



***Comprehensive Annual Financial Report***  
***For The Year Ended June 30, 2013***

***Redlands' City Council Members***

***Peter R. Aguilar, Mayor***  
***Paul Foster, Mayor Pro Tempore***  
***Bob Gardner, Council Member***  
***Patricia L. Gilbreath, Council Member***  
***Jon P. Harrison, Council Member***

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

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CITY OF REDLANDS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR FISCAL YEAR ENDED JUNE 30, 2013

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January 17, 2014

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, 2013.

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, 2013, 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, 2013, 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 69,231 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 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, in the last few years during the downturn in the economy, the unemployment rate has risen, except that calendar year 2012 was lower, at 9.7%, than the 10.5% rate of the prior calendar year. The October 2013 preliminary rate for calendar year 2013 is 7.0%. Since 2002, the annual unemployment rate for the City has ranged from a low of 3.4% to the high of 10.5%.

The City has significant land still 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 ESRI (Environmental Systems Research Institute), the Redlands Unified School District, the United States Postal Service, Redlands Community Hospital, Verizon, the University of Redlands, the City of Redlands, Beaver Medical Group, Wal-Mart Stores, Inc., La Z-Boy, Inc. Southern California Gas/Sempra, and Loma Linda University Medical Center, the Jerry L. Pettis Veterans Hospital, and the VA Loma Linda Healthcare System. A number of large warehouse distribution centers have been developed over the past few 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 since Fiscal Year 2000-2001, increasing from \$3.2 billion in Fiscal Year 2000-2001 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. In Fiscal Year 2012-2013 the City experienced a net taxable value increase of 1.9% which was slightly more than the increase experienced countywide at 0.7%. While the assessed value for the City decreased by \$186 million from Fiscal Year 2009-2010 to 2010-2011 and by another \$138 million from Fiscal Year 2010-2011 to 2011-2012, the assessed value increased between Fiscal Year 2011-2012 and 2012-2013 by \$136 million. The change attributed to the Assessor granted 2% Proposition 13 inflation adjustment was \$125 million, which accounted for 92% of all growth experienced in the City.

The largest increases were on multifamily residential sites after sale transfers and new construction activity were recorded. Parkview Terrace Associates LLC at 1601 Barton Road transferred ownership in 2011 and the value reflects an increase of \$41.8 million. NP Redlands LLC at 1400 Barton Road, purchased in December 2010, posted an increased value of \$26.5 million. Improvements added by Housing Partners I at 1320 Webster Street, Inc. increased the value by \$4.6 million. Appeal reductions during the past year caused the largest declines in value with two commercial properties owned by 700 E. Redlands LLC (Citrus Village Shopping Center), purchased in 2006, granted reductions totaling \$8 million. Lowes HIW, at 1725 W. Redlands Blvd., successfully appealed \$4.3 million from two consecutive years. Redlands Colony Apartments LP, at 221 New York Street, transferred ownership in 2011 and has been granted a full welfare exemption, making the property tax exempt.

The housing market began to rebound during the first half of 2012, as home buying increased due to low interest rates and affordable prices. Foreclosures are at the lowest levels in five years. Median prices and numbers of sale transaction are up statewide. The housing market is ready for recovery, however the speed and extent of the recovery will be dependent on the overall economy. From January through July 2012, the median sale price of a single family home in Redlands was \$223,000, increasing by \$7,000 or 3.2% from 2011.

Development activity in Fiscal Year 2011-2012 began to stabilize from previous years of continual declines. In Fiscal Year 2012-2013 the following occurred:

1. Construction of a drive-through lane for an Automatic Teller Machine (ATM) for a freestanding 5,600 square foot Chase Bank building within an existing shopping center located at the northwest corner of Palm Avenue and Redlands Boulevard in Specific Plan No. 41.
2. The development of a tasting room with retail sales of beer in a portion of an existing 21,600 square foot warehouse and distribution facility for Hangar 24 Craft Brewery located at 1939 W. Park Avenue in the EV/IC (Commercial Industrial) District of the East Valley Corridor Specific Plan.
3. The development of a phasing plan for the completion of off-site and on-site development improvements for an approved indoor and outdoor recreational vehicle and boat storage facility on a 4.24 acre site containing an existing 59,390 square foot warehouse building located at 300 Kansas Street in the I-P (Industrial) District.
4. Conversion of a 1,537 square foot single family dwelling owned by the Redlands Unified School District to an office for a non-profit corporation on a 4.42-acre parcel located at 932 W. Cypress Avenue in the E (Educational) District.
5. The development of a 76,984 square foot shopping center consisting of a 45,272 square foot supermarket, 11,970 square feet of inline shop space, and two building pads containing a 14,576 square foot drug store with a drive-through pharmacy, and a 5,166 square foot fast food restaurant with drive through facilities on approximately 8.0 acres located at the northwest corner of Lugonia Avenue and Wabash Avenue in the C-4 (Highway Commercial) District.
6. A revision of the site design of an approved 135,570 square foot business park consisting of eight (8) buildings on 9.3 acres by: (a). Replacing two buildings in Phase 2 with additional surface parking to accommodate medical use in five (5) of the six (6) buildings for a revised cumulative floor area of 125,688 square feet; (b). Enclosing a rear driveway/loading area that separates two rear-to-rear facing buildings with a patio area for employees; and, (c). Constructing a new driveway entrance from Redlands Boulevard through a two (2) acre contiguous property located on the east side of Nevada Street and north side of Redlands Boulevard in the EV/TC (Commercial Transition) District and EV/CG (General Commercial) District of the East Valley Corridor Specific Plan.
7. The development of 27,000 square foot single-story office building for San Bernardino County facilities on a vacant 3.3 acre property located at the southeast corner of Lugonia

Avenue and Nevada Street in the Office/Industrial District of Specific Plan No. 25.

8. The development of an indoor soccer facility inside an existing 29,088 square foot industrial building located at 430 Nevada Street in the EV/IC (Commercial Industrial) District of the East Valley Corridor Specific Plan
9. The development of an 11,674 square foot interior expansion to an existing 13,676 square foot medical clinic within a neighborhood shopping center located at 1600 E. Citrus Avenue in the C-2 (Neighborhood Convenience Center) District.
10. The development of a 77,611 square foot office building on a 4.5 acre site within the ESRI campus located at 371 New York Street in the A-P (Administrative and Professional Office) District.
11. The development of a planned residential development containing twenty-six (26) single family residential lots on approximately 9.0 acres located on the southwest corner of San Bernardino Avenue and Dearborn Street in the R-E (Residential Estate) District.
12. Residential Development Allocation 2013-II-01 and 2013-II-02 - A recommendation to the City Council for the approval of points for a Residential Development Allocation request for Tentative Tract No.16465, an approved sixty-one (61) lot Planned Residential Development on 30.4 acres located on the north side of San Bernardino Avenue, south of Pioneer Avenue, and on the west side of Judson Street in the R-E (Residential Estate) District; and, Tentative Tract No. 16627, an approved twenty (20) lot Planned Residential Development on 12.1 acres located on the south of Pioneer Avenue and on the east side of Judson Street in the R-E (Residential Estate) District. (Note: This request is for 61 allocations and 20 allocations respectively; no allocations have been previously awarded for either tentative tract map).

The Municipal Utilities and Engineering Department (MUED) embarked on a number of transportation projects during Fiscal Year 2012-2013. Transportation projects, some of which are further discussed in Management's Discussion and Analysis, included Resurfacing Program 2011 and Resurfacing Project Phase I, PARIS Paving 2013 (1-34), and Redlands and Alabama Street Improvements design. In addition to the street resurfacing projects, MUED was also involved in projects related to constructing and renovating sidewalk and ADA ramps, including Safe Routes to Schools, Cycle 6, 8 and 2010.

MUED Park Projects during Fiscal Year 2012-2013 included the design of the Orange Blossom Trail Phase I.

MUED also embarked on a number of utility related projects during Fiscal Year 2012-2013. Water projects included Hinckley Treatment Plant Improvements, Dearborn Reservoir Roof Replacement design, Country Club Booster Replacement, 2010 CIP Pipeline Replacement project and pipeline replacements at various locations, including Brookside and Brookside and Ash, Citrus Avenue, and Soffel Avenue, the Nonpotable Water Engineering Report, and the SCADA Installation project. Some of these projects are further discussed in Management's Discussion and Analysis.



As of February 1, 2012, the City of Redlands Redevelopment Agency – and all redevelopment agencies in California – were dissolved under AB1X 26 (and subsequently AB1484), 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). During the next fiscal years, the Successor Agency will be transferring ownership of properties designated for a governmental purpose to the City and disposing of those properties not specified for a governmental purpose, in accordance with a Long-Range Property Management Plan, currently under review by the State Department of Finance.

**Long-term financial outlook/planning.** In recent years 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 is continuing to face impacts associated with the greatest downturn in our economy that has been seen in many years. For many years during this decade, despite 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 to the City of the downturn in the economy, particularly as a result of the 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 the team effort on the part of all City staff to reduce expenditures, and as a result of improvement in certain revenue categories that resulted in an additional \$870,000 in revenues over adjusted budget, 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. Adding to the decline during Fiscal Year 2009-2010 in these revenue categories, the City realized declines in property taxes, franchise fees, and in other taxes. Although revenues declined, the City ended Fiscal Year 2009-2010 with a General Fund Unreserved Fund Balance of \$5,802,815, exceeding projections by \$1.25 million as a result of the City tightening its belt and reducing expenditures, as well as realizing higher

revenues in a number of categories. Additionally, City employees continued the furlough program during Fiscal Year 2009-2010.

The City continued its efforts to reduce expenditures during Fiscal Year 2010-2011 by continuing the furlough program and leaving vacancies in place, primarily in the Police department, and ended that year with \$6.8 million in unassigned fund balance, excluding \$1,958,230 million of designated receipts, reported in the financial statements with the General Fund in accordance with the requirements of GASB 54, but held in a separate general ledger fund. During Fiscal Year 2011-2012, furloughs once again continued, and nineteen positions and other personnel changes were made to achieve savings of more than \$480,000 in the General Fund. Despite the end of furloughs at June 30, 2012 for all but the Police bargaining groups, General Fund expenditures for the Fiscal Year 2012-2013 were under budget by \$1,309,356, however revenues also came in under budget by \$415,525, resulting in a net increase of \$893,831. At June 30, 2013, General Fund ending fund balance in all classifications, nonspendable, committed and unassigned, increased by \$2,250,893 to \$25,478,098, including \$1.9 million of designated receipts. A further review of the General Fund is included within Management's Discussion and Analysis which follows.

#### 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 reports for the Fiscal Years ended June 30, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012. 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 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, Tom Steele, and Senior Accountant, Jacquelyn Guest, for their efforts in overseeing the compilation of the accounting data and interfacing with our auditors, to the accounting firm of Lance, Soll & Lunghard, LLP, and to Tricia Swope, Senior Administrative Assistant.

Respectfully submitted,



Tina T. Kundig  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Redlands  
California**

