Equivalents at Beginning of Year	3,564,400	241,033	1,057,640	2,626
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,238,383</b>	<b>\$ 498,784</b>	<b>\$ 1,213,996</b>	<b>\$ 456,950</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (2,744,319)	\$ 188,792	\$ (39,346)	\$ 340,603
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	-	262,378	-	12,582
(Increase) decrease in accounts receivable	(120)	-	-	14,287
(Increase) decrease in prepaids	(134)	(704)	18,822	(882)
(Increase) decrease in inventory	-	-	-	85,107
(Increase) decrease in deferred outflows	(9,187)	(31,240)	(12,487)	(16,521)
Increase (decrease) in deferred inflows	(32,845)	(180,969)	(44,322)	(117,223)
Increase (decrease) in accounts payable	57,058	120,710	70,227	21,267
Increase (decrease) in accrued payroll	(6,911)	(28,836)	(6,617)	(18,628)
Increase (decrease) in Net pension liability	71,466	206,836	97,307	98,138
Increase (decrease) in OPEB obligation	19,142	172,275	8,258	44,217
Increase (decrease) in claims and judgments	48,037	-	44,589	-
Increase (decrease) in compensated absences	-	18,292	2,615	3,169
<b>Total Adjustments</b>	<b>146,506</b>	<b>538,742</b>	<b>178,392</b>	<b>125,513</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (2,597,813)</b>	<b>\$ 727,534</b>	<b>\$ 139,046</b>	<b>\$ 466,116</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
During fiscal year 2015-2016, there was no non-cash investing, capital and financing activities.				

## CITY OF REDLANDS

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2016**

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Utility Billing</b>	<b>Payroll Clearing</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from user departments	\$ 1,471,222	\$ 2,947,527	\$ 14,267,227
Cash paid to suppliers for goods and services	(645,339)	(24,194)	(9,212,189)
Cash payments for claims	-	-	(328,262)
Cash paid to employees for services	(858,984)	-	(3,101,661)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(33,101)</b>	<b>2,923,333</b>	<b>1,625,115</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash transfers out	-	(2,947,527)	(2,947,527)
Cash transfers in	-	-	1,242,134
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>(2,947,527)</b>	<b>(1,705,393)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	-	-	(481,542)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(481,542)</b>
<b>Cash Flows from Investing Activities:</b>			
Investment fees	-	-	(5,892)
Interest received	36,446	-	89,277
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>36,446</b>	<b>-</b>	<b>83,385</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,345</b>	<b>(24,194)</b>	<b>(478,435)</b>
Cash and Cash Equivalents at Beginning of Year	2,207,655	24,194	7,097,548
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,211,000</b>	<b>\$ -</b>	<b>\$ 6,619,113</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (201,241)	\$ 2,947,527	\$ 492,016
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Depreciation	-	-	274,960
(Increase) decrease in accounts receivable	636	-	14,803
(Increase) decrease in prepaids	(1,130)	-	15,972
(Increase) decrease in inventory	-	-	85,107
(Increase) decrease in deferred outflows	(21,969)	-	(91,404)
Increase (decrease) in deferred inflows	(144,189)	-	(519,548)
Increase (decrease) in accounts payable	(4,328)	(24,194)	240,740
Increase (decrease) in accrued payroll	(22,451)	-	(83,443)
Increase (decrease) in Net pension liability	136,606	-	610,353
Increase (decrease) in OPEB obligation	153,133	-	397,025
Increase (decrease) in claims and judgments	-	-	92,626
Increase (decrease) in compensated absences	71,832	-	95,908
<b>Total Adjustments</b>	<b>168,140</b>	<b>(24,194)</b>	<b>1,133,099</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (33,101)</b>	<b>\$ 2,923,333</b>	<b>\$ 1,625,115</b>

**Non-Cash Investing, Capital, and Financing Activities:**

During fiscal year 2015-2016, there was no non-cash investing, capital and financing activities.

CITY OF REDLANDS

COMBINING BALANCE SHEET  
 ALL AGENCY FUNDS  
 JUNE 30, 2016

	<u>Special Deposits</u>	<u>Community Facilities District Trust</u>	<u>Totals</u>
<b>Assets:</b>			
Cash and investments	\$ 5,322,865	\$ -	\$ 5,322,865
Cash and investments with fiscal agents	-	2,779,830	2,779,830
Receivables:			
Accrued interest	238,109	-	238,109
<b>Total Assets</b>	<b><u>\$ 5,560,974</u></b>	<b><u>\$ 2,779,830</u></b>	<b><u>\$ 8,340,804</u></b>
<b>Liabilities:</b>			
Accounts payable	\$ 227,226	\$ -	\$ 227,226
Deposits payable	5,333,748	2,779,830	8,113,578
<b>Total Liabilities</b>	<b><u>\$ 5,560,974</u></b>	<b><u>\$ 2,779,830</u></b>	<b><u>\$ 8,340,804</u></b>

CITY OF REDLANDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2016

	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2016</u>
<b><u>Special Deposits</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 5,347,695	\$ 2,455,575	\$ 2,480,405	\$ 5,322,865
Receivables:				
Accrued interest	239,900	473,566	475,357	238,109
<b>Total Assets</b>	<b><u>\$ 5,587,595</u></b>	<b><u>\$ 2,929,141</u></b>	<b><u>\$ 2,955,762</u></b>	<b><u>\$ 5,560,974</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 237,553	\$ 2,948,877	\$ 2,959,204	\$ 227,226
Deposits payable	5,350,042	256,614	272,908	5,333,748
<b>Total Liabilities</b>	<b><u>\$ 5,587,595</u></b>	<b><u>\$ 3,205,491</u></b>	<b><u>\$ 3,232,112</u></b>	<b><u>\$ 5,560,974</u></b>
<b><u>Community Facilities District Trust</u></b>				
<b>Assets:</b>				
Cash and investments with fiscal agents	\$ 2,782,896	\$ 1,393,742	\$ 1,396,808	\$ 2,779,830
<b>Total Assets</b>	<b><u>\$ 2,782,896</u></b>	<b><u>\$ 1,393,742</u></b>	<b><u>\$ 1,396,808</u></b>	<b><u>\$ 2,779,830</u></b>
<b>Liabilities:</b>				
Deposits payable	\$ 2,769,846	\$ 2,590,922	\$ 2,580,938	\$ 2,779,830
Due to other governments	13,050	-	13,050	-
<b>Total Liabilities</b>	<b><u>\$ 2,782,896</u></b>	<b><u>\$ 2,590,922</u></b>	<b><u>\$ 2,593,988</u></b>	<b><u>\$ 2,779,830</u></b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 5,347,695	\$ 2,455,575	\$ 2,480,405	\$ 5,322,865
Cash and investments with fiscal agents	2,782,896	1,393,742	1,396,808	2,779,830
Receivables:				
Accrued interest	239,900	473,566	475,357	238,109
<b>Total Assets</b>	<b><u>\$ 8,370,491</u></b>	<b><u>\$ 4,322,883</u></b>	<b><u>\$ 4,352,570</u></b>	<b><u>\$ 8,340,804</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 237,553	\$ 2,948,877	\$ 2,959,204	\$ 227,226
Deposits payable	8,119,888	2,847,536	2,853,846	8,113,578
Due to other governments	13,050	-	13,050	-
<b>Total Liabilities</b>	<b><u>\$ 8,370,491</u></b>	<b><u>\$ 5,796,413</u></b>	<b><u>\$ 5,826,100</u></b>	<b><u>\$ 8,340,804</u></b>