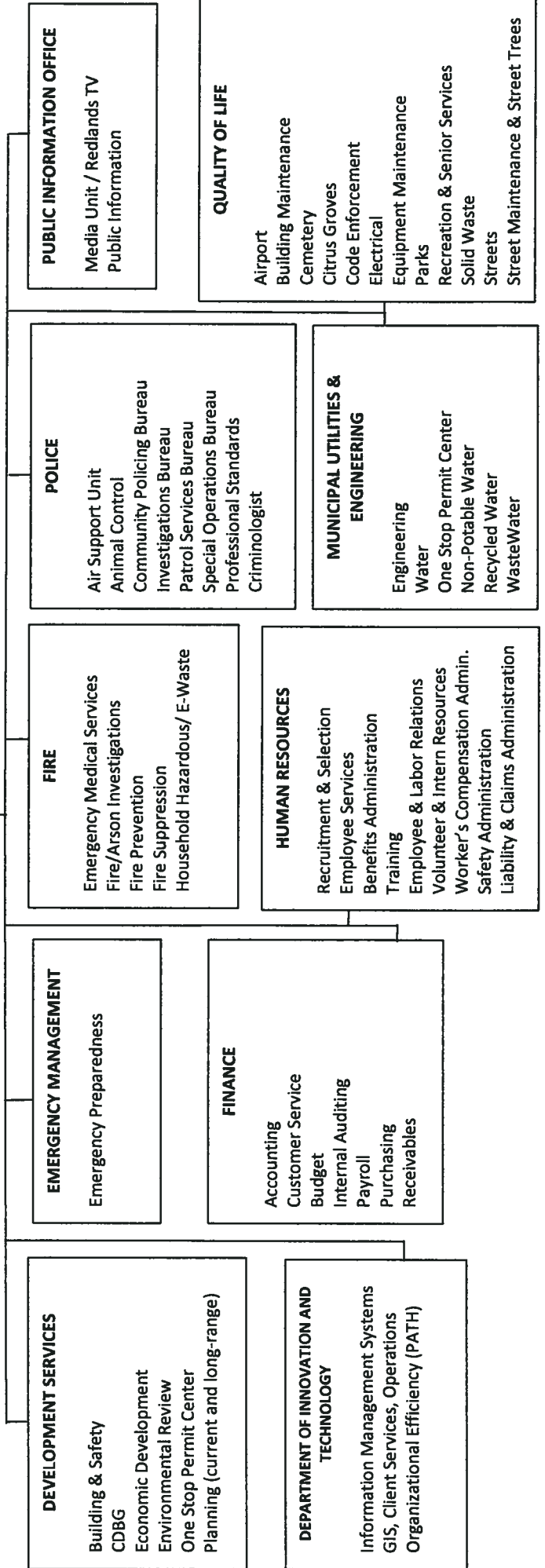
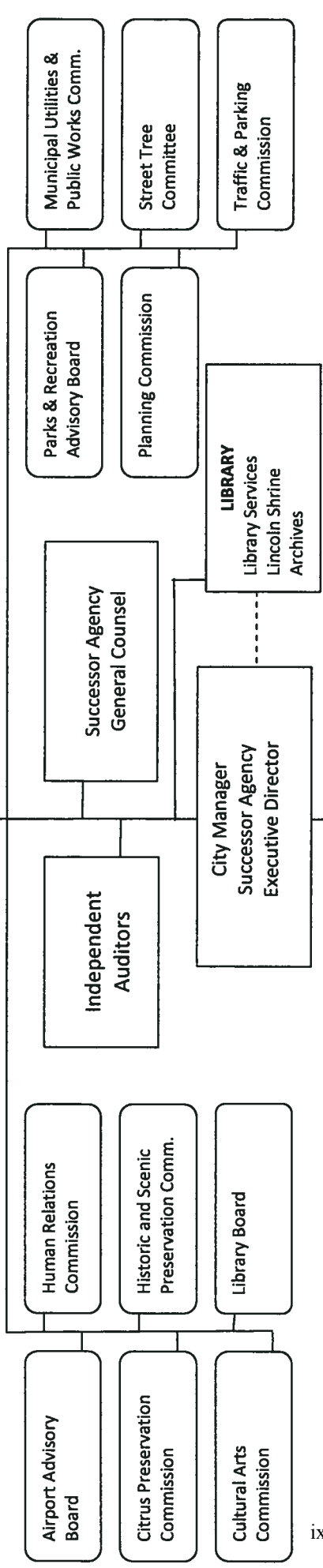
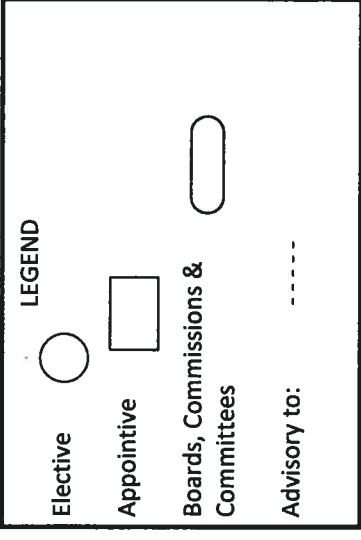
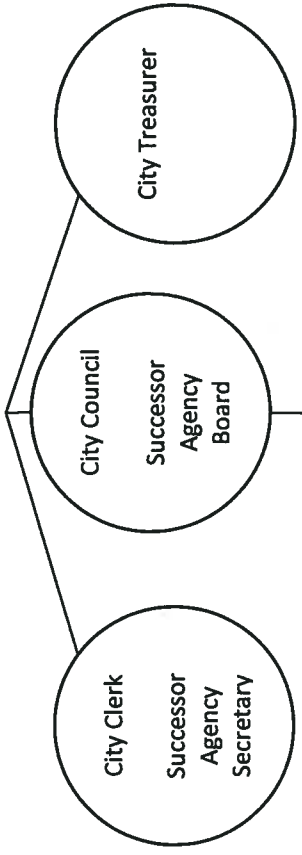
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

CITY OF REDLANDS, CA  
 ORGANIZATIONAL CHART  
 Approved By *[Signature]*  
 N. Enrique Martinez, City Manager  
 Effective July, 2013

**VOTERS**



CITY OF REDLANDS  
PRINCIPAL OFFICERS

CITY COUNCIL (Elected)	Peter R. Aguilar, Mayor Paul Foster, Mayor Pro Tem Bob Gardner, Councilmember Patricia L. Gilbreath, Councilmember Jon P. Harrison, Councilmember
CITY MANAGER	N. Enrique Martinez
CITY CLERK (Elected)	A. Samuel Irwin
CITY TREASURER (Elected)	Robert E. Dawes
CITY ATTORNEY	Daniel J. McHugh
INTERIM CHIEF INFORMATION OFFICER	Danielle Garcia
DEVELOPMENT SERVICES DIRECTOR	Oscar W. Orci
FINANCE DIRECTOR	Tina T. Kundig
FIRE CHIEF	Jeff L. Frazier
INTERIM HUMAN RESOURCES DIRECTOR	Ashley Shear
LIBRARY DIRECTOR	Donald McCue
MUNICIPAL UTILITIES & ENGINEERING DIRECTOR	Fred Mousavipour
POLICE CHIEF	Mark Garcia
QUALITY OF LIFE DIRECTOR	Alfredo Cardenas



## INDEPENDENT AUDITORS' REPORT

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

### **Report on 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, 2013, 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.

### ***Auditors' 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.

### ***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, 2013, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Public Facilities Development Fund for



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

the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2013 the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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. Such 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.



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 17, 2014 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 City's internal control over financial reporting and compliance.

*Lance, Soll & Lughard, LLP*

Brea, California  
January 17, 2014

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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, 2013. 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><u>Government-wide Statements</u></b>	<b><u>Governmental Funds</u></b>	<b><u>Proprietary Funds</u></b>	<b><u>Fiduciary Funds</u></b>
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, we divide the City services 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 *short-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 the same as the business-type activities we report in the government-wide statements but provide more detail and additional

information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities.

### 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.

A summary of the government-wide *statement of net position* follows:

### **CITY OF REDLANDS Statement of Net Position June 30, 2013**

**Table 1**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other Assets	\$ 60,948,422	\$ 48,556,904	\$ 70,488,399	\$ 81,115,207	\$ 131,436,821	\$ 129,672,111
Capital Assets	597,506,147	593,399,886	170,375,315	157,947,591	767,881,462	751,347,477
Total Assets	<b>658,454,569</b>	<b>641,956,790</b>	<b>240,863,714</b>	<b>239,062,798</b>	<b>899,318,283</b>	<b>881,019,588</b>
Long-term Debt Outstanding	55,177,110	54,491,847	37,406,776	37,009,003	92,583,886	91,500,850
Other Liabilities	15,445,940	4,914,780	4,009,495	4,039,621	19,455,435	8,954,401
Total Liabilities	<b>70,623,050</b>	<b>59,406,627</b>	<b>41,416,271</b>	<b>41,048,624</b>	<b>112,039,321</b>	<b>100,455,251</b>
Net Position:						
Net Investment in Capital Assets	594,654,756	592,254,886	146,926,486	132,535,317	741,581,242	724,790,203
Restricted	20,158,877	19,135,526	416,340	4,259,155	20,575,217	23,394,681
Unrestricted	(26,982,114)	(28,840,249)	52,104,617	61,219,702	25,122,503	32,379,453
Total Net Position	<b>\$ 587,831,519</b>	<b>\$ 582,550,163</b>	<b>\$ 199,447,443</b>	<b>\$ 198,014,174</b>	<b>\$ 787,278,962</b>	<b>\$ 780,564,337</b>

The increase in net position can provide an indication that the overall financial position of the City improved during the year, by a total of \$7,216,439 as indicated in the Changes in Net Position Table 2 that follows. Table 1 shows that the net position of the government-wide activities increased by \$6,714,625, or 0.86%, from \$780,564,337 in 2012 to \$787,278,962 in 2013. Governmental Activities net position increased by .91%, from \$582,550,163 at June 30, 2012 to \$587,831,519 at June 2013. The City's net position of business-type activities increased by 0.72% from \$198,014,174 in 2012 to \$199,447,443 in 2013.

The increase in net position of the Governmental Activities of \$5.3 million included an increase in total assets of \$16.5 million, as well as an increase in total liabilities of \$11.2 million. This increase was the result of many factors occurring during 2013.

Of the entire increase in total assets of governmental activities, \$12.4 million resulted from an increase in current and other assets, primarily as a result of increased cash relating to the proceeds remaining from the sale of the Nevada Palmetto grove property. Proceeds received from the sale were originally placed into the following public benefit deposit accounts:



Parks & Recreation (\$4,339,820), Trails (\$913,646), Agriculture & Open Space (\$2,284,116), Natural Open Space (\$2,055,704), and Other Improvements (\$1,827,293).

The entire amount of the Natural Open Space deposit had been expended by June 30, 2013 to purchase an open space property referred to as the Thompson property, consisting of 172 acres and accessible from Live Oak Canyon. Remaining cash of over \$9 million from this sale, along with approximately \$1.5 million in cash from the City's designated receipts fund, has been included with the General Fund cash at June 30, 2013 in accordance with the requirements of GASB 54.

Also contributing to the increase in Current and Other Assets is an increase of \$933,709 in Advances To Other Funds in the General Fund as a result of an additional loan from the General Fund to the Public Facilities Fund, allowing Public Facilities to meet its 50% share of the debt service on the City's 2003 Lease Revenue COPs. At June 30, 2013, the General Fund had loaned Public Facilities more than \$7.2 million over several years when impact fees collected in Public Facilities were insufficient for that fund to meet its debt service obligation.

Capital Assets increased by \$4.1 million with the majority relating to increase in land of \$2,551,958 as a result of the acquisition of the Thompson property discussed above, as well as increases to construction in progress and infrastructure. Construction in Progress (CIP) increased by a net of \$2.4 million, with completed construction projects of \$1,581,415 transferred to infrastructure and \$18,713 relating to Police Safety Hall to buildings and improvements. Completed construction was offset by additions to construction in progress of \$4,035,056, consisting of the following projects: Measure I Resurfacing Program 2011 (\$1,152,426), Local Transportation, including Resurfacing Project Phase I (\$1,336,764), PARIS Resurfacing Project (\$606,877), Safe Routes to Schools Cycle 6 (\$325,087), and Cal Recycle Grant (\$257,070), General Fund LED Street Light Conversion Project (\$219,507) and CDBG Sidewalk Improvements (\$83,630) and Disaster Recovery Iowa Street Bridge Repair Project (\$53,695). Infrastructure additions of \$2,198,267, along with the \$1.6 million transferred from CIP totaled \$3,779,680 of which \$3.5 million was to roads, \$126,860 to the storm drain system and \$143,427 to library materials, offset by deletions of library materials of \$141,846. Other changes to capital assets, along with associated depreciation, is shown on the Capital Assets schedule in Note 5 of the Notes to the Financial Statements.

On the liability side, long-term debt increased by \$685,263. This change was the result of debt service payments on bonds that decreased bonds outstanding by \$3,475,578, as well as decreases of \$234,301, \$51,722 and \$47,549 for capital leases payable, compensated absences, and the I-Bank Sports Park lease, respectively. These decreases were offset by an increase of \$198,000 in claims payable and \$4,296,413 in the OPEB Obligation. The latter increase resulted from a correction by the actuary to appropriately capture the estimated cost of providing lifetime medical to employees retiring from the City with 15 or 20 years of service depending on the applicable bargaining. A schedule of Long-Term Liabilities can be found in Note 6 of the Notes to the Financial Statements.

Other liabilities increased by \$10,531,160. The major increase in other liabilities was the result of the approximate \$9.3 million in net deposits payable resulting from the receipt of proceeds from the sale of the Nevada Palmetto property less the expenditure of the entire Natural Open

Space deposit, as described above. In addition, the Public Facilities Fund reflected an increase in Advances From Other Funds of \$935,244 resulting from the increase in loans from the General Fund of \$933,709, as previously discussed, as well as increases of \$1,535 for unpaid interest on outstanding loans from other governmental funds as described in Note 4 of the Notes to the Financial Statements.

Of the total \$5.3 million increase in governmental activities net position, the amount invested in capital assets increased by \$2.4 million, restricted assets increased by just over \$1 million with the greatest increase, almost \$1.2 million, in restricted for capital projects category. Unrestricted assets increased by \$1,858,135.

Net Position for Business-Type Activities increased by \$1.4 million.

Current and Other Assets decreased by \$10.6 million. Contributing to the change in Current and Other Assets was a decrease in Water assets of approximately \$7.2 million. The majority of this decrease resulted from a decrease in cash of \$5.7 million, as well as a decrease in cash with fiscal agent of \$2.8 million, offset by an increase of \$1,038,839 due from the Successor Agency, as more fully discussed in Note 18 of the Notes to the Financial Statements. Disposal assets, primarily cash, decreased by \$3.9 million. Sewer assets increased slightly, by \$281,258, primarily due to an approximate increase in cash of \$2.1 million, offset by a decrease in cash with fiscal agent of \$1.8 million.

Capital assets increased by \$12.4 million. The majority of this increase was in Construction in Progress which increased by \$14.9 million, with major projects including Hinckley Construction Improvements (\$8.4 million), Local Water Mains 2010 Construction (\$4.8 million), Country Club Booster/Sitework (\$877,000), Stoffel Avenue Replacement (\$290,000), Brookside Pipeline Replacements (\$280,000), and SCADA System Upgrades (\$64,000). Building and improvements also increased, by approximately \$3 million, with \$2.4 million in improvements at the City's solid waste landfill and almost \$600,000 in improvements at the airport for the Airport Apron Rehabilitation Phase III project. Water rights increased by \$300,000. Partially offsetting these increases, was a decrease in land of \$2.6 million related to the sale of the Nevada Palmetto grove. Other reductions and adjustments, including associated depreciation are detailed in the Capital Assets schedule for business-type activities contained in Note 5 of the Notes to the Financial Statements.

Total liabilities of the business activities increased by \$367,647, with long-term debt outstanding increasing by \$397,773. Compensated absences decreased by \$92,358, as did capital lease payable, by \$61,959, while the landfill closure liability increased by \$262,503. The OPEB obligation increased by \$2,191,073 primarily as a result of the correction previously discussed. The net change in revenue bonds outstanding was a reduction of \$6,525,646 resulting from annual debt service payments, as well as the defeasance of \$12.2 million in 1999 Water and Wastewater Refunding Bonds and the addition of \$11.6 million in 2012 Water and Wastewater Refunding premium bonds. Overall, notes payable increased by \$4,624,160, including annual payments on existing notes and the addition of \$5,276,078 in a note payable associated with the Hinckley Water Treatment Plant upgrade. Further details of these debts are outlined in Note 6 of the Notes to the Financial Statements.

Other liabilities of the business activities decreased minimally, by \$30,126.

Of the total \$1.4 million increase in business-type activities, the amount invested in capital assets increased by \$14.4 million, restricted assets decreased by \$3.8 million, with restrictions for debt service decreasing as a result of the bond defeasance of the 1999 Water and Wastewater bonds and elimination of a reserve requirement for the 2012 Water and Wastewater bonds. Unrestricted assets decreased by \$9.1 million.

A summary of the government-wide statement of activities follows:

**CITY OF REDLANDS**  
**Change in Net Position – Year Ended June 30, 2013**

**Table 2**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
<b>Program Revenues:</b>						
Charges for Services	\$ 12,136,605	\$ 11,428,223	\$ 43,457,394	\$ 40,628,750	\$ 55,593,999	\$ 52,056,973
Operating Grants & Contributions	4,032,286	6,160,827	24,285	1,301	4,056,571	6,162,128
Capital Grants & Contributions	987,916	1,146,004	2,233,877	1,821,907	3,221,793	2,967,911
<b>General Revenues:</b>						
Property Taxes	23,536,133	26,741,406	41,673	37,808	23,577,806	26,779,214
Sales Taxes	15,049,517	12,903,249	-	-	15,049,517	12,903,249
Franchises	2,853,021	2,826,459	-	-	2,853,021	2,826,459
Other Taxes	1,313,022	1,198,772	-	-	1,313,022	1,198,772
Use of Money and Property	58,972	665,553	185,475	757,749	244,447	1,423,302
Other	2,496,060	273,246	3,686,367	914,887	6,182,427	1,188,133
Gain on Sale of Capital Asset	151,116	-	9,736,268	34,949	9,887,384	34,949
Intergovernmental	153,836	165,876	-	-	153,836	165,876
<b>Total Revenues</b>	<b>62,768,484</b>	<b>63,509,615</b>	<b>59,365,339</b>	<b>44,197,351</b>	<b>122,133,823</b>	<b>107,706,966</b>
<b>Program Expenses:</b>						
General Government	9,883,877	9,468,848	-	-	9,883,877	9,468,848
Public Safety	40,027,122	39,036,010	-	-	40,027,122	39,036,010
Culture and Recreation	2,997,558	2,810,345	-	-	2,997,558	2,810,345
Highways and Streets	6,839,184	8,465,455	-	-	6,839,184	8,465,455
Library	1,968,343	1,820,554	-	-	1,968,343	1,820,554
Interest on Long-term Debt	1,589,928	2,120,151	-	-	1,589,928	2,120,151
Water	-	-	20,139,662	15,328,398	20,139,662	15,328,398
Disposal	-	-	10,313,939	8,925,740	10,313,939	8,925,740
Sewer	-	-	8,080,035	7,643,531	8,080,035	7,643,531
Groves	-	-	12,006,971	941,578	12,006,971	941,578
Non-Potable Water	-	-	197,393	203,890	197,393	203,890
Cemetery	-	-	555,402	522,711	555,402	522,711
Aviation	-	-	317,970	335,501	317,970	335,501
<b>Total Expenses</b>	<b>63,306,012</b>	<b>63,721,363</b>	<b>51,611,372</b>	<b>33,901,349</b>	<b>114,917,384</b>	<b>97,622,712</b>
<b>Increase in Net Position before</b>						
Extraordinary Gain and Transfers	(537,528)	(211,748)	7,753,967	10,296,002	7,216,439	10,084,254
<b>Extraordinary Gain on dissolution of</b>						
redevelopment agency	-	21,444,268	-	-	-	21,444,268
<b>Transfers</b>	<b>5,841,908</b>	<b>856,972</b>	<b>(5,841,908)</b>	<b>(856,972)</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) Net Position</b>	<b>5,304,380</b>	<b>22,089,492</b>	<b>1,912,059</b>	<b>9,439,030</b>	<b>7,216,439</b>	<b>31,528,522</b>
Beginning Net Position	582,550,163	584,946,125	198,014,174	188,477,420	780,564,337	773,423,545
Restatement of Net Position	(23,024)	(24,485,454)	(478,790)	97,724	(501,814)	(24,387,730)
<b>Ending Net Position</b>	<b>\$ 587,831,519</b>	<b>\$ 582,550,163</b>	<b>\$ 199,447,443</b>	<b>\$ 198,014,174</b>	<b>\$ 787,278,962</b>	<b>\$ 780,564,337</b>

Governmental Activities

Revenues for the City's governmental activities decreased by \$741,131, or 1.2% from \$63,509,615 in 2012 to \$62,768,484 in 2013. Total governmental activity expenses decreased by \$415,351, or 0.7%, from \$63,721,363 in 2012 to \$63,306,012 in 2013. The cost of all

*government-wide* activities increased by \$17,294,672, or 17.7%, from \$97,622,712 in 2012 to \$114,917,384 in 2013. As shown in the Statement of Activities, the amount that taxpayers financed for these activities through City taxes was \$46,149,205 while other costs were paid by those who directly benefited from the programs, in the amount of \$12,136,605, by other governments and organizations that subsidized certain programs with operating grants and contributions, in the amount of \$4,032,286, or capital grants and contributions in the amount of \$987,916. Overall, the City's governmental program revenues were \$17,156,807, including intergovernmental aid, fees for services, and contributions from developers.

The reasons for significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

Charges for services increased by \$708,382 or 6.2 % in 2013, primarily in General Government which increased by \$526,545. Most notable increases in this category included increases of \$272,858 in revenue from business licenses, and \$73,422 in Building Permits, \$86,844 in Plan Checks and \$53,396 in Conditional Use Permits. Public Safety increased only slightly by \$12,989 and included increases of \$23,697 in fire permits, but decreases of \$33,220 in traffic fines. Culture and Recreation increased by \$123,600, primarily as a result of increased revenues of \$50,218 for Recreation and Senior Center contract classes and \$78,133 for City Classes and Programs held by the Fire Department for outside agencies. The increase of \$46,022 in Highways and Streets resulted primarily as a result of the increase in NPDES revenues of \$68,618. Library decreased by \$774 from prior year.

Operating Grants and Contributions decreased by \$2,128,541, or 34.5% from prior year. The largest decrease was in General Government, \$1,066,392 as a result of decreases of \$634,460 from prior year federal grant revenue associated with the Fire Department's purchase of an aerial ladder truck, as well as a decrease in General Fund donations of \$240,258, largely due to prior year donations of \$217,184 also relating to the purchase of the Fire truck. Additional decreases included \$149,285 in the Disaster Recovery Fund relating to prior year FEMA grants, and \$128,837 as a result of a decrease in Neighborhood Initiative Grant for the Community Center Rehabilitation Project which in prior year was \$137,827 and in current year \$8,990. Remaining differences resulted from GASB 34 conversion entries in prior and current years for deferred revenues.

Public Safety operating grants and contributions decreased by \$543,454 as a result of decreases of \$102,662 in grant revenues, including a reduction of \$72,853 in Supplemental Law Enforcement, an increase of \$12,111 and decrease of \$27,637 in federal and state police grants, respectively, as well as a reduction of \$14,283 of state grant revenue in the Household Hazardous Waste fund. Additional changes resulted from conversion entries made in the prior and current years to adjust deferred revenues.

Highways and Streets operating grants and contributions decreased by \$518,695, with decreases of \$375,423 in state gas tax revenues and \$136,767 in Community Development Block Grant revenues, with decreases of \$22,086 for administrative support, \$115,920 for Community Center Renovation, \$74,383 and \$50,092 in ADA Compliance Projects and Sidewalk Replacement/Curb Cuts projects, respectively, and \$14,927 in various other CDBG programs. Decreases in these CDBG projects were offset by increases of \$12,322 for the Microenterprise Grant Program, \$14,951 for the Economic Development Loan Program, and \$113,368 for ADA Capital Improvements.

Capital Grants and Contributions decreased by \$158,088 or 13.8%. The majority of the decrease, \$169,062 in Culture and Recreation, was due to a decline in impact fees of \$125,371 and \$43,371 in the Park Development and Open Space funds, respectively. Highways and Streets increased by \$10,974 resulting from a decline in Public Facilities fund impact fees of \$407,960,

offset by net increases of \$411,162 in transportation facilities impact fees, an increase of \$6,772 in storm drain impact fees and an increase of \$1,000 for a contribution into the Local Transportation fund for the City's bike lanes.

Property Taxes decreased by \$3,205,273 or 12%, over prior year due, in part, to \$3,928,752 of Redevelopment Agency property tax receipts having been recorded in prior year before the elimination of the Redevelopment Agency. This decrease was offset by a general property tax increase of \$745,975 that resulted from the City's net taxable value increase of 1.9% and assessed value increase of \$136 million, compared to a net taxable decrease of 1.9% and assessed value decrease of \$138 million in the prior year. The change attributed to the 2% Proposition 13 inflation adjustment was \$125 million, which accounted for 92% of all growth experienced in the City.

Sales Taxes increased by \$2,146,268, or 16.6%. The City's general sales tax receipts increased by \$984,402 during the fiscal year primarily due to increases in new automobile sales. The remaining increase, \$1,162,226, was for Measure I (Fund 210) sales tax receipts from the new Measure I allocation (legislation in 2010 affirmed continuation of Measure I funding and a new fund was established to account for collections subsequent to this legislation). Measure I (Fund 208) under the former allocation was previously shown under Highways and Streets Operating Contributions and Grants, with \$930,476 shown in that category in prior year.

Franchise Fees increased by \$26,562 or .94%. Decreases of \$7,567 and \$49,702 in fees from Time Warner and the Gas Company, respectively, were offset by increases of \$67,378 and \$16,453 in fees from Verizon and SCE, respectively.

Other taxes, which include Possessory Interest, Transient Occupancy Tax and Mining Tax, increased by \$114,250 or 9.5%. Possessory Interest increased by \$29,739 or 17% from prior year. Transient Occupancy Tax also increased, by \$100,769, or 12%, indicating that more visitors came to Redlands, potentially due to the fact that the City is the home of the University of Redlands, as well as the headquarters for ESRI, a software development and services company that is a leader in providing Geographic Information Systems (GIS) software and geo-database management applications.. Although Mining tax had increased in the prior year by almost \$85,000, a decline of \$16,258 or 8% from prior year was noted in the current year, indicating that the industry may still be recovering from the effects of the sluggish economy of recent years.

Use of Money and Property decreased by \$606,581 or 91.1%. Decreases included \$435,288 in investment income from all governmental funds, a decrease in sale of surplus property in the General Fund of \$112,952, and a decline of \$25,234 in rental income. Remaining decreases resulted from conversion entries in the current and prior years relating to internal balances.