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## STATISTICAL SECTION

This part of the City of Redlands comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	155
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	160
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	165
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	170
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	172
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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CITY OF REDLANDS

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities:</b>										
Net investment in capital assets										
Restricted	\$ 376,161,773	\$ 475,848,979	\$ 538,505,009	\$ 552,406,654	\$ 588,588,535	\$ 592,254,886	\$ 594,654,756	\$ 609,555,372	\$ 625,683,667	\$ 622,119,006
Unrestricted	19,431,228	17,261,278	30,310,832	28,304,090	24,855,791	19,135,526	20,158,877	18,466,430	15,584,054	15,258,535
Total governmental activities	29,808,370	62,448,864	9,510,396	(2,664,585)	(8,498,201)	(28,840,249)	(26,982,114)	(21,119,030)	(81,181,952)	(81,795,361)
	425,401,371	555,559,121	578,326,237	578,046,159	584,946,125	582,550,163	587,831,519	606,902,772	560,085,769	555,582,180
<b>Business-type activities:</b>										
Invested in capital assets										
Restricted	118,629,704	129,384,736	126,384,905	131,748,403	130,856,115	132,535,317	146,926,486	157,413,884	154,904,203	163,565,980
Unrestricted	-	-	4,120,375	4,166,635	4,212,895	4,259,155	416,340	3,702,600	4,671,097	3,702,600
Total business-type activities	28,140,260	37,237,084	47,119,032	45,773,154	53,408,410	61,219,702	52,104,617	41,100,249	22,953,122	13,253,120
	146,769,964	166,621,820	177,624,312	181,688,192	188,477,420	198,014,174	199,447,443	202,216,733	182,528,422	180,521,700
<b>Primary government:</b>										
Invested in capital assets										
Restricted	494,791,477	605,233,715	664,889,914	684,155,057	699,444,650	724,790,203	741,581,242	766,969,256	780,587,870	785,684,986
Unrestricted	19,431,228	17,261,278	34,431,207	32,470,725	29,068,686	23,394,681	20,575,217	22,169,030	20,255,151	18,961,135
Total primary government	57,948,630	99,685,948	56,629,428	43,108,569	44,910,209	32,379,453	25,122,503	19,981,219	(58,228,830)	(68,542,241)
	\$ 572,171,335	\$ 722,180,941	\$ 755,950,549	\$ 759,734,351	\$ 773,423,545	\$ 780,564,337	\$ 787,278,962	\$ 809,119,505	\$ 742,614,191	\$ 736,103,880

NOTE:  
The City of Redlands implemented GASB 34 for the fiscal year ended June 30, 2003.  
Information prior to the implementation of GASB 34 is not available.

CITY OF REDLANDS  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 13,987,953	\$ 15,161,802	\$ 19,973,152	\$ 15,277,666	\$ 11,803,705	\$ 9,468,848	\$ 9,883,877	\$ 10,423,298	\$ 10,229,535	\$ 16,235,478
Public safety	36,805,550	37,623,861	38,005,815	40,002,463	38,587,942	39,036,010	40,027,122	40,235,772	40,920,668	42,097,211
Culture and recreation	3,668,992	4,129,747	4,021,267	3,610,031	3,349,080	2,810,345	2,997,558	3,041,620	3,554,720	3,542,242
Highway and streets	8,492,440	8,341,455	8,648,714	8,391,171	9,380,259	8,465,455	6,839,184	4,002,946	12,043,276	15,594,075
Library	1,845,482	1,955,443	2,082,948	2,167,109	1,964,264	1,820,554	1,968,343	1,913,756	1,929,252	2,023,972
Interest and fiscal charges	2,883,874	5,035,588	4,335,844	6,957,598	3,456,262	2,120,151	1,589,928	1,447,056	1,297,837	1,123,871
Total governmental activities expenses	67,684,291	72,247,896	77,067,740	76,406,038	68,541,512	63,721,363	63,306,012	61,064,448	69,975,788	80,616,849
Business-type activities:										
Water	14,926,296	14,112,424	15,666,955	15,813,173	16,211,193	15,328,398	20,139,662	19,437,970	19,556,198	21,635,151
Disposal	8,753,717	8,956,968	10,446,326	9,344,247	9,217,359	8,925,740	10,313,939	11,131,004	12,201,957	12,172,640
Sewer	7,458,724	7,650,890	8,021,053	7,888,041	7,882,670	7,643,531	8,080,035	8,505,197	8,030,897	8,956,871
Aviation	268,309	400,298	370,715	250,732	287,854	335,501	317,970	421,012	333,061	609,088
Cemetery	541,946	552,989	522,045	494,949	503,445	522,711	555,402	493,616	681,223	1,304,891
Groves	708,779	604,998	725,163	717,394	656,608	941,578	12,006,971	630,488	689,839	841,529
NP Water	-	-	-	411,980	142,541	203,890	197,393	81,897	73,383	81,152
Total business-type activities expenses	32,657,771	32,278,567	35,752,257	34,920,516	34,901,870	33,901,349	51,611,372	40,701,184	41,566,558	45,601,322
Total primary government expenses	100,342,062	104,526,463	112,819,997	111,326,554	103,443,182	97,622,712	114,917,384	101,765,632	111,542,346	126,218,171
Program revenues:										
Governmental activities:										
Charges for services:										
General government	6,393,161	5,826,011	5,290,837	5,112,805	8,562,031	8,654,843	9,181,388	10,286,376	10,625,356	9,270,657
Public safety	1,189,004	1,229,744	1,390,380	1,330,555	1,711,440	1,394,932	1,407,921	1,916,750	1,975,667	3,403,559
Culture and recreation	230,870	237,357	277,167	222,454	293,028	220,020	343,620	296,386	295,199	286,315
Highway and streets	1,623,290	1,891,618	1,286,006	1,159,894	909,511	1,123,342	1,169,364	1,716,965	1,681,146	1,205,141
Library	507,716	51,886	47,282	44,333	34,456	35,086	34,312	35,200	33,270	33,098
Operating grants and contributions	18,206,757	14,314,045	10,058,173	10,048,934	5,883,602	6,160,827	4,032,286	7,195,092	8,607,394	5,596,864
Capital grants and contributions	36,180,849	125,567,546	29,395,240	11,513,845	8,488,204	1,146,004	987,916	2,117,482	4,666,849	1,346,021
Total governmental activities program revenues	63,874,647	149,118,207	47,745,085	29,432,820	25,882,272	18,735,054	17,156,807	23,564,251	27,884,881	21,141,655
Business-type activities:										
Charges for services:										
Water	17,235,534	18,074,421	18,132,373	17,918,992	18,666,325	20,319,999	22,350,078	23,453,512	22,217,588	18,873,106
Disposal	9,060,415	9,297,234	9,631,846	8,893,718	10,013,969	10,079,232	10,669,471	11,623,769	12,887,067	13,504,267
Sewer	7,041,203	6,868,701	7,077,737	7,650,779	8,200,777	8,653,651	9,092,431	9,576,740	9,688,884	9,531,484
Aviation	210,434	230,835	254,398	292,300	21,015	11,721	18,592	16,704	16,472	15,214
Cemetery	537,454	401,733	308,923	419,284	360,923	311,420	341,950	371,968	349,472	461,997
Groves	720,621	600,363	439,670	551,266	432,136	778,378	471,150	740,707	798,577	507,914
NP Water	-	-	-	529,891	570,107	474,349	513,722	554,914	499,211	508,556
Operating grants and contributions	617,206	4,313,798	702,524	186,999	871,940	1,301	24,285	180,000	180,000	-
Capital grants and contributions	7,512,629	10,917,476	5,729,189	960,605	531,096	1,821,907	2,233,877	3,433,586	4,593,429	392,189
Total business-type activities program revenues	42,935,496	50,704,561	42,276,660	37,403,834	39,668,288	42,451,958	45,715,556	49,951,900	51,230,700	43,794,727
Total primary government program revenues	106,810,143	199,822,768	90,021,745	66,836,654	65,550,560	61,187,012	62,872,363	73,516,151	79,115,581	64,936,382

CITY OF REDLANDS  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net revenues (expenses):</b>										
Governmental activities	(3,809,644)	76,870,311	(29,322,655)	(46,973,218)	(42,659,240)	(44,986,309)	(46,149,205)	(37,500,197)	(42,090,907)	(59,475,194)
Business-type activities	10,277,725	18,425,994	6,524,403	2,483,318	4,766,618	8,550,609	(5,895,616)	9,250,716	9,664,142	(1,806,595)
Total net revenues (expenses)	6,468,081	95,296,305	(22,798,252)	(44,489,900)	(37,892,622)	(36,435,700)	(52,045,021)	(28,249,481)	(32,426,765)	(61,281,789)
<b>General revenues and other changes in net position:</b>										
Governmental activities:										
Taxes:										
Property taxes	27,036,122	29,165,961	30,626,167	29,907,393	30,098,303	26,741,406	23,536,133	24,650,592	25,157,824	26,424,395
Sales taxes	14,762,456	13,986,798	11,862,852	11,669,250	12,090,894	12,903,249	15,049,517	15,219,210	16,040,049	18,344,596
Franchise taxes	3,659,356	4,044,161	5,476,066	2,886,836	3,227,606	2,826,459	2,853,021	3,235,114	3,735,682	3,079,571
Other taxes	1,543,302	1,726,102	1,354,067	1,167,543	1,065,671	1,198,772	1,313,022	1,473,576	1,681,618	1,792,527
Use of money & property	2,421,829	2,763,654	2,384,773	746,194	647,310	665,553	58,972	517,169	467,427	800,889
Intergovernmental (unrestricted)	654,950	496,302	436,414	370,373	480,868	165,876	153,836	165,974	424,385	234,787
Other	-	-	-	-	642,842	273,246	2,496,060	689,160	1,035,134	1,105,258
Gain/(loss) on sale of capital assets	-	-	-	-	-	-	151,116	-	-	-
Extraordinary gain/(loss) on dissolution of Redevelopment agency (Note 18)	-	-	-	-	-	21,444,268	-	-	-	-
Transfers	119,606	1,104,461	(50,568)	(54,449)	573,115	856,972	5,841,908	10,654,350	16,113,690	4,486,199
Total governmental activities	50,197,621	53,287,439	52,089,771	46,693,140	48,826,609	67,075,801	51,453,585	56,605,145	64,655,809	56,268,222
Business-type activities:										
Property taxes	52,655	51,398	45,221	38,082	68,098	37,808	41,673	34,597	35,225	38,109
Use of money & property	2,714,291	2,478,925	2,029,765	1,488,031	610,787	757,749	185,475	1,053,356	921,859	1,335,997
Other	-	-	-	-	922,642	914,887	3,686,367	1,032,469	1,152,177	2,911,966
Gain on sale of capital assets	-	-	-	-	516,500	34,949	9,736,268	28,334	4,840	-
Extraordinary gain	-	-	-	-	-	-	-	2,024,168	-	-
Transfers	(119,606)	(1,104,461)	50,568	54,449	(573,115)	(856,972)	(5,841,908)	(10,654,350)	(16,113,690)	(4,486,199)
Total business-type activities	2,647,340	1,425,862	2,125,554	1,580,562	1,544,912	888,421	7,807,875	(6,481,426)	(13,999,589)	(200,127)
Total primary government	52,844,961	54,713,301	54,215,325	48,273,702	50,371,521	67,964,222	59,261,460	50,123,719	50,656,220	56,068,095
<b>Changes in net position</b>										
Governmental activities	46,387,977	130,157,750	22,767,116	(280,078)	6,167,369	22,089,492	5,304,380	19,104,948	22,564,902	(3,206,972)
Business-type activities	12,925,065	19,851,856	8,649,957	4,063,880	6,311,530	9,439,030	1,912,059	2,769,290	(4,335,447)	(2,006,722)
Total primary government	\$ 59,313,042	\$ 150,009,606	\$ 31,417,073	\$ 3,783,802	\$ 12,478,899	\$ 31,528,522	\$ 7,216,439	\$ 21,874,238	\$ 18,229,455	\$ (5,213,694)

NOTE:  
The City of Redlands implemented GASB 34 for the fiscal year ended June 30, 2003.  
Information prior to the implementation of GASB 34 is not available.

CITY OF REDLANDS  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Reserved	\$ 8,893,298	\$ 10,169,670	\$ 10,972,417	\$ 11,947,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,354,426	4,958,881	7,889,723	5,802,815	-	-	-	-	-	-
Nonspendable	-	-	-	-	6,046,174	6,598,127	7,717,839	7,857,633	7,481,159	8,324,472
Committed	-	-	-	-	6,605,311	6,855,311	7,644,141	7,903,654	7,935,152	8,122,332
Assigned	-	-	-	-	-	-	-	-	1,883,794	2,267,840
Unassigned	-	-	-	-	8,767,650	9,773,767	10,116,118	12,586,391	14,510,450	13,454,147
Total general fund	<u>13,247,724</u>	<u>15,128,551</u>	<u>18,862,140</u>	<u>17,750,440</u>	<u>21,419,135</u>	<u>23,227,205</u>	<u>25,478,098</u>	<u>28,347,678</u>	<u>31,810,555</u>	<u>32,168,791</u>
All other governmental funds:										
Reserved	6,977,364	4,274,778	10,888,944	10,779,313	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	17,708,775	23,528,904	19,904,622	15,648,593	-	-	-	-	-	-
Debt service fund	6,891,672	8,634,444	3,518,914	977,863	-	-	-	-	-	-
Capital projects fund	9,361,936	9,632,720	1,772,665	2,272,252	-	-	-	-	-	-
Nonspendable	-	-	-	-	548,166	361,351	384,997	384,873	327,340	-
Restricted	-	-	-	-	19,604,935	19,035,151	20,058,201	18,365,510	15,584,054	15,258,535
Committed	-	-	-	-	6,193,677	5,609,361	5,921,050	6,816,041	6,698,593	7,212,199
Unassigned	-	-	-	-	(1,399,875)	(7,711,358)	(8,801,461)	(8,787,268)	(7,849,278)	(9,553,680)
Total all other governmental funds	<u>\$ 40,939,747</u>	<u>\$ 46,070,846</u>	<u>\$ 36,085,145</u>	<u>\$ 29,678,021</u>	<u>\$ 24,946,903</u>	<u>\$ 17,294,505</u>	<u>\$ 17,562,787</u>	<u>\$ 16,779,156</u>	<u>\$ 14,760,709</u>	<u>\$ 12,917,054</u>

NOTE:  
The City of Redlands implemented GASB 54 in 2011 which changes the reporting of fund balance.