Other Revenues increased by \$2,222,814 or 813.48%. The major reason for the increase in this category was as a result of a transfer of monies, \$2,055,704 to the Open Space Fund, which was subsequently expended on the purchase of open space property, and \$100,000 to the Park and Open Space Fund, which was spent on improvements to Heritage Park, both which came from deposits held as a result of the sale of the Nevada Palmetto grove, previously discussed.

Gain on Sale of Capital Asset increased by \$151,116.

Intergovernmental revenues decreased by \$12,040 or 7.3%, with decreases of \$37,601 in General Fund motor vehicle license fees and \$3,003 in AB 2766 Air Quality subvention, that were partially offset by an increase of \$28,564 in state mandated cost reimbursements in the General Fund.

General Government expenses increased by \$415,029 or 4.4%. This category of expenses includes many of the City's General Fund departments as well as some non-General Fund expenses including Downtown Redlands Business Area (236), Community Facilities Assessment District 2004-1 (261), and Disaster Recovery (270). The largest decrease in expenditures, \$692,160, was as a result of general government Redevelopment Agency expenditures charged in this category in prior year. With the elimination of Redevelopment Agencies these charges have been eliminated, although this category does include approximately \$20,924 in excess expenses relating to the Successor Agency that will not be reimbursed. The largest increases in this category included increases in various General Fund departments: City Council expenses increased by \$101,904, primarily as a result of an increase of \$74,306 in legal expenses, largely related to employee bargaining unit negotiations, as well as an increase of \$13,294 in Information Technology charges; City Clerk increased by \$32,036 primarily as a result of election year expenses of \$40,436 not incurred in the prior year; City Manager increased by \$86,986 as a result of reallocation of a portion of salaries formerly charged to the Redevelopment Agency as well as an increase in worker's compensation costs; Development Services increased, with Planning increasing by \$131,182, Building and Safety by \$150,358, and Economic Development by \$57,000. These increases were due, in part, to reallocation of salaries and benefits as a result of the elimination of redevelopment, and the limited amount of administrative costs allowed under the Successor Agency, but also included an increase of \$65,000 in other professional services in Planning, and \$21,000 in Economic Development. Also adding to the increase, for financial statement purposes and in compliance with GASB 54, was the inclusion of \$142,195 from the designated receipts fund. Human Resources increased by \$342,515, primarily due to an increase of \$235,240 in retiree health costs. Other information about the General Fund will be discussed under the discussion of major funds. Additionally, a major reason for the change in this category from year to year is due to the GASB 34 conversion entries. In the current year, entries included increases for depreciation, \$124,015, and the OPEB obligation, \$361,030, a reduction of \$2,475 for compensated absences, and a reduction of \$896,146 for Internal Service Funds.

Public Safety expenses increased by \$991,112 or 2.5%. Police department expenditures, including Grant Funds, increased by approximately \$1,273,000. While a decrease of \$238,000 was noted in Police grants, major increases were noted in General Fund Field Services, \$396,000, primarily due to an increase in banked leave buyback of \$244,326 and worker's compensation of \$113,635; and Support Services, \$1,024,000, due to increases in worker's compensation and Information Technology charges at \$357,240 and \$643,081, respectively. Fire department expenses, including Emergency Services and Household Hazardous Waste, decreased by \$156,000. Reductions in banked leave and pensions, as well as significant reductions for constant staffing were noted, reflecting the effects of negotiations with the Fire bargaining units. In General Fund Fire Suppression, these reductions were \$148,988, \$150,715 and \$230,166, respectively. However, an increase in worker's compensation of \$517,202 contributed to the overall increase in Suppression of \$84,000. Overall, General Fund Fire expenses increased by \$73,000, while expenses in the Household Hazardous Waste fund decreased by \$5,000. Emergency Services (paramedic) decreased by \$224,000, with reductions of \$62,323 in pensions and \$335,084 in constant staffing. Also contributing to the net increase in this category are changes in GASB 34 entries from year to year, which for the current year included a decrease for compensated absences of \$101,636, with increases of \$2,435,738 for the OPEB obligation, \$840,219 for depreciation, and \$233,362 for Internal Service Funds.

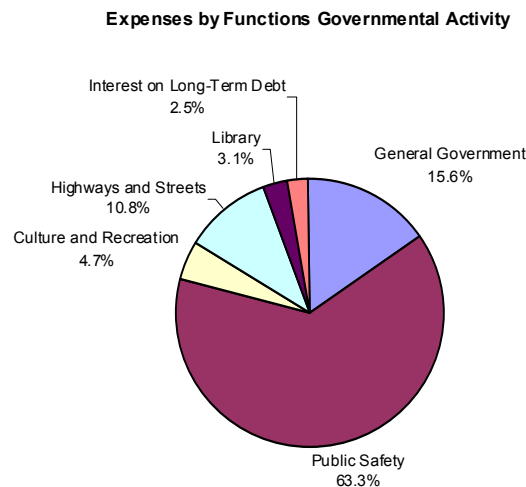
Culture and Recreation expenses increased by \$187,213 or 6.7%. Expenses in the Parks division increased by \$183,000, with increases noted in salaries, \$39,715, worker's compensation \$59,683, legal services, \$50,000, and \$63,737 in special contractual services. Net changes in GASB 34 conversion entries from year to year also impacted the overall change in this category.

GASB 34 conversion entries for the current year include a decrease of \$5,509 in compensated absences and increases of \$205,547 for the OPEB obligation, \$596,630 for depreciation, and \$18,000 for Internal Service Funds

Highway and Streets decreased by \$1,626,271 or 19.2%. Overall, expenses in the current year decreased by approximately \$128,000. The General Fund had overall reductions of approximately \$194,000, with increases noted in Engineering and Quality of Life Administration, \$162,000, offset by decreases in Trees and Streets, \$209,000, as well as in Electrical and Code Enforcement, \$56,000. Outside of the General Fund, increases of \$163,000 in Local Transportation and \$36,000 in Measure I were noted. Net decreases of \$118,000 relating to various impact fee funds also contributed to the overall decrease. However, the major reason for the significant decrease from prior year is due to the year to year net change in GASB 34 entries. In the current year, GASB 34 entries include increases of \$72,530 for compensated absences, \$671,456 for the OPEB obligation, \$4,032,117 in depreciation, and \$18,186 for Internal Service Funds. A reduction of \$2,077,797 to adjust for infrastructure was also included.

Library expenses increased by \$147,789 or 8.1%. Current expenses increased by approximately \$40,000 over prior year with a notable reduction in Information Technology charges of almost \$60,000 and a reduction in health costs of approximately \$11,000. Offsetting these decreases were increases that included increases in full-time salaries, part-time salaries, banked leave and worker's compensation at approximately \$20,000, 10,000, \$30,000 and \$29,000, respectively, along with related increases in other benefit categories. A GASB 34 conversion entry of \$205,547 for the current year OPEB Obligation, compared to \$98,184 made in the prior year, contributed to the change.

Interest on Long-Term Debt decreased by \$530,223 or 25%. Interest payments on outstanding debt decreased from prior year by \$1,044,697, with \$186,113 in reduced interest on remaining debts outstanding, and the remaining decrease of \$858,584 the result of interest expense on Redevelopment Agency debt recorded in prior year, but no longer included in governmental funds. Interest and other expenses of the Successor Agency of the Former RDA are now included in a Private Purpose Trust Fund, a fiduciary fund. Net changes in conversion entries from prior year, along with current year entries that included a decrease of \$97,399 for interest payable, a decrease of \$48,004 for adjustment for amounts due within one year, and an increase of \$62,426 for current year accredited interest on the Pension Obligation bond also contributed to the overall decrease.



## Business-Type Activities

Revenues of the City's Business-Type Activities (See Table 2) increased by \$15,167,988, or 34.3%, from \$44,197,351 in 2012 to \$59,365,339 in 2013 and expenses increased by \$17,710,023, or 52.2%, from \$33,901,349 in 2012 to \$51,611,372 in 2013.

Charges for Services in all of the Business-Type Activities increased by \$2,828,644 or 7%.

The following reflects the changes in Charges for Services for each of the business-type funds:

Charges for Services in the Water Fund increased by \$2,030,079 or 10%, primarily as a result of rate increases of 6% in January, 2012 and January, 2013 that followed a prior rate increase of 5.5% in 2011. Additionally, as a result of a drought experienced by the state in 2012, water sales increased in comparison to prior years.

Charges for Services in the Disposal Fund increased by \$590,239 or 5.9%, in part due to an additional rate increase of 11% effective February 1, 2013, after an increase of 10% in 2011. No rate increase occurred in 2012.

Charges for Services in the Sewer Fund increased by \$438,780 or 5.1%, primarily due to rate increases of 5% in January, 2012 and January, 2013 that followed a previous rate increase of 5% in 2011.

Charges for services in the Groves Fund decreased by \$307,228 or 39.5% because the prior year revenues were abnormally high due to out-of-state market conditions that positively impacted the market for the City's groves.

Charges for services in the Non-Potable Water Fund increased \$39,373 or 8.3%.

Charges for Services in the Cemetery Fund increased by \$30,530 or 9.8%. Increases of \$20,030 in internment fees and \$18,200 for cemetery lots were partially offset by reduced revenues of \$7,700 for crypts.

Charges for Services in the Aviation Fund increased by \$6,871 or 58.6%. This increase is due to an increased number of tie-down customer billings which increased revenues by \$6,758, with the remaining increase the result of gate access fees.

Operating Grants and Contributions increased by \$22,984. The increase is in the Groves fund, relating to a current year grant from the South Coast Air Quality Management District for a tree partnership grant.

Capital Grants and Contributions increased by \$411,970 or 22.6%. Decreases in impact fees were noted in Water, Disposal, and Sewer in the amounts of \$488,084, \$68,050, and \$131,205, respectively. These decreases were offset by an increase in capital contributions for



infrastructure in the Water Fund, \$623,472, and the Sewer Fund, \$248,080, for water and sewer lines in the area of Sunset Drive. In the Aviation Fund grant revenues increased by \$227,757 relating to increases in receipts of FAA Phase III Rehabilitation grant monies.

Property taxes increased by \$3,865 or 10.2% in the Aviation Fund. Unsecured property taxes for aircraft in the current year were \$41,673 compared to \$37,808 in the prior year.

Use of Money and Property decreased by \$572,274 or 75.5%. The greatest differences were noted in Water, Disposal and Sewer, with reductions of \$263,998, \$225,952 and \$53,456, respectively, resulting from decreases in investment earnings due to a combination of low rates of return and fluctuations in the amount of cash available for investment.

Other Revenues increased by \$2,771,480 or 302.9% resulting from current year receipts that include \$2,168,426 in the Water Fund from the sale of Texas Grove Reservoir capacity and \$653,677 in the Disposal Fund from SCE for the landfill cell expansion.

Gain on Sale of Property increased by \$9,701,319 primarily as a result of the Nevada Palmetto grove sale.

Operating expenses of the City's Business Activities, taken from the Statement of Revenues, Expenses, and Changes in Fund Net Position, increased for Water by \$2,980,857 or 20.3%, for Disposal by \$1,379,470 or 13.5% and Sewer by \$550,412 or 7.2%. The increase in the Water Fund was due to increased costs in all categories, with the majority of the increases noted in transmission, distribution & treatment, utility plant operations, and personnel services, at \$925,741, \$719,340, and \$648,314, respectively. The state drought condition resulted in increased water demands which corresponded to increased sales, in addition to an increase in costs associated with the water treatment, pumping and distribution. Administration and general expenses also increased by \$433,462. Disposal also increased in all categories, with the majority in administration and general, personnel services and depreciation expense, at \$570,362, \$545,060, and \$252,432, respectively. Sewer personnel services and administration and general increased by \$641,000 and \$369,772, respectively, while a reduction of \$342,973 was noted in utility plant operations and a reduction of \$117,456 in repairs and maintenance. Personnel services increased, in part, as a result of salaries and benefits increasing with the elimination of staff furloughs.