CITY OF REDLANDS

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Taxes	\$ 47,142,875	\$ 49,074,516	\$ 49,319,152	\$ 45,916,050	\$ 46,974,366	\$ 43,869,986	\$ 42,751,693	\$ 44,578,492	\$ 46,615,173	\$ 49,641,089
Licenses and permits	14,785,863	14,405,549	7,422,024	5,216,551	4,760,789	5,628,860	6,090,892	8,668,245	11,582,473	7,321,567
Intergovernmental	15,650,446	9,741,769	6,261,983	5,219,602	7,030,818	5,947,380	4,455,718	6,305,374	5,602,252	3,637,854
Charges for services	2,214,772	2,808,774	4,946,435	6,433,198	7,043,801	6,934,677	6,711,043	7,186,570	7,283,095	7,489,738
Use of money and property	3,586,384	5,336,312	2,559,089	1,497,930	647,310	626,072	52,596	491,377	431,301	717,504
Other	2,077,164	2,238,590	2,214,972	1,132,620	1,226,613	632,943	2,974,531	1,472,348	1,900,979	3,785,796
Total revenues	85,457,504	83,605,510	72,723,655	65,315,951	67,683,697	63,439,818	63,036,473	68,702,406	73,415,273	72,573,548
<b>Expenditures</b>										
Current:										
General government	13,758,100	19,638,037	19,663,593	14,533,699	11,506,994	9,788,982	10,080,042	10,562,420	11,041,353	12,915,590
Public safety	36,008,488	57,179,014	35,519,554	35,576,831	34,796,584	35,502,542	36,619,437	37,633,605	37,891,668	40,337,366
Highway and streets	5,434,175	4,826,627	4,844,425	4,131,236	4,651,164	4,250,886	4,122,692	5,913,207	6,107,137	5,034,090
Culture and recreation	3,311,493	3,821,206	3,534,250	2,940,479	2,701,864	2,121,891	2,400,303	2,631,892	2,791,661	2,481,223
Library	1,851,926	1,966,965	2,028,917	1,986,391	1,853,094	1,722,370	1,762,796	1,762,608	1,824,593	1,909,442
SERAF Obligation	-	-	-	2,389,188	491,892	-	-	-	-	-
Other pass-through payments	-	-	-	424,628	777,095	524,481	-	-	-	-
Capital outlay	13,561,057	8,384,995	5,817,816	3,650,267	5,403,411	3,176,270	7,470,985	13,431,527	23,146,625	11,481,823
Debt service:										
Principal	3,955,548	4,198,760	4,541,378	5,192,896	5,400,124	5,636,144	3,771,848	3,948,940	3,701,474	3,947,223
Interest and fiscal charges	2,898,827	4,065,938	4,337,676	3,834,596	3,783,017	2,717,604	1,672,907	1,489,466	1,343,002	1,158,384
Total expenditures	80,779,624	104,081,542	80,287,609	74,860,211	71,365,239	65,440,970	67,901,010	77,373,665	87,847,513	79,265,131
Excess (deficiency) of revenues over (under) expenditures	4,677,880	(20,476,032)	(7,563,954)	(9,344,260)	(3,681,542)	(2,001,152)	(4,864,537)	(8,671,259)	(14,432,240)	(6,691,583)
<b>Other financing sources (uses):</b>										
Transfers in	11,985,951	18,608,919	21,658,490	14,225,197	14,749,386	13,566,661	18,682,589	20,792,823	29,941,931	15,911,839
Transfers out	(12,642,677)	(17,289,538)	(20,346,648)	(12,514,759)	(13,065,366)	(10,990,445)	(11,307,814)	(10,187,645)	(13,980,425)	(9,720,247)
Proceeds from sale of capital assets	-	-	-	-	-	-	350	185,625	16,083	311,189
Extraordinary gain/(loss) on dissolution of Redevelopment agency (Note 18)	-	-	-	-	-	(5,453,452)	-	-	-	-
Restatements	-	-	-	-	-	(30,841)	8,587	(33,695)	-	-
Proceeds of capital lease	1,269,165	236,136	-	114,988	-	-	-	-	-	-
Issuance of long term debt	1,985,000	30,502,392	-	-	-	-	-	-	(100,919)	-
Contributions to other Governments	-	-	-	-	-	-	-	-	-	-
Discount on issuance of long term debt	-	(297,722)	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	(4,292,229)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,597,439	27,487,958	1,311,842	1,825,436	1,684,020	(2,908,077)	7,383,712	10,757,208	15,876,670	6,502,781
Net change in fund balances	\$ 7,275,319	\$ 7,011,926	\$ (6,252,112)	\$ (7,518,824)	\$ (1,997,522)	\$ (4,909,229)	\$ 2,519,175	\$ 2,085,949	\$ 1,444,430	\$ (188,802)
Debt service as a percentage of noncapital expenditures <sup>1</sup>	10.2%	8.6%	11.9%	12.7%	14.1%	13.5%	9.3%	9.5%	8.1%	7.5%

NOTE: In 2011 there were a number of revenue reclassifications for which the City did not go back and adjust prior year totals to reflect the changes.

<sup>1</sup> Calculated by dividing the sum of principal and interest by noncapital expenditures which are total expenditures less a) capital outlay (to extent capitalized for the government-wide statements of net position); and b) expenditures for capitalized assets contained within the functional expenditure categories.



CITY OF REDLANDS  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)

Fiscal Year Ended June 30	City					Redevelopment Agency					Total	
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value		Secured	Unsecured	Less: Exemptions	Taxable Assessed Value		Taxable Assessed Value	Total Direct Tax Rate
2007	\$ 5,745,855	\$ 164,409	\$ (79,612)	\$ 5,830,652	\$ 390,031	\$ 49,336	\$ (774)	\$ 438,593	\$ 6,269,245		0.27572	
2008	6,535,813	204,391	(79,555)	6,660,649	428,699	56,938	(767)	484,870	7,145,519		0.27358	
2009	6,935,648	231,948	(79,734)	7,087,862	456,545	58,275	(764)	514,056	7,601,918		0.27448	
2010	6,518,846	232,468	(79,791)	6,671,523	705,249	81,977	(5,199)	782,027	7,453,550		0.27641	
2011	6,348,706	200,425	(80,197)	6,468,934	704,031	99,220	(5,168)	798,083	7,267,017		0.28110	
2012	6,214,264	189,324	(79,239)	6,324,349	702,581	98,928	(5,052)	796,457	7,120,806		0.28343	
2013	7,127,034	301,158	(78,056)	7,350,136	-	-	-	-	7,350,136		0.28450	
2014	7,311,929	313,408	(76,552)	7,548,785	-	-	-	-	7,548,785		0.22927	
2015	7,725,648	316,364	(75,033)	7,966,979	-	-	-	-	7,966,979		0.21913	
2016	8,112,897	337,359	(74,030)	8,376,226	-	-	-	-	8,376,226		0.21877	

NOTE:  
In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total minimum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is re-assessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available, with respect to the actual market value of taxable property, and is subject to the limitations described above.

With the approval of ABX1 26, the State eliminated Redevelopment from the State of California for the Fiscal Year 2012/13 and years thereafter.

Source: San Bernardino County Assessor (via HdL, Coren & Cone)  
California Municipal Statistics, Inc.  
San Bernardino County Auditor-Controller - Property Tax Division

CITY OF REDLANDS

Assessed Value and Estimated Actual Value of Taxable Property by Major Type

Last Ten Fiscal Years  
(in thousands of dollars)

Category	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Residential	\$ 4,232,501	\$ 4,724,469	\$ 4,866,787	\$ 4,511,071	\$ 4,344,036	\$ 4,375,904	\$ 4,603,792	\$ 4,781,493	\$ 5,102,276	\$ 5,355,614
Commercial	658,585	745,188	828,697	905,533	939,004	909,737	919,179	920,337	941,128	959,063
Industrial	325,169	495,797	682,669	732,243	751,264	649,237	641,987	675,107	774,960	790,087
Dry Farm	344	840	714	-	-	-	-	-	-	-
Government	4,370	4,457	1,380	471	470	2,499	488	498	1,478	505
Institutional	13,607	14,163	14,604	14,399	13,898	13,890	14,083	15,906	15,809	16,172
Irrigated	41,481	36,360	40,045	32,307	30,874	26,967	27,292	41,179	30,844	26,691
Miscellaneous	12,968	18,547	17,869	14,379	14,718	16,123	19,068	20,217	22,390	23,785
Recreational	27,527	28,932	30,591	31,864	32,472	32,453	34,762	31,852	31,962	32,520
Vacant Land	264,268	289,940	313,328	307,578	269,144	249,102	249,220	234,071	231,763	277,305
SBE Nonunitary	555,066	605,819	595,509	664,832	647,926	629,042	610,154	591,269	573,038	631,155
Unsecured	213,745	261,329	290,223	323,863	308,576	297,334	301,158	313,408	316,364	337,359
Unknown	-	-	-	-	-	2,809	7,009	-	-	-
<b>Total Assessed Value</b>	<b>6,349,631</b>	<b>7,225,841</b>	<b>7,682,416</b>	<b>7,538,540</b>	<b>7,352,382</b>	<b>7,205,097</b>	<b>7,428,192</b>	<b>7,625,337</b>	<b>8,042,012</b>	<b>8,450,256</b>
<b>Less: Exemptions</b>	<b>(80,386)</b>	<b>(80,322)</b>	<b>(80,498)</b>	<b>(84,990)</b>	<b>(85,365)</b>	<b>(84,291)</b>	<b>(78,056)</b>	<b>(76,552)</b>	<b>(75,033)</b>	<b>(74,030)</b>
<b>Taxable Assessed Value</b>	<b>\$ 6,269,245</b>	<b>\$ 7,145,519</b>	<b>\$ 7,601,918</b>	<b>\$ 7,453,550</b>	<b>\$ 7,267,017</b>	<b>\$ 7,120,806</b>	<b>\$ 7,350,136</b>	<b>\$ 7,548,785</b>	<b>\$ 7,966,979</b>	<b>\$ 8,376,226</b>
<b>Total Direct Rate</b>	<b>0.27572</b>	<b>0.27358</b>	<b>0.27448</b>	<b>0.27641</b>	<b>0.28110</b>	<b>0.28343</b>	<b>0.28450</b>	<b>0.22927</b>	<b>0.21913</b>	<b>0.21877</b>

NOTE:

In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total minimum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is re-assessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available, with respect to the actual market value of taxable property, and is subject to the limitations described above.

Source: San Bernardino County Assessor (via HdL, Coren & Cone)

CITY OF REDLANDS  
Direct and Overlapping Property Tax Rates  
(Rate per \$100 of assessed value)  
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Share of Basic Levy (1)	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878
Overlapping Rates: (2)										
County General Fund	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600
County Superintendent	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750
Inland Empire Joint Resource Conservation District	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050
Educational Revenue Augmentation Fund	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110
Flood Control Zone 3	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560
Flood Control Zone 8	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088
Redlands Unified	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160
San Bernardino Community College	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130
San Bernardino Valley Municipal Water	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02640
San Bernardino Valley Water Conservation District	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044
Total Proposition 13 Rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.000
Redlands Debt Service	0.01200	0.01030	0.00990	0.01060	0.01080	0.01110	0.01090	0.01050	-	-
Redlands Unified	0.03760	0.03220	0.05190	0.05410	0.06170	0.05820	0.06410	0.06290	0.05940	0.05670
San Bernardino Community College	0.01950	0.01270	0.03930	0.02800	0.04670	0.03730	0.04590	0.04190	0.03930	0.04030
San Bernardino Unified	0.07070	0.06610	0.06780	0.07470	0.08840	0.09780	0.09980	0.13500	0.10810	0.11820
San Bernardino Valley Municipal Water	0.15500	0.16500	0.16500	0.16500	0.16500	0.16500	0.16250	0.16250	0.16250	0.16250
Total Voter Approved Rate	0.29480	0.28630	0.33390	0.33240	0.37260	0.36940	0.38320	0.41280	0.36930	0.37770
Total Direct and Overlapping Rate	1.29480	1.28630	1.33390	1.33240	1.37260	1.36940	1.38320	1.41280	1.36930	1.37780
City Share of 1% Levy Per Prop 13 (3)	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878
Redlands Debt Service	0.01200	0.01030	0.00990	0.01060	0.01080	0.01110	0.01090	0.01050	-	-
RDA Incremental Rate (4)	1.16700	1.17530	1.17490	1.17560	1.17580	1.17610	-	-	-	-
City Direct Rate (5)	<b>0.27572</b>	<b>0.27358</b>	<b>0.27448</b>	<b>0.27641</b>	<b>0.28110</b>	<b>0.28343</b>	<b>0.28450</b>	<b>0.22927</b>	<b>0.21913</b>	<b>0.21877</b>

NOTES:

- (1) In 1978, California voters passed Proposition 13, which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies in which the subject property resides. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various voter approved items.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- (3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.
- (4) RDA rate is based on the largest TDA tax rate area (TRA) and includes only rates from indebtedness prior to 1989 per California State Statute. RDA direct and overlapping rates are applied only to the incremental property values. With the approval of ABX 1 26, the State eliminated Redevelopment from the State of California for the Fiscal Year 2012/13 and years thereafter.

Source: San Bernardino County Assessor (via HdL, Coren & Cone)

CITY OF REDLANDS  
Principal Property Tax Payers  
Current Year and Nine Years Ago  
In \$1,000

Taxpayer	2016		2007	
	Total Net Taxable Assessed Value	Percentage of Total City Net Taxable Assessed Value	Total Net Taxable Assessed Value	Percentage of Total City Net Taxable Assessed Value
Southern California Edison Company	\$ 630,821	7.53%	\$ -	N/A
Prologis California II LP	84,633	1.01%	35,702	0.56%
Bre Piper MF Parkview Terrace	84,214	1.01%	-	N/A
AMB Institutional Alliance Fund III	83,576	1.00%	-	N/A
NYS New LLC	83,082	0.99%	42,342	0.67%
ROC II California Redlands LLC	64,188	0.77%	-	N/A
2301 W. San Bernardino Ave Invest Group	56,367	0.67%	49,980	0.79%
CLPF-Redlands Business Center	44,349	0.53%	-	N/A
Duke Realty LP	42,009	0.50%	-	N/A
PACGWL LLC	41,003	0.49%	-	N/A
Mountainview Power Company LLC	-	N/A	549,800	8.66%
Evans Withycombe Residential	-	N/A	67,852	1.07%
Chrisam Statutory Trust 2002	-	N/A	27,472	0.43%
A & A Royal Plaza LP	-	N/A	20,392	0.32%
AMB Property II LP	-	N/A	18,660	0.29%
Pattillo Industrial Partners LLC	-	N/A	21,631	0.34%
700 East Redlands LLC	-	N/A	19,750	0.31%
<b>Top Ten Total</b>	<b>\$ 1,214,242</b>	<b>14.50%</b>	<b>\$ 853,581</b>	<b>13.44%</b>
<b>City Total Net Taxable Assessed Value</b>	<b>\$ 8,376,226</b>		<b>\$ 6,350,635</b>	