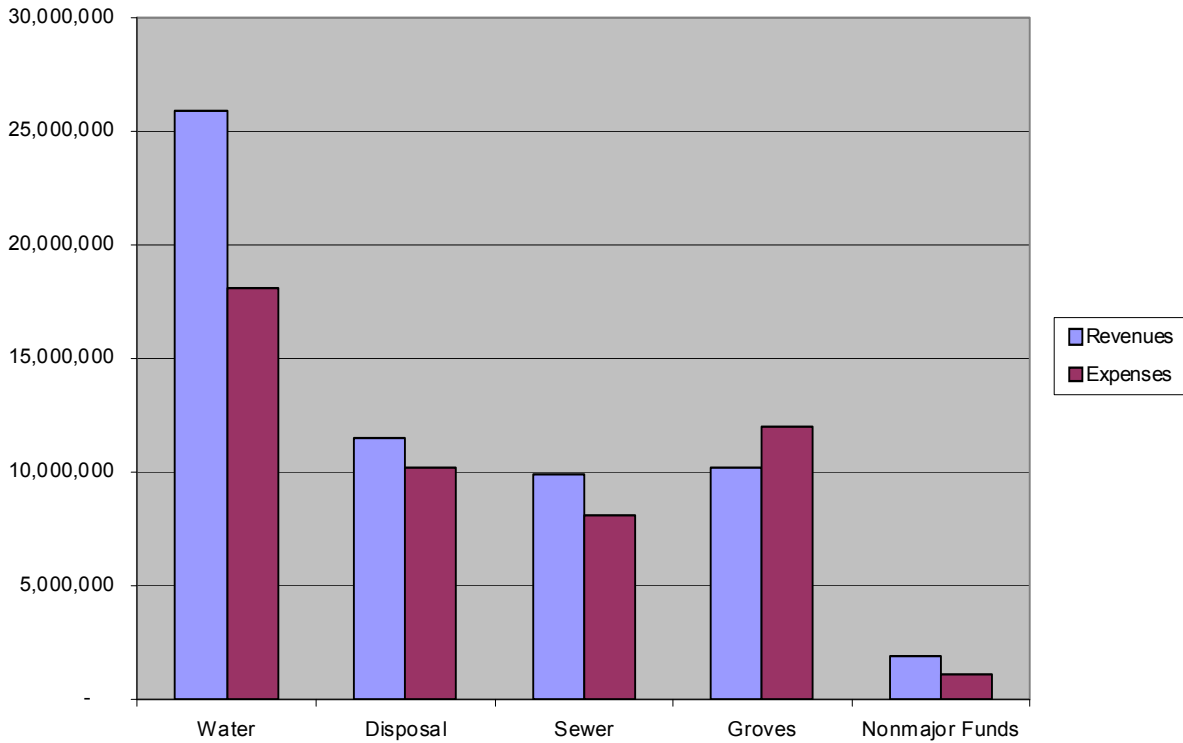
In prior years, the Groves Fund was classified with Other Enterprise funds, however due to the dollar amount of the activity associated with the sale of the Nevada Palmetto Grove, the fund is classified with other major Enterprise funds in the current year Statement of Revenues, Expenses and Changes in Fund Net Position. Despite the significant dollar amount of activity associated with the sale of the grove, operating expenses in the fund actually declined from prior year by \$353,818, primarily in administration and general expense.

In the Aviation Fund, operating expenses increased only slightly, by \$6,470 or 1.9%, with the greatest increases found in administration and general and personnel services.

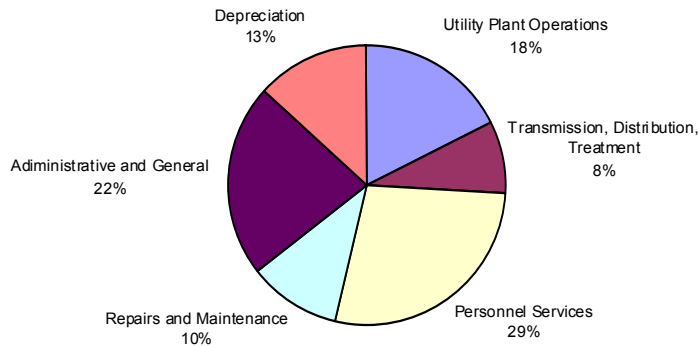
Cemetery operating expenses increased by \$40,576 or 7.9%, with the greatest difference, an increase of \$66,204, in administration and general, largely offset by the decrease in repairs and maintenance.

Operating expenses of the Non-Potable Water Fund decreased \$6,497 or 3.2%.

**Expenses and Program Revenues - Business-type Activities**



**Operating Expenses - 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 2013, the total fund balance reported for the general fund was \$25,478,098, an increase of \$2,250,893 or 9.7%, from the prior year fund balance of \$23,227,205. 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 52.2% of general fund expenditures, however only \$10,116,118 of the \$25.5 million fund balance is unassigned. The unassigned fund balance of \$10.1 million, together with the \$7.6 million fund balance committed to stabilization arrangement (contingencies), is the only portion of fund balance readily available for spending and represents 36.4% of general fund expenditures. With the changes in reporting fund equity required by GASB 54, included in the unassigned balance is \$1,929,866 of designated receipts, which are held in a separate fund that was previously reported as a special revenue fund. When the \$1.9 million of designated receipts are excluded, \$8,186,252 is unassigned, resulting in an available general fund balance of 32.4% of expenditures when added to the \$7.6 million of committed fund balance. Total general fund expenditures this year were \$2,481,141, or 5.4% greater than prior year and total general fund revenues were \$1,418,679, or 2.8% 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 \$984,042 from prior year with increases in the state sales tax compensation allocation and the Bradley Burns sales tax at \$469,552 and \$448,208, respectively; Public Safety Sales Tax (Prop. 172) increased by \$66,282.
- Property Taxes increased by \$745,975, primarily due to an increase of \$661,000 in current secured taxes and an increase of \$65,062 in possessory interest.
- Franchise Fees increased \$26,562. As previously discussed, fees from SCE and Verizon increased, while fees from the Gas Company and Time Warner decreased.
- "Other" Taxes increased a net of \$114,250, with increases of \$100,769 in Transient Occupancy Taxes and \$29,739 in Possessory Interest, and a decrease of \$16,258 in Mining Taxes.
- Licenses and Permits reflect an increase of \$661,599, mostly due to the \$272,858 increase in business license revenue, but increases were also noted in building permits, plan checks, conditional use permits and NPDES permit fees.
- Intergovernmental Revenues decreased by a net amount of \$643,497, primarily the result of a decrease in federal funds of \$636,000 received in prior year for the purchase of a new fire engine. State mandated cost reimbursements increased by \$29,000, offset by the \$38,000 decrease in motor vehicle license fees, which have been eliminated.
- Charges for Services reflect an overall decrease of \$236,023 from prior year. While there are variations over and under in each revenue account, the most significant difference is a decline in donations of \$240,258 as a result of significant donations having been received in the prior year for the purchase and equipping of a new fire engine. Other significant reductions include \$143,099 in cost recovery/reimbursed expenditures, \$60,227 in general plan fees, \$54,000 in elimination of charges for market night security, and \$47,200 in pre-annexation revenues. The most significant increases were \$85,965 in mutual aid reimbursement, \$78,133 in city classes/programs and \$50,218 in recreation contract classes. Other increases included \$37,205 in inspections, \$28,319 in map review, and \$28,228 in waste import fees.

- Use of Money and Property decreased \$310,713, with a decline of \$181,577 in investment income, \$112,952 in sale of surplus property and \$16,184 in rental income.
- Miscellaneous Revenue increased by \$76,474 which is the result of an increase for designated deposit receipts and adjustment to fund balance.

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 \$7,751,280. The funds and amounts owed include the General Fund in the amount of \$7,237,831, the Open Space Fund and Park and Open Space Development Fund, \$130,879 each, the Storm Drain Construction Fund, \$100,676, and the Water Fund, \$151,015. This is an increase from last year of \$935,244 due to a need for new advances to the Police, Fire, Library and General Government funds. The decrease in fund balance/net position results primarily from the transfer to the General Fund of \$146,742 for Fire equipment lease payments, final work on Safety Hall and the continued lack of development activity sufficient to cover debt service obligations.

**Major Enterprise Funds.** The **Water Fund** has a total net position of \$114,084,676 at the end of the fiscal year; \$25,032,971 is unrestricted. The **Disposal Fund** has a total net position of \$20,260,331 at the end of the fiscal year; \$11,495,105 is unrestricted. The **Sewer Fund** has a total net position of \$46,444,945 at the end of the fiscal year; \$15,430,127 is unrestricted. These funds account for the respective utility services provided by the City. The **Groves Fund** has a net position of \$13,447,642, with (\$318,672) unrestricted and the remainder in net investment in capital assets. 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 original 2012-2013 budget and the final amended 2012-2013 budget of the General Fund can be briefly summarized as follows:

- Total Revenues - \$2,395,197 increase in the budget.
- General Government - \$639,427 increase in the budget
- Public Safety - \$6,923 decrease in the budget.
- Culture and Recreation - \$34,144 increase in the budget.
- Highways and Streets - \$61,987 increase in the budget.
- Library – \$82,024 increase in the budget.
- Capital Outlay - \$1,356,630 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
<b>Total Revenues</b>	\$ 51,620,877	\$ 51,205,352	\$ (415,525)
General Government	9,941,866	9,654,507	287,359
Public Safety	31,425,407	31,183,362	242,045
Culture and Recreation	2,161,468	2,163,846	(2,378)
Highways and Streets	3,097,015	3,145,406	(48,391)
Library	1,787,915	1,762,796	25,119
Capital Outlay	1,470,923	665,321	805,602
Debt Service	226,686	226,686	-
<b>Total Expenditures</b>	\$ 50,111,280	\$ 48,801,924	\$ 1,309,356

Actual revenues were under the amended budget estimates by \$415,525. The largest decrease was in the Taxes category at \$709,130. The Charges for Services category ended the fiscal year under budget by \$73,857, as did Use of Money and Property by \$149,170. Licenses and Permits, Intergovernmental and Miscellaneous categories exceeded budget estimates by \$297,751, \$33,373, and \$185,508, respectively. While actual revenues did not meet the amended estimates, they exceeded the original adopted budget by \$1,979,672 and were \$1,418,679 higher than prior year actual amounts. This is due to the conservative approach taken to estimate revenues and provide stabilization in economic conditions.

General Government expenditures ended the year under budget by 2.9%. This is a result of savings achieved in most departments totaling \$339,154, offset by overages in City Council, \$7,882, and Development Services, \$43,913.

Public Safety expenditures were under budget by \$242,045. The Police Department achieved savings of \$217,547, while the Fire Department achieved \$24,498. Together, the net savings achieved by these two departments have allowed a 0.8% reduction in this function.

This fiscal year, Highways and Streets expenditures ended over budget by \$48,391. This increase was largely due to slight overages in all categories in most Quality of Life Divisions and in all categories in the Engineering Department. Together, expenditures resulted in an increase over budget of 1.6%.

Overall, Culture and Recreation was over budget as a result of savings in the services and salaries and benefits categories of Recreation and Senior Services in the Community Services Division, offset by slightly higher increases in salaries and benefits and services and supplies of the Parks Division. Together they came in over budget with a net increase at the end of the year of \$2,378 or 0.1%.

Library expenditures ended under budget by 1.4% or \$25,119 at year-end. This was largely due to savings in salaries and benefits.

Actual capital expenditures were under budget by \$805,603, or 54.8% at year-end. This is due to the budgeting for safety equipment and building and storm drain improvements 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 \$1,309,356, or 2.6%, was achieved by careful review and monitoring of expenditures in all categories, by all departments. With the economic conditions existing over the last few 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, 2013, amounted to \$767,881,462 (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 change in construction in progress totaling \$17,345,426. Of this amount, street construction totaled \$2,453,643 and includes various resurfacing and sidewalk improvements. The net increase in Water construction in progress totaled \$14,910,496 for treatment plant upgrades, well and reservoir rehabilitation and pipeline replacement projects. There was a net increase of \$3,374,108 for buildings and improvements. These include improvements to Heritage Park, \$290,469, and the Community Center, \$261,185. Also included are current year Landfill expansion costs, totaling \$2,421,808, and \$582,558 in Airport pavement rehabilitation costs. Other activity included the purchase of water stock, \$300,000, and restatement of accumulated depreciation beginning balances.

Overall, the City's net capital assets increased by \$16,533,985 for the fiscal year ended June 30, 2013, or 2.2% over prior year. This increase includes net depreciation changes of \$9,413,229 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)
	2013	2012	2013	2012	2013	2012	Percent of Change
Land	\$ 29,547,984	\$ 26,996,026	\$ 28,325,632	\$ 30,935,275	\$ 57,873,616	\$ 57,931,301	-0.10%
Buildings & Improvements	20,940,296	20,570,554	84,524,441	81,520,075	105,464,737	102,090,629	3.31%
Machinery/Equip./Vehicles	19,593,586	19,822,580	14,806,399	14,442,900	34,399,985	34,265,480	0.39%
Infrastructure	187,329,185	183,691,351	131,546,315	130,333,289	318,875,500	314,024,640	1.54%
Water Stock	408,125	408,125	9,281,460	8,981,460	9,689,585	9,389,585	3.20%
Rights of Way	431,692,774	431,692,774	-	-	431,692,774	431,692,774	0.00%
Construction in Progress	14,124,958	11,690,028	39,138,502	24,228,006	53,263,460	35,918,034	48.29%
Accum. Depreciation	(106,130,761)	(101,471,552)	(137,247,434)	(132,493,414)	(243,378,195)	(233,964,966)	4.02%
<b>Total</b>	<b>\$ 597,506,147</b>	<b>\$ 593,399,886</b>	<b>\$ 170,375,315</b>	<b>\$ 157,947,591</b>	<b>\$ 767,881,462</b>	<b>\$ 751,347,477</b>	<b>2.20%</b>

Internal Service Fund capital assets, in the net amount of \$133,362 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; \$6,395,241 was disbursed through June 30, 2013.
- The current year net increase in OPEB obligation reported as required by GASB 45 totals \$6,487,486.
- The City experienced a reduction of \$144,080 in compensated absences.
- There was an increase to the claims payable liability in the amount of \$198,000.