Source: San Bernardino County Assessor (via HdL, Coren & Cone)

CITY OF REDLANDS  
Property Tax Levies and Collections<sup>1</sup>  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy <sup>2</sup>		Subsequent Years Collections of Prior Years	Total Collections to Date <sup>2</sup>	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	\$ 26,404,200	\$ 25,513,769	96.63%	\$ 1,292,499	\$ 26,806,268	101.52%
2008	28,989,125	27,666,659	95.44%	1,487,446	29,154,105	100.57%
2009	29,041,866	27,732,874	95.49%	1,820,062	29,552,936	101.76%
2010	27,857,389	27,284,416	97.94%	1,625,142	28,909,558	103.78%
2011	29,341,082	27,744,927	94.56%	1,437,741	29,182,668	99.46%
2012	28,198,322	26,757,388	94.89%	722,821	27,480,209	97.45%
2013	29,365,178	28,237,555	96.16%	725,114	28,962,669	98.63%
2014	29,697,798	29,620,584	99.74%	834,306	30,454,890	102.55%
2015	30,236,660	30,224,565	99.96%	618,909	30,843,474	102.01%
2016*	-	-	-	-	30,659,341	-

NOTE:

<sup>1</sup> The amounts presented include City property taxes and Redevelopment Agency tax increment, as well as amounts collected by the City and Redevelopment Agency that were passed-through to other agencies. The State dissolved the redevelopment agency effective in 2012. This resulted in the City having to issue a refund of increment received that the County deemed as excess.

<sup>2</sup> Subsequent Years Collections of Prior Years may include delinquent tax payments from multiple prior years which are not identified separately by the County of San Bernardino. Any tax system changes required to identify and track this information would have to be developed in the County's tax system and subsequently included in reports provided to the City. At this time it is not known when or if the County will make such a change.

\* For 2016, "Taxes Levied for the Fiscal Year", the "Amount Collected within the Fiscal Year of the Levy", the "Percent of Levy", and "Subsequent Years' Collection of Prior Years," these amounts were not readily available from the San Bernardino County Auditor-Controller/Treasurer/Tax Collector. A custom report was requested, but it was not made available to the City before the printing of the City's CAFR. However, this data will be published in subsequent years' CAFRs and as it becomes available.

CITY OF REDLANDS  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities						Business-type Activities						Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Loans / Capital Lease Obligations	Total Governmental Activities	Water Revenue Bonds	Wastewater Revenue Bonds	Solid Waste Revenue Bonds	Certificates of Participation	Loans / Capital Lease Obligations	Total Business-type Activities			
2007	\$ 3,625,000	\$ -	\$ 39,375,000	\$ 15,843,380	\$ 4,332,091	\$ 63,175,471	\$ 15,090,000	\$ 12,460,000	\$ -	\$ -	\$ 12,069,804	\$ 39,619,804	\$ 102,795,275	5.17%	1,451
2008	3,170,000	25,907,621	37,930,000	14,435,042	3,964,467	85,407,130	13,700,000	11,565,000	-	-	11,496,989	36,761,989	122,169,119	5.94%	1,720
2009	2,695,000	25,626,705	36,080,000	13,007,038	3,458,089	80,866,832	12,250,000	10,635,000	-	-	11,256,422	34,141,422	115,008,254	5.53%	1,612
2010	2,195,000	24,773,830	34,185,000	11,544,034	3,095,191	75,793,055	10,730,000	9,660,000	-	-	10,598,668	30,988,668	106,781,723	5.24%	1,493
2011	1,680,000	23,789,186	32,210,000	10,021,030	2,884,385	70,584,601	9,145,000	8,645,000	-	-	9,922,740	27,712,740	98,297,341	4.47%	1,367
2012	1,145,000	22,667,969	-	8,448,026	2,548,241	34,809,236	7,485,000	7,580,000	-	-	10,347,274	25,412,274	60,221,510	2.78%	867
2013	585,000	21,400,395	-	6,800,022	2,266,391	31,051,808	3,579,945	4,959,409	-	-	14,909,475	23,448,829	54,500,637	2.42%	781
2014	-	19,966,684	-	5,077,018	2,077,451	27,121,153	2,402,890	4,001,754	15,132,303	-	17,496,799	39,033,746	66,154,899	2.92%	947
2015	-	18,367,081	-	3,299,014	2,959,007	24,625,102	1,195,000	3,024,098	13,834,309	-	16,429,544	34,482,951	59,108,053	2.63%	847
2016	-	16,581,841	-	1,466,010	2,656,784	20,704,635	-	2,021,443	12,506,313	-	18,819,314	33,347,070	54,051,705	2.47%	794

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements. As a result of the dissolution of the redevelopment agency in 2012, the outstanding \$30,150,000 indebtedness of the former redevelopment agency was transferred to the Successor Agency.

Source: City of Redlands

CITY OF REDLANDS  
Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt					Percent of Assessed Value <sup>1</sup>	Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Total		
2007	\$ 3,625	\$ -	\$ 39,375	\$ 15,843	\$ 58,843	0.93%	831
2008	3,170	25,908	37,930	14,435	81,443	1.13%	1,147
2009	2,695	25,627	36,080	13,007	77,409	1.01%	1,085
2010	2,195	24,774	34,185	11,544	72,698	0.96%	1,016
2011	1,680	23,789	32,210	10,021	67,700	0.92%	941
2012	1,145	22,668	-	8,448	32,261	0.45%	464
2013	585	21,400	-	6,800	28,785	0.39%	412
2014	-	19,967	-	5,077	25,044	0.33%	358
2015	-	18,367	-	3,299	21,666	0.27%	310
2016	-	16,582	-	1,466	18,048	0.21%	265

NOTE:

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

As a result of the dissolution of the redevelopment agency in 2012, the outstanding \$30,150,000 indebtedness of the former redevelopment agency was transferred to the Successor Agency.

<sup>1</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

CITY OF REDLANDS  
Direct and Overlapping Debt  
June 30, 2016

Net Taxable 2015-2016 Assessed Valuation \$ 8,376,226,288

	Percentage Applicable <sup>1</sup>	Outstanding Debt 06/30/16	Estimated Share of Overlapping Debt
<b>Overlapping Tax and Assessment Debt:</b>			
San Bernardino Community College District	14.164%	\$ 463,914,004	\$ 65,634,553
Redlands Unified School District	58.298%	92,311,062	53,815,503
San Bernardino City Unified School District	0.018%	212,092,114	38,177
City of Redlands Community Facilities District No. 2001-1	100.000%	5,710,000	5,710,000
City of Redlands Community Facilities District No. 2003-1	100.000%	8,680,000	8,680,000
<b>Total Overlapping Tax and Assessment Debt</b>		<b>782,707,180</b>	<b>133,878,233</b>
<b>Overlapping General Fund Debt:</b>			
San Bernardino County General Fund Obligations	4.458%	\$ 435,550,000	\$ 19,416,819
San Bernardino County Pension Obligations	4.458%	419,370,824	18,695,551
San Bernardino County Flood Control District General Fund Obligations	4.458%	78,165,000	3,484,596
Redlands Unified School District Certificates of Participation	58.298%	5,000,000	2,914,900
San Bernardino City Unified School District	0.018%	47,750,000	8,595
Yucaipa-Calimesa Joint Unified School District Authority	0.731%	9,910,000	72,442
<b>Total Overlapping General Fund Debt</b>		<b>995,745,824</b>	<b>44,592,903</b>
<b>Overlapping Tax Increment Debt</b>			
City of Redlands Tax Allocation Bonds	100%	\$ 16,610,000	\$ 16,610,000
San Bernardino County Inland Valley Tax Allocation Bonds	10.366%	239,870,000	24,864,924
<b>Total Overlapping Tax Increment Debt</b>		<b>256,480,000</b>	<b>41,474,924</b>
<b>Total Gross Overlapping General Fund Debt</b>		<b>1,252,225,824</b>	<b>86,067,827</b>
Less: Redlands Unified School District Self-Supporting Qualified Zone Academy Bonds <sup>4</sup>			<b>(1,827,974)</b>
<b>Total Net Overlapping General Fund Debt</b>			<b>84,239,853</b>
<b>Total Gross Overlapping Debt</b>			<b>\$ 219,946,060</b>
<b>Total Net Overlapping Debt</b>			<b>\$ 218,118,086</b>
<b>Direct Tax and Assessment Debt:</b>			
City of Redlands	100.000%	\$ -	\$ -
<b>Direct General Fund Debt:</b>			
City of Redlands General Fund Obligations	100.000%	1,466,010	\$ 1,466,010
City of Redlands Pension Obligations	100.000%	16,581,841	16,581,841
<b>Total Direct General Fund Debt</b>		<b>18,047,851</b>	<b>18,047,851</b>
<b>Direct Loan/Capital Lease Debt:</b>			
I-Bank Sports Park Lease	100.000%	\$ 1,568,792	\$ 1,568,792
Capital Leases -Equipment	100.000%	1,087,992	1,087,992
<b>Total Direct General Fund Debt</b>		<b>2,656,784</b>	<b>2,656,784</b>
<b>Total Direct Debt</b>			<b>\$ 20,704,635</b>
<b>Total Gross Direct and Overlapping Debt <sup>3</sup></b>			<b>\$ 240,650,695</b>
<b>Total Net Direct and Overlapping Debt <sup>3</sup></b>			<b>\$ 238,822,721</b>

<sup>1</sup> The overlapping district's assessed valuation located within the City is divided by the total assessed valuation of the overlapping district. That percentage is multiplied by the total debt outstanding for the overlapping district resulting in the City's share of debt.

<sup>2</sup> Academy Bond Annual Payment of \$288,366 is subtracted from balance originally \$5 million issued 2004

<sup>3</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds.

Sources: California Municipal Statistics, Inc.  
San Bernardino County Assessor (via HdL, Coren & Cone)  
San Bernardino County Auditor-Controller - Property Tax Division



CITY OF REDLANDS  
Legal Debt Margin Information  
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed valuation	\$ 6,349,631,333	\$ 7,225,841,687	\$ 7,682,415,838	\$ 7,538,540,177	\$ 7,352,381,771	\$ 7,205,098,137	\$ 7,428,192,465	\$ 7,625,337,937	\$ 8,042,012,336	\$ 8,450,256,632
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,587,407,833	1,806,460,422	1,920,603,960	1,884,635,044	1,838,095,443	1,801,274,534	1,857,048,116	1,906,334,484	2,010,503,084	2,112,584,168
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	238,111,175	270,969,063	288,090,594	282,695,257	275,714,316	270,191,180	278,557,217	285,950,173	301,575,463	316,884,624
Total net debt applicable to limit: General obligation bonds	3,625,000	3,170,000	2,695,000	2,195,000	1,680,000	1,145,000	585,000	-	-	-
Legal debt margin	\$ 234,486,175	\$ 267,799,063	\$ 285,395,594	\$ 280,500,257	\$ 274,034,316	\$ 269,046,180	\$ 277,972,217	\$ 285,950,173	\$ 301,575,463	\$ 316,884,624
Total debt applicable to the limit as a percentage of debt limit	1.5%	1.2%	0.9%	0.8%	0.6%	0.4%	0.2%	0.0%	0.00%	0.00%

NOTE:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located

Source: San Bernardino County Assessor (via HdL, Coren & Cone)  
City of Redlands

CITY OF REDLANDS  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds					Wastewater Revenue Bonds					Solid Waste Revenue Bonds					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Wastewater Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Solid Waste Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2006	\$ 19,199,475	\$ 11,976,185	\$ 7,223,290	\$ 1,270,000	\$ 811,565	\$ 9,919,748	\$ 4,584,864	\$ 5,334,884	\$ 815,000	\$ 666,110	\$ -	\$ -	\$ -	\$ -	\$ -	-
2007	21,807,806	11,514,062	10,293,744	1,325,000	751,770	11,288,913	5,353,523	5,935,390	855,000	618,371	-	-	-	-	-	3.63
2008	21,741,391	11,261,448	10,479,943	1,390,000	688,065	9,982,096	5,645,675	4,336,421	895,000	580,299	-	-	-	-	-	4.03
2009	20,449,999	12,606,173	7,843,826	1,450,000	624,860	9,330,293	5,982,855	3,347,438	930,000	539,684	-	-	-	-	-	2.94
2010	18,925,773	12,560,995	6,364,778	1,520,000	558,035	8,079,788	5,718,330	2,361,458	975,000	496,821	-	-	-	-	-	2.28
2011	19,547,528	13,018,065	6,529,463	1,585,000	487,380	8,551,454	5,893,296	2,660,158	1,015,000	451,539	-	-	-	-	-	1.60
2012	21,849,228	12,345,054	9,504,174	1,660,000	411,500	9,377,389	5,693,909	3,683,480	1,065,000	402,900	-	-	-	-	-	1.81
2013	25,251,130	15,262,512	9,988,618	1,740,000	220,710	9,669,957	6,244,252	3,425,705	1,115,000	244,767	-	-	-	-	-	2.51
2014	25,638,827	16,637,289	8,801,338	1,125,000	81,900	11,290,716	6,917,341	4,373,375	880,000	141,550	-	-	-	-	-	2.52
2015	23,236,963	16,684,682	6,552,281	1,160,000	53,250	9,932,156	6,483,856	3,448,300	900,000	119,250	-	-	-	-	-	3.38
2016*	19,566,403	18,802,320	763,483	1,185,000	17,925	9,981,677	7,319,389	2,662,288	925,000	91,875	-	-	-	-	-	2.62
											12,560,609	10,130,417	2,430,192	1,115,000	213,642	11.38
											13,442,842	10,341,915	3,100,927	1,145,000	588,875	1.82
											13,974,604	10,437,524	3,537,080	1,145,000	584,975	2.08

NOTE:  
Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.  
As a result of the dissolution of the redevelopment agency in 2012, the outstanding indebtedness of the former redevelopment agency was transferred to the Successor Agency.