- Paid \$9,204,467 scheduled principal and \$3,705,399 interest on existing debt.
- The City refunded the 1999 Water and Wastewater Revenue Bonds achieving an additional reduction in outstanding principal of \$4,075,000.

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) Percent of Change
	2013	2012	2013	2012	2013	2012	
Capital Lease Obligations	\$ 545,773	\$ 780,074	\$ 114,424	\$ 176,383	\$ 660,197	\$ 956,457	-30.97%
General Obligation Bonds	585,000	1,145,000	-	-	585,000	1,145,000	-48.91%
Taxable Pension Bonds	21,400,395	22,667,969	-	-	21,400,395	22,667,969	-5.59%
Certificates of Participation	6,560,000	8,160,000	-	-	6,560,000	8,160,000	-19.61%
Add: Issuance Premium	240,022	288,026	-	-	240,022	288,026	-16.67%
Revenue Bonds	-	-	8,135,000	15,065,000	8,135,000	15,065,000	-46.00%
Add: Issuance Premium	-	-	404,354	-	404,354	-	0.00%
Notes Payable	-	-	14,795,051	10,170,891	14,795,051	10,170,891	45.46%
Lease Payable	1,720,618	1,768,167	-	-	1,720,618	1,768,167	-2.69%
Claims Payable	3,440,000	3,242,000	-	-	3,440,000	3,242,000	6.11%
Compensated Absences	7,111,361	7,163,083	919,673	1,012,031	8,031,034	8,175,114	-1.76%
Net OPEB Obligation	13,573,941	9,277,528	6,487,367	4,296,294	20,061,308	13,573,822	47.79%
Landfill Closure Liability	-	-	6,550,907	6,288,404	6,550,907	6,288,404	4.17%
<b>Total</b>	<b>\$ 55,177,110</b>	<b>\$ 54,491,847</b>	<b>\$ 37,406,776</b>	<b>\$ 37,009,003</b>	<b>\$ 92,583,886</b>	<b>\$ 91,500,850</b>	<b>1.18%</b>

Additional information on the City's long-term liabilities can be found in Notes 6, 7, 11 and 14 of the Notes to the Basic Financial Statements.

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CITY OF REDLANDS

STATEMENT OF NET POSITION  
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 54,679,858	\$ 59,146,437	\$ 113,826,295
Cash and investments with fiscal agent	1,865,512	1,696,576	3,562,088
Receivables:			
Accounts	1,056,602	7,132,158	8,188,760
Taxes	2,609,190	158	2,609,348
Internal balances	(1,339,146)	1,339,146	-
Prepaid costs	321,369	114,533	435,902
Due from other governments	1,593,606	20,552	1,614,158
Inventories	161,431	-	161,431
Due from Successor Agency	-	1,038,839	1,038,839
Capital assets not being depreciated	475,773,841	76,745,594	552,519,435
Capital assets, net of depreciation	121,732,306	93,629,721	215,362,027
<b>Total Assets</b>	<b>658,454,569</b>	<b>240,863,714</b>	<b>899,318,283</b>
<b>Liabilities:</b>			
Accounts payable	2,517,971	1,874,121	4,392,092
Accrued liabilities	2,374,978	665,282	3,040,260
Accrued interest	617,560	140,013	757,573
Unearned revenue	399,284	1,738	401,022
Deposits payable	9,536,147	1,328,341	10,864,488
Noncurrent liabilities:			
Due within one year	9,162,993	3,625,743	12,788,736
Due in more than one year	46,014,117	33,781,033	79,795,150
<b>Total Liabilities</b>	<b>70,623,050</b>	<b>41,416,271</b>	<b>112,039,321</b>
<b>Net Position:</b>			
Net investment in capital assets	594,654,756	146,926,486	741,581,242
Restricted for:			
Public safety	1,488,026	-	1,488,026
Highway and streets	2,424,166	-	2,424,166
Capital projects	10,458,302	416,340	10,874,642
Debt service	3,707,647	-	3,707,647
Endowment - nonexpendable	1,959,462	-	1,959,462
CFD Assessment	121,274	-	121,274
Unrestricted	(26,982,114)	52,104,617	25,122,503
<b>Total Net Position</b>	<b>\$ 587,831,519</b>	<b>\$ 199,447,443</b>	<b>\$ 787,278,962</b>

CITY OF REDLANDS

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013

	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	\$ 9,883,877	\$ 9,181,388	\$ 155,835	\$ -
Public safety	40,027,122	1,407,921	1,077,917	-
Culture and recreation	2,997,558	343,620	-	142,664
Highway and streets	6,839,184	1,169,364	2,798,534	845,252
Library	1,968,343	34,312	-	-
Interest on long-term debt	1,589,928	-	-	-
<b>Total Governmental Activities</b>	<b>63,306,012</b>	<b>12,136,605</b>	<b>4,032,286</b>	<b>987,916</b>
Business-Type Activities:				
Water	20,139,662	22,350,078	-	862,256
Disposal	10,313,939	10,669,471	-	152,090
Sewer	8,080,035	9,092,431	-	684,152
Groves	12,006,971	471,150	24,285	-
Non-Potable Water	197,393	513,722	-	-
Cemetery	555,402	341,950	-	-
Aviation	317,970	18,592	-	535,379
<b>Total Business-Type Activities</b>	<b>51,611,372</b>	<b>43,457,394</b>	<b>24,285</b>	<b>2,233,877</b>
<b>Total Primary Government</b>	<b>\$ 114,917,384</b>	<b>\$ 55,593,999</b>	<b>\$ 4,056,571</b>	<b>\$ 3,221,793</b>

**General Revenues:**

Taxes:

Property taxes, levied for general purpose

Sales taxes

Franchise taxes

Other taxes

Use of money and property

Other

Gain on sale of capital asset

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>
\$ (546,654)	\$ -	\$ (546,654)
(37,541,284)	-	(37,541,284)
(2,511,274)	-	(2,511,274)
(2,026,034)	-	(2,026,034)
(1,934,031)	-	(1,934,031)
(1,589,928)	-	(1,589,928)
<b>(46,149,205)</b>	<b>-</b>	<b>(46,149,205)</b>
-	3,072,672	3,072,672
-	507,622	507,622
-	1,696,548	1,696,548
-	(11,511,536)	(11,511,536)
-	316,329	316,329
-	(213,452)	(213,452)
-	236,001	236,001
-	<b>(5,895,816)</b>	<b>(5,895,816)</b>
<b>(46,149,205)</b>	<b>(5,895,816)</b>	<b>(52,045,021)</b>
23,536,133	41,673	23,577,806
15,049,517	-	15,049,517
2,853,021	-	2,853,021
1,313,022	-	1,313,022
58,972	185,475	244,447
2,496,060	3,686,367	6,182,427
151,116	9,736,268	9,887,384
153,836	-	153,836
5,841,908	(5,841,908)	-
<b>51,453,585</b>	<b>7,807,875</b>	<b>59,261,460</b>
5,304,380	1,912,059	7,216,439
582,550,163	198,014,174	780,564,337
(23,024)	(478,790)	(501,814)
<b>\$ 587,831,519</b>	<b>\$ 199,447,443</b>	<b>\$ 787,278,962</b>

CITY OF REDLANDS

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	General	Special Revenue Funds		Total Governmental Funds
		Public Facilities Development	Other Governmental Funds	
<b>Assets:</b>				
Cash and investments	\$ 25,791,955	\$ -	\$ 24,700,140	\$ 50,492,095
Cash and investments with fiscal agents	-	-	1,865,512	1,865,512
Receivables:				
Accounts	954,839	-	41,963	996,802
Taxes	2,258,140	-	351,050	2,609,190
Prepaid costs	278,656	-	22,563	301,219
Due from other governments	106,894	-	1,484,165	1,591,059
Due from other funds	905,024	-	-	905,024
Advances to other funds	7,439,183	-	362,434	7,801,617
<b>Total Assets</b>	<b>\$ 37,734,691</b>	<b>\$ -</b>	<b>\$ 28,827,827</b>	<b>\$ 66,562,518</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 898,300	\$ -	\$ 871,551	\$ 1,769,851
Accrued payroll	1,958,235	-	279,378	2,237,613
Unearned revenues	16,657	-	382,627	399,284
Deposits payable	9,383,401	-	152,746	9,536,147
Due to other funds	-	-	905,024	905,024
Advances from other funds	-	7,751,280	-	7,751,280
<b>Total Liabilities</b>	<b>12,256,593</b>	<b>7,751,280</b>	<b>2,591,326</b>	<b>22,599,199</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	922,434	922,434
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>922,434</b>	<b>922,434</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	278,656	-	22,563	301,219
Advances to other funds	7,439,183	-	362,434	7,801,617
<b>Restricted for:</b>				
Public safety	-	-	1,488,026	1,488,026
Highway and streets	-	-	2,323,490	2,323,490
Capital projects	-	-	10,458,302	10,458,302
Debt service	-	-	3,707,647	3,707,647
Endowment	-	-	1,959,462	1,959,462
CFD assessment	-	-	121,274	121,274
<b>Committed to:</b>				
Stabilization arrangement	7,644,141	-	-	7,644,141
Development projects	-	-	5,691,850	5,691,850
Downtown Redlands Business Association	-	-	220,441	220,441
Parking authority	-	-	8,759	8,759
<b>Unassigned</b>	<b>10,116,118</b>	<b>(7,751,280)</b>	<b>(1,050,181)</b>	<b>1,314,657</b>
<b>Total Fund Balances</b>	<b>25,478,098</b>	<b>(7,751,280)</b>	<b>25,314,067</b>	<b>43,040,885</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 37,734,691</b>	<b>\$ -</b>	<b>\$ 28,827,827</b>	<b>\$ 66,562,518</b>

**CITY OF REDLANDS**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013**

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Fund balances of governmental funds	\$ 43,040,885
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.	597,372,785
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Capital leases payable	\$ (545,773)
Taxable pension funding bonds	(21,400,395)
General obligation bonds	(585,000)
Certificates of participation payable	(6,560,000)
Unamortized bond premiums/discounts	(240,022)
I-Bank Sports Park lease	(1,720,618)
Compensated Absences	<u>(6,715,986)</u>
	(37,767,794)
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.	(11,816,978)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(617,560)
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.	922,434
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>(3,302,253)</u>
<b>Net Position of governmental activities</b>	<b><u><u>\$ 587,831,519</u></u></b>

CITY OF REDLANDS

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

	General	Special Revenue Funds Public Facilities Development	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 39,624,568	\$ -	\$ 3,127,125	\$ 42,751,693
Licenses and permits	4,913,865	213,064	963,963	6,090,892
Intergovernmental	71,539	-	4,384,179	4,455,718
Charges for services	6,312,811	-	398,232	6,711,043
Use of money and property	4,280	-	48,316	52,596
Miscellaneous	278,289	-	2,696,242	2,974,531
<b>Total Revenues</b>	<b>51,205,352</b>	<b>213,064</b>	<b>11,618,057</b>	<b>63,036,473</b>
<b>Expenditures:</b>				
Current:				
General government	9,634,813	-	445,229	10,080,042
Public safety	31,183,362	-	5,436,075	36,619,437
Culture and recreation	2,183,540	-	216,763	2,400,303
Highway and streets	3,145,406	22,752	954,534	4,122,692
Library	1,762,796	-	-	1,762,796
Capital outlay	665,321	2,650	6,803,014	7,470,985
Debt service:				
Principal retirement	199,054	-	3,572,794	3,771,848
Interest and fiscal charges	27,632	2,441	1,642,834	1,672,907
<b>Total Expenditures</b>	<b>48,801,924</b>	<b>27,843</b>	<b>19,071,243</b>	<b>67,901,010</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,403,428	185,221	(7,453,186)	(4,864,537)
<b>Other Financing Sources (Uses):</b>				
Transfers in	4,554,414	-	14,128,175	18,682,589
Transfers out	(4,706,949)	(1,101,678)	(5,499,187)	(11,307,814)
Proceeds from sale of capital asset	-	-	350	350
<b>Total Other Financing Sources (Uses)</b>	<b>(152,535)</b>	<b>(1,101,678)</b>	<b>8,629,338</b>	<b>7,375,125</b>
Net Change in Fund Balances	2,250,893	(916,457)	1,176,152	2,510,588
Fund Balances, Beginning of Year, as previously reported	23,227,205	(6,834,823)	24,129,328	40,521,710
Restatements	-	-	8,587	8,587
Fund Balances, Beginning of Year, as restated	23,227,205	(6,834,823)	24,137,915	40,530,297
<b>Fund Balances, End of Year</b>	<b>\$ 25,478,098</b>	<b>\$ (7,751,280)</b>	<b>\$ 25,314,067</b>	<b>\$ 43,040,885</b>

**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, 2013**

---

Net change in fund balances - total governmental funds \$ 2,510,588

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	\$ 9,548,782	
Depreciation	(5,593,331)	
Gain/(loss) on sale of capital assets	<u>151,116</u>	4,106,567

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments on capital leases	234,301	
Principal repayments on general obligation bonds	560,000	
Principal repayments on certificates of participation	1,600,000	
Principal repayment of I-Bank Sports Park lease	47,549	
Amortization of bond premiums/discounts	48,004	
Principal repayments on taxable pension obligation bonds	1,330,000	
Accredited interest on taxable pension obligation bonds	<u>(62,426)</u>	3,757,428

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 97,399

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. 37,090

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. (3,879,318)

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. (425,481)

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. (899,893)

**Change in net position of governmental activities \$ 5,304,380**

CITY OF REDLANDS

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT  
GENERAL FUND  
YEAR ENDED JUNE 30, 2013**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 23,227,205	\$ 23,227,205	\$ 23,227,205	\$ -
<b>Resources (Inflows):</b>				
Taxes	38,196,480	40,333,698	39,624,568	(709,130)
Licenses and permits	4,390,082	4,616,114	4,913,865	297,751
Intergovernmental	35,000	38,166	71,539	33,373
Charges for services	6,402,258	6,386,668	6,312,811	(73,857)
Use of money and property	180,860	153,450	4,280	(149,170)
Miscellaneous	21,000	92,781	278,289	185,508
Transfers in	4,499,474	4,873,757	4,554,414	(319,343)
<b>Amounts Available for Appropriation</b>	<b><u>76,952,359</u></b>	<b><u>79,721,839</u></b>	<b><u>78,986,971</u></b>	<b><u>(734,868)</u></b>
<b>Charges to Appropriation (Outflow):</b>				
General government				
City council	258,638	342,689	350,571	(7,882)
City clerk	252,925	252,435	185,875	66,560
City manager	542,858	835,967	777,099	58,868
Finance	1,731,193	1,922,311	1,823,758	98,553
City attorney	505,376	483,305	472,025	11,280
Human resources	3,081,174	3,110,834	3,064,525	46,309
Building maintenance	1,259,752	1,152,533	1,094,949	57,584
Development services	1,670,523	1,841,792	1,885,705	(43,913)
Public safety				
Police	21,221,170	21,264,333	21,046,786	217,547
Fire	10,211,160	10,161,074	10,136,576	24,498
Culture and recreation				
Community services	714,064	659,987	625,393	34,594
Parks	1,413,260	1,501,481	1,538,453	(36,972)
Highway and streets	3,035,028	3,097,015	3,145,406	(48,391)
Library	1,705,891	1,787,915	1,762,796	25,119
Capital outlay	114,293	1,470,923	665,321	805,602
Debt service:				
Principal retirement	199,054	199,054	199,054	-
Interest and fiscal charges	27,632	27,632	27,632	-
Transfers out	4,895,812	5,030,015	4,706,949	323,066
<b>Total Charges to Appropriations</b>	<b><u>52,839,803</u></b>	<b><u>55,141,295</u></b>	<b><u>53,508,873</u></b>	<b><u>1,632,422</u></b>
<b>Budgetary Fund Balance, June 30</b>	<b><u>\$ 24,112,556</u></b>	<b><u>\$ 24,580,544</u></b>	<b><u>\$ 25,478,098</u></b>	<b><u>\$ 897,554</u></b>



CITY OF REDLANDS

**BUDGETARY COMPARISON STATEMENT  
PUBLIC FACILITIES DEVELOPMENT  
YEAR ENDED JUNE 30, 2013**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (6,834,823)	\$ (6,834,823)	\$ (6,834,823)	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	372,000	151,000	213,064	62,064
<b>Amounts Available for Appropriation</b>	<b>(6,462,823)</b>	<b>(6,683,823)</b>	<b>(6,621,759)</b>	<b>62,064</b>
<b>Charges to Appropriation (Outflow):</b>				
Highway and streets	-	66,661	22,752	43,909
Capital outlay	-	2,650	2,650	-
Debt service:				
Interest and fiscal charges	-	-	2,441	(2,441)
Transfers out	1,101,963	1,101,963	1,101,678	285
<b>Total Charges to Appropriations</b>	<b>1,101,963</b>	<b>1,171,274</b>	<b>1,129,521</b>	<b>41,753</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (7,564,786)</b>	<b>\$ (7,855,097)</b>	<b>\$ (7,751,280)</b>	<b>\$ 103,817</b>

## CITY OF REDLANDS

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Disposal</b>	<b>Sewer</b>	<b>Groves</b>
<b>Assets:</b>				
Current:				
Cash and investments	\$ 23,886,381	\$ 17,554,053	\$ 15,528,696	\$ -
Receivables:				
Accounts	3,947,499	1,650,870	1,420,280	9,833
Taxes	-	-	-	-
Prepaid costs	49,919	35,271	25,655	160
Due from Successor Agency	1,038,839	-	-	-
Due from other governments	3,543	3,082	1,372	-
Due from other funds	70,366	-	-	-
Inventories	-	-	-	-
<b>Total Current Assets</b>	<b>28,996,547</b>	<b>19,243,276</b>	<b>16,976,003</b>	<b>9,993</b>
Noncurrent:				
Advances to other funds	1,365,482	1,145,019	-	-
Capital assets - net of accumulated depreciation	103,265,878	8,879,650	39,718,710	13,766,314
Cash and investment with fiscal agent	937,128	-	759,448	-
<b>Total Noncurrent Assets</b>	<b>105,568,488</b>	<b>10,024,669</b>	<b>40,478,158</b>	<b>13,766,314</b>
<b>Total Assets</b>	<b>\$ 134,565,035</b>	<b>\$ 29,267,945</b>	<b>\$ 57,454,161</b>	<b>\$ 13,776,307</b>
<b>Liabilities and Net Position:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 1,456,239	\$ 166,652	\$ 165,962	\$ 56,093
Accrued payroll	300,743	187,774	155,976	854
Interest payable	35,289	-	104,724	-
Unearned revenues	-	1,738	-	-
Deposits payable	633,744	-	-	-
Due to other funds	-	-	-	70,366
Landfill closure	-	273,461	-	-
Accrued compensated absences	227,034	177,383	149,136	-
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	1,522,614	114,424	1,151,427	-
<b>Total Current Liabilities</b>	<b>4,175,663</b>	<b>921,432</b>	<b>1,727,225</b>	<b>127,313</b>
Noncurrent:				
Advances from other funds	-	-	-	201,352
Accrued compensated absences	227,516	49,145	78,681	-
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	13,107,899	-	7,552,465	-
Net OPEB obligation	2,969,281	1,759,591	1,650,845	-
Landfill closure	-	6,277,446	-	-
<b>Total Noncurrent Liabilities</b>	<b>16,304,696</b>	<b>8,086,182</b>	<b>9,281,991</b>	<b>201,352</b>
<b>Total Liabilities</b>	<b>20,480,359</b>	<b>9,007,614</b>	<b>11,009,216</b>	<b>328,665</b>
<b>Net Position:</b>				
Net investment in capital assets	88,635,365	8,765,226	31,014,818	13,766,314
Restricted for debt service	416,340	-	-	-
Unrestricted	25,032,971	11,495,105	15,430,127	(318,672)
<b>Total Net Position</b>	<b>114,084,676</b>	<b>20,260,331</b>	<b>46,444,945</b>	<b>13,447,642</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 134,565,035</b>	<b>\$ 29,267,945</b>	<b>\$ 57,454,161</b>	<b>\$ 13,776,307</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, 2013

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
<b>Assets:</b>			
Current:			
Cash and investments	\$ 2,177,307	\$ 59,146,437	\$ 4,187,763
Receivables:			
Accounts	103,676	7,132,158	59,800
Taxes	158	158	-
Prepaid costs	3,528	114,533	20,150
Due from Successor Agency	-	1,038,839	-
Due from other governments	12,555	20,552	2,547
Due from other funds	-	70,366	25,405
Inventories	-	-	161,431
<b>Total Current Assets</b>	<b>2,297,224</b>	<b>67,523,043</b>	<b>4,457,096</b>
Noncurrent:			
Advances to other funds	-	2,510,501	-
Capital assets - net of accumulated depreciation	4,744,763	170,375,315	133,362
Cash and investment with fiscal agent	-	1,696,576	-
<b>Total Noncurrent Assets</b>	<b>4,744,763</b>	<b>174,582,392</b>	<b>133,362</b>
<b>Total Assets</b>	<b>\$ 7,041,987</b>	<b>\$ 242,105,435</b>	<b>\$ 4,590,458</b>
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	\$ 29,175	\$ 1,874,121	\$ 748,120
Accrued payroll	19,935	665,282	137,365
Interest payable	-	140,013	-
Unearned revenues	-	1,738	-
Deposits payable	694,597	1,328,341	-
Due to other funds	-	70,366	25,405
Landfill closure	-	273,461	-
Accrued compensated absences	10,264	563,817	156,200
Accrued claims and judgments	-	-	1,720,000
Bonds, notes, and capital leases	-	2,788,465	-
<b>Total Current Liabilities</b>	<b>753,971</b>	<b>7,705,604</b>	<b>2,787,090</b>
Noncurrent:			
Advances from other funds	2,359,486	2,560,838	-
Accrued compensated absences	514	355,856	239,175
Accrued claims and judgments	-	-	1,720,000
Bonds, notes, and capital leases	-	20,660,364	-
Net OPEB obligation	107,650	6,487,367	1,756,963
Landfill closure	-	6,277,446	-
<b>Total Noncurrent Liabilities</b>	<b>2,467,650</b>	<b>36,341,871</b>	<b>3,716,138</b>
<b>Total Liabilities</b>	<b>3,221,621</b>	<b>44,047,475</b>	<b>6,503,228</b>
<b>Net Position:</b>			
Net investment in capital assets	4,744,763	146,926,486	133,362
Restricted for debt service	-	416,340	-
Unrestricted	(924,397)	50,715,134	(2,046,132)
<b>Total Net Position</b>	<b>3,820,366</b>	<b>198,057,960</b>	<b>(1,912,770)</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 7,041,987</b>	<b>242,105,435</b>	<b>\$ 4,590,458</b>
		1,389,483	
		<b>\$ 199,447,443</b>	

CITY OF REDLANDS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Disposal</b>	<b>Sewer</b>	<b>Groves</b>
<b>Operating Revenues:</b>				
Sales and service charges	\$ 22,350,078	\$ 10,669,471	\$ 9,092,431	\$ 471,150
Miscellaneous	2,468,518	662,608	52,130	-
Impact fees	238,784	152,090	436,072	-
<b>Total Operating Revenues</b>	<b>25,057,380</b>	<b>11,484,169</b>	<b>9,580,633</b>	<b>471,150</b>
<b>Operating Expenses:</b>				
Administration and general	3,166,913	2,765,033	1,428,728	566,619
Utility plant operations	4,406,785	-	2,086,623	-
Transmission, distribution & treatment	3,081,317	-	-	-
Personnel services	3,991,495	3,392,073	2,446,690	19,218
Repairs and maintenance	616,002	2,944,374	282,211	-
Premiums paid out	-	-	-	-
Depreciation expense	2,417,714	1,103,798	1,375,876	-
<b>Total Operating Expenses</b>	<b>17,680,226</b>	<b>10,205,278</b>	<b>7,620,128</b>	<b>585,837</b>
Operating Income (Loss)	7,377,154	1,278,891	1,960,505	(114,687)
<b>Nonoperating Revenues (Expenses):</b>				
Intergovernmental	-	-	-	24,285
Interest revenue	73,550	16,987	89,324	(53)
Interest expense	(410,037)	(6,217)	(445,939)	(602)
Contributions	623,472	-	248,080	-
Miscellaneous income	120,200	-	-	-
Miscellaneous expense	(17,165)	-	(8,012)	-
Property taxes	-	-	-	-
Grants	-	-	-	-
Allocation of land sale proceeds	-	-	-	(11,420,579)
Gain (loss) on disposal of capital assets	-	-	-	9,736,268
<b>Total Nonoperating Revenues (Expenses)</b>	<b>390,020</b>	<b>10,770</b>	<b>(116,547)</b>	<b>(1,660,681)</b>
Income (Loss) Before Transfers and Extraordinary Loss	7,767,174	1,289,661	1,843,958	(1,775,368)
Transfers in	-	776,857	-	-
Transfers out	(899,227)	(4,621,121)	(173,085)	(925,332)
Extraordinary loss (Note 18)	(2,024,168)	-	-	-
Changes in Net Position	4,843,779	(2,554,603)	1,670,873	(2,700,700)
<b>Net Position:</b>				
Beginning of Year, as previously reported	109,381,256	23,014,931	44,912,506	16,148,342
Restatements	(140,359)	(199,997)	(138,434)	-
Beginning of Fiscal Year, as restated	109,240,897	22,814,934	44,774,072	16,148,342
<b>End of Fiscal Year</b>	<b>\$ 114,084,676</b>	<b>\$ 20,260,331</b>	<b>\$ 46,444,945</b>	<b>\$ 13,447,642</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, 2013