Source: City of Redlands

CITY OF REDLANDS  
Demographic and Economic Statistics  
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (In Thousands)	Per Capita Personal Income (2)	Unemployment Rate (3)
2006	70,848	\$ 1,988,501	\$ 28,067	3.4%
2007	71,021	2,055,127	28,937	4.0%
2008	71,339	2,078,671	29,138	5.8%
2009	71,532	2,039,266	28,508	9.6%
2010	71,926	2,198,418	30,565	10.5%
2011	69,498	2,167,990	31,195	9.7%
2012	69,813	2,248,258	32,204	7.0%
2013	69,882	2,265,714	32,422	6.0%
2014	69,814	2,243,752	32,139	4.7%
2015	68,040	2,192,657	32,226	3.0%

Sources: (1) State of California, Department of Finance - Demographic Research Unit  
(2) U.S Department of Commerce U.S Census Bureau  
(3) State of California, Employment Development Department

City of Redlands  
Principal Employers  
Current Year and Nine Years Ago

Employer	2016		2007	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Redlands Unified School District	1,922	5.64%	1,730	4.51%
ESRI	2,795	8.20%	2,000	5.21%
Redlands Community Hospital	1,535	4.50%	1,100	2.86%
Amazon Fulfillment *	1,300	3.81%	-	
Beaver Medical Group	1,500	4.40%	-	
Home Depot	700	2.05%	-	
Westcor Construction			-	0.00%
City of Redlands	556	1.63%	606	1.58%
Redlands Employment Services			400	1.04%
University of Redlands *	550	1.61%	900	2.34%
La-Z-Boy, Inc.	385	1.13%	450	1.17%
Loma Linda Univ Behavioral Medical Center	360	1.06%	310	
Wal-Mart Stores, Inc.			400	1.04%
Southern California Gas Company			383	1%
Total of Top Employers	11,603	34%		20.75%
Total Employees in City	34,100		38,400	

NOTE:

"Total Employment" as used above represents the total employment of all employers located within City limits.

\*These are estimates based on the response received from the employer.

Sources:

Redlands Chamber of Commerce

State of California, Employment Development Department (total employment data)

Primary Employer Human Resources Department

CITY OF REDLANDS  
City Employees  
by Function  
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Full-time employees:										
City clerk's office	2	2	-	-	-	-	-	1	1	1
City manager's office	6	8	6	5	5	6	6	7	7	9
City treasurer's office	7	6	-	-	-	-	-	-	-	-
Development services	19	17	17	15	16	20	20	19	21	22
Finance	12	13	24	21	21	21	22	24	25	26
Fire	67	64	64	61	60	60	61	58	60	60
Human resources	5	6	4	4	5	5	5	7	7	8
Library	21	20	20	17	15	15	16	16	16	17
Management information systems	4	10	14	11	8	9	9	9	9	-
Department of Innovation & Tech										10
Municipal utilities and engineering:										
Administration	31	34	26	23	23	24	28	28	34	34
Water	40	41	45	48	47	47	49	49	50	49
Wastewater	24	24	24	24	23	24	24	24	24	24
Police	161	149	159	133	129	131	111	113	121	122
Quality of life										
Administration, parks & streets	53	48	47	37	39	42	46	48	52	56
Equipment maintenance	15	15	11	11	9	7	6	6	6	5
Solid waste	40	39	37	38	34	33	33	32	32	33
Cemetery	3	3	3	3	3	3	3	3	4	4
Redevelopment	<u>5</u>	<u>9</u>	<u>10</u>	<u>5</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>515</u>	<u>508</u>	<u>511</u>	<u>456</u>	<u>441</u>	<u>447</u>	<u>439</u>	<u>444</u>	<u>469</u>	<u>480</u>
Part-time employees <sup>1</sup>	67	56	45	40	47	64	81	81	88	87
At-will employees	10	-	-	-	-	-	-	-	-	-
Grant-funded employees	14	14	3	11	7	12	12	10	10	10
Limited Term Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total	<u>606</u>	<u>578</u>	<u>559</u>	<u>507</u>	<u>495</u>	<u>523</u>	<u>532</u>	<u>535</u>	<u>567</u>	<u>578</u>

<sup>1</sup> Data not available for all fiscal years.

Reorganizations in 2008 created new departments, moved divisions and transferred employees. Historical data has been changed to reflect some but not all of these reorganizations.

Source: City of Redlands Budget

CITY OF REDLANDS  
Operating Indicators  
by Function  
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police:</b>										
Calls for service <sup>1</sup>	56,821	61,184	58,702	54,725	52,611	51,248	52,349	54,529	55,972	47,488
Emergency calls for service <sup>1</sup>	16,546	2,643	2,730	3,091	2,333	1,167	592	504	538	578
Citations issued <sup>1</sup>	7,390	3,754	7,639	6,516	5,688	5,803	7,617	6,571	6,733	7,062
<b>Fire:</b>										
Number of incidents	8,038	7,885	8,113	8,239	8,470	8,323	8,946	8,980	9,354	10,169
Inspections performed <sup>1</sup>	3,610	2,296	3,145	2,794	2,247	2,994	2,208	2,234	1,974	2,186
<b>Building and safety:</b>										
Permits issued	2,967	2,446	1,453	1,721	1,647	1,536	1,600	2,150	1,932	1,947
Inspections performed	14,611	15,868	12,543	7,920	8,506	7,358	7,717	7,839	4,486	8,293
<b>Parks and recreation:</b>										
Community center attendance	69,861	85,216	68,093	37,973	22,398	18,000	21,084	19,100	31,238	42,625
Senior center attendance	43,633	41,258	34,899	43,706	29,008	20,668	24,897	27,891	29,415	28,675
Joslyn center attendance	40,830	38,960	43,989	37,477	26,707	13,016	19,934	16,932	21,846	23,795
Youth sports attendance	4,665	7,284	10,991	6,787	1,538	3,566	5,677	2,100	21,102	11,521
Adult sports attendance	17,427	30,509	10,259	10,260	4,735	7,780	6,534	20,340	7,200	5,760
<b>Water:</b>										
Number of services	21,450	21,547	21,667	21,534	22,487	23,075	23,845	21,732	21,842	21,842
Average daily consumption (thousands of gallons)	29,458	33,650	22,346	29,960	26,960	23,362	28,375	29,900	24,631	18,679
<b>Solid waste:</b>										
Recycled materials (tons)	40,851	34,317	37,334	28,329	25,194	24,183	25,756	26,570	20,611	22,805
Refuse disposed (tons)	58,402	57,480	54,171	78,832	81,428	71,441	65,887	72,228	49,416	52,826
<b>Library:</b>										
Number of volumes	140,644	141,241	142,050	142,945	144,229	143,622	143,436	142,989	140,667	144,122

<sup>1</sup> Data reported by calendar year until 2008. Data is by Fiscal Year effective 2009.

In FY 2007/2008 the Police department switched reporting to a fiscal year basis and began reporting emergency calls as priority 1 calls only.

Source: City of Redlands

CITY OF REDLANDS  
Capital Asset Statistics  
by Function  
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	4	4	2	2	2	2	2	2	2	2
Fire:										
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	315	315	315	315	315	315	315	315	316	316
Traffic signals (city-owned)	68	68	68	68	68	68	68	68	68	68
Parks and recreation:										
Parks (acreage)	230	230	260	260	260	260	279	295	295	295
Groves (acreage)	192	204	204	204	195	195	159	159	159	159
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	416	421	404	386	386	386	386	390	386	386
Maximum daily production capacity (thousands of gallons)	50,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Non Potable Water *										
Water mains (miles)	-	-	28	28	29	27	29	30	32	33
Maximum daily production capacity (thousands of gallons)	-	-	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Wastewater:										
Sewers (miles)	239	239	241	239	242	240	242	243	245	245
Daily capacity of wastewater plant (thousands of gallons)	5,500	5,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Solid waste:										
Landfill (city-owned)	1	1	1	1	1	1	1	1	1	1
Library:										
Public library	1	1	1	1	1	1	1	1	1	1

\* Beginning in 2008-2009 potable and non potable water data is reported separately.

Source: City of Redlands