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
<b>Operating Revenues:</b>			
Sales and service charges	\$ 855,672	\$ 43,438,802	\$ 11,928,267
Miscellaneous	355,978	3,539,234	525,519
Impact fees	-	826,946	-
<b>Total Operating Revenues</b>	<b>1,211,650</b>	<b>47,804,982</b>	<b>12,453,786</b>
<b>Operating Expenses:</b>			
Administration and general	426,572	8,353,865	6,223,510
Utility plant operations	149,300	6,642,708	-
Transmission, distribution & treatment	-	3,081,317	-
Personnel services	409,768	10,259,244	3,039,061
Repairs and maintenance	4,741	3,847,328	2,268,593
Premiums paid out	-	-	381,438
Depreciation expense	106,843	5,004,231	29,131
<b>Total Operating Expenses</b>	<b>1,097,224</b>	<b>37,188,693</b>	<b>11,941,733</b>
Operating Income (Loss)	114,426	10,616,289	512,053
<b>Nonoperating Revenues (Expenses):</b>			
Intergovernmental	-	24,285	-
Interest revenue	3,741	183,549	6,376
Interest expense	(7,298)	(870,093)	-
Contributions	-	871,552	-
Miscellaneous income	79,334	199,534	-
Miscellaneous expense	-	(25,177)	-
Property taxes	41,673	41,673	-
Grants	535,379	535,379	-
Allocation of land sale proceeds	-	(11,420,579)	-
Gain (loss) on disposal of capital assets	-	9,736,268	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>652,829</b>	<b>(723,609)</b>	<b>6,376</b>
Income (Loss) Before Transfers and Extraordinary Loss	767,255	9,892,680	518,429
Transfers in	-	776,857	1,135,000
Transfers out	-	(6,618,765)	(2,667,867)
Extraordinary loss (Note 18)	-	(2,024,168)	-
Changes in Net Position	767,255	2,026,604	(1,014,438)
<b>Net Position:</b>			
Beginning of Year, as previously reported	3,053,111	196,510,146	(890,339)
Restatements	-	(478,790)	(7,993)
Beginning of Fiscal Year, as restated	3,053,111	196,031,356	(898,332)
<b>End of Fiscal Year</b>	<b>\$ 3,820,366</b>	<b>198,057,960</b>	<b>\$ (1,912,770)</b>
		2,026,604	
		(114,545)	
		<b>\$ 1,912,059</b>	

## CITY OF REDLANDS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Disposal</u>	<u>Sewer</u>	<u>Groves</u>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 24,882,238	\$ 11,324,771	\$ 9,450,748	\$ 527,884
Cash paid to suppliers for goods and services	(7,761,922)	(3,481,872)	(2,389,141)	24,381
Cash payments for claims	-	-	-	-
Cash paid to employees for services	(6,173,307)	(5,320,391)	(3,294,732)	(585,929)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>10,947,009</u></b>	<b><u>2,522,508</u></b>	<b><u>3,766,875</u></b>	<b><u>(33,664)</u></b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers out	(899,227)	(4,621,121)	(173,085)	(925,332)
Cash transfers in	-	776,857	-	-
Cash received from other activities	181,134	-	-	-
Payments to other funds	(70,366)	-	-	-
Cash received from other funds	-	-	-	9,432
Advance from other funds	-	-	-	602
Advance to other funds	(3,062,340)	121,283	-	-
Intergovernmental	(3,543)	(1,344)	(1,372)	24,285
Grants received	-	-	-	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b><u>(3,854,342)</u></b>	<b><u>(3,724,325)</u></b>	<b><u>(174,457)</u></b>	<b><u>(891,013)</u></b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(16,083,911)	(2,703,574)	-	2,609,643
Principal paid on long term debt	(7,924,166)	(61,959)	(7,922,462)	-
Interest paid on capital debt	(522,187)	(6,217)	(533,564)	(602)
Proceeds of debt issued	8,908,078	-	5,037,064	-
Proceeds from sales of capital assets	-	-	-	(1,684,311)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b><u>(15,622,186)</u></b>	<b><u>(2,771,750)</u></b>	<b><u>(3,418,962)</u></b>	<b><u>924,730</u></b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	73,663	16,987	89,404	(53)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>73,663</u></b>	<b><u>16,987</u></b>	<b><u>89,404</u></b>	<b><u>(53)</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b><u>(8,455,856)</u></b>	<b><u>(3,956,580)</u></b>	<b><u>262,860</u></b>	<b><u>-</u></b>
Cash and Cash Equivalents at Beginning of Year	33,279,365	21,510,633	16,025,284	-
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 24,823,509</u></b>	<b><u>\$ 17,554,053</u></b>	<b><u>\$ 16,288,144</u></b>	<b><u>\$ -</u></b>

CITY OF REDLANDS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Disposal</u>	<u>Sewer</u>	<u>Groves</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 7,377,154	\$ 1,278,891	\$ 1,960,505	\$ (114,687)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	2,417,714	1,103,798	1,375,876	-
(Increase) decrease in accounts receivable	(281,237)	(153,234)	(129,885)	56,734
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expense	(49,919)	(35,271)	(25,655)	(160)
Increase (decrease) in accounts payable	392,101	(502,227)	5,348	24,541
Increase (decrease) in accrued payroll	47,690	31,926	3,870	(92)
Increase (decrease) in deposits payable	106,095	(6,164)	-	-
Increase (decrease) in net OPEB obligation	999,055	573,332	573,989	-
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	(61,644)	(31,046)	2,827	-
Increase (decrease) in landfill closure liability	-	262,503	-	-
<b>Total Adjustments</b>	<b>3,569,855</b>	<b>1,243,617</b>	<b>1,806,370</b>	<b>81,023</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 10,947,009</b>	<b>\$ 2,522,508</b>	<b>\$ 3,766,875</b>	<b>\$ (33,664)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Contributions from developers	\$ 623,472	\$ -	\$ 248,080	\$ -

CITY OF REDLANDS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 1,216,109	\$ 47,401,750	\$ 12,448,392
Cash paid to suppliers for goods and services	(523,098)	(14,131,652)	(7,779,850)
Cash payments for claims	-	-	(183,438)
Cash paid to employees for services	(388,963)	(15,763,322)	(3,062,122)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>304,048</b>	<b>17,506,776</b>	<b>1,422,982</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash transfers out	-	(6,618,765)	(2,667,867)
Cash transfers in	-	776,857	1,135,000
Cash received from other activities	79,334	260,468	-
Payments to other funds	-	(70,366)	(25,405)
Cash received from other funds	-	9,432	22,858
Advance from other funds	(122,402)	(121,800)	-
Advance to other funds	-	(2,941,057)	-
Intergovernmental	74,594	92,620	-
Grants received	535,379	535,379	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>566,905</b>	<b>(8,077,232)</b>	<b>(1,535,414)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(582,558)	(16,760,400)	-
Principal paid on long term debt	-	(15,908,587)	-
Interest paid on capital debt	(7,298)	(1,069,868)	-
Proceeds of debt issued	-	13,945,142	-
Proceeds from sales of capital assets	-	(1,684,311)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(589,856)</b>	<b>(21,478,024)</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	3,741	183,742	6,376
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>3,741</b>	<b>183,742</b>	<b>6,376</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>284,838</b>	<b>(11,864,738)</b>	<b>(106,056)</b>
Cash and Cash Equivalents at Beginning of Year	1,892,469	72,707,751	4,293,819
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,177,307</b>	<b>\$ 60,843,013</b>	<b>\$ 4,187,763</b>



CITY OF REDLANDS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 114,426	\$ 10,616,289	\$ 512,053
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Depreciation	106,843	5,004,231	29,131
(Increase) decrease in accounts receivable	4,459	(503,163)	(5,259)
(Increase) decrease in inventory	-	-	30,318
(Increase) decrease in prepaid expense	(3,528)	(114,533)	(20,150)
Increase (decrease) in accounts payable	20,348	(59,889)	284,855
Increase (decrease) in accrued payroll	(4,592)	78,802	(8,429)
Increase (decrease) in deposits payable	23,891	123,822	-
Increase (decrease) in net OPEB obligation	44,697	2,191,073	417,095
Increase (decrease) in claims and judgments	-	-	198,000
Increase (decrease) in compensated absences	(2,496)	(92,359)	(14,632)
Increase (decrease) in landfill closure liability	-	262,503	-
<b>Total Adjustments</b>	<b>189,622</b>	<b>6,890,487</b>	<b>910,929</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 304,048</b>	<b>\$ 17,506,776</b>	<b>\$ 1,422,982</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
Contributions from developers	\$ -	\$ 871,552	\$ -

CITY OF REDLANDS

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2013

	<u>Agency Funds</u>	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
<b>Assets:</b>		
Cash and investments	\$ 3,285,700	\$ 5,841,097
Cash and investments with fiscal agents	2,622,294	3,632,916
Receivables:		
Accounts	-	599
Note	-	137,477
Accrued interest	187,425	-
Capital assets:		
Capital assets, not being depreciated	-	2,833,418
<b>Total Assets</b>	<b><u>\$ 6,095,419</u></b>	<b><u>12,445,507</u></b>
<b>Liabilities:</b>		
Accounts payable	\$ 42,569	16,134
Accrued payroll	-	15,024
Accrued interest	-	559,479
Deposits payable	6,052,850	3,000
Due to city of Redlands	-	1,038,839
Long-term liabilities:		
Due in one year	-	2,255,000
Due in more than one year	-	25,735,000
<b>Total Liabilities</b>	<b><u>\$ 6,095,419</u></b>	<b><u>29,622,476</u></b>
<b>Net Position:</b>		
Held in trust for other purposes		(17,176,969)
<b>Total Net Position</b>		<b><u>\$ (17,176,969)</u></b>

CITY OF REDLANDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2013

	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
<b>Additions:</b>	
Taxes	\$ 6,702,378
Interest and change in fair value of investments	90,581
Miscellaneous	<u>96,094</u>
<b>Total Additions</b>	<b><u>6,889,053</u></b>
<b>Deductions:</b>	
Administrative expenses	266,008
Contractual services	210,121
Interest expense	<u>1,390,046</u>
<b>Total Deductions</b>	<b><u>1,866,175</u></b>
Extraordinary gain (Note 18)	2,024,168
<b>Changes in Net Position</b>	<b>7,047,046</b>
Net Position - Beginning of the Year	(23,823,693)
Restatement	(400,322)
Net Position - Beginning of the Year, as restated	<u>(24,224,015)</u>
<b>Net Position - End of the Year</b>	<b><u>\$ (17,176,969)</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.

**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 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.

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

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 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

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

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.

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

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

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)**

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.

Groves Fund

The Groves Fund is an enterprise fund used to account for the citrus groves land that is owned by the City. This fund accounts for the revenues earned by the sale of land and the costs associated with maintaining the properties.

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 Funds

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

**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	25-40 years
Equipment	3-10 years
Infrastructure	20-75 years

**g. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

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 so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of 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 federal and non-federal grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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:

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

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 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, 2013, is \$7,644,141 and is included in committed fund balance. These funds may be used only

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

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 of Supplies**

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.

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.

**l. 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.

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

**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, the school district and the redevelopment agency. 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 Discounts**

Bond discounts for proprietary 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. Restatement of Net Position**

The City implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65, among other things, amends prior guidance with respect to the treatment of debt issuance costs. Debt issuance costs should be recognized in the period incurred rather than reported on the statement of net position as deferred charges and recognized systematically over the life of the debt. The accounting changes of this statement should be applied retroactive and therefore the City has reported a restatement of beginning net position for any unamortized debt issuance costs (deferred charges) previously reported on the statement of net position to conform

**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.

**CITY OF REDLANDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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**Note 2: Stewardship, Compliance and Accountability (Continued)**

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).

**Note 3: Cash and Investments**

Cash and investments as of June 30, 2013, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 113,826,295
Cash and investments held by fiscal agent	3,562,088
Fiduciary Funds:	
Cash and investments	9,126,797
Cash and investments held by fiscal agent	6,255,210
Total cash and investments	<u>\$ 132,770,390</u>

Cash and investments as of June 30, 2013, consist of the following:

Cash on hand	\$ 5,000
Deposits with financial institutions	2,163,920
Investments	130,601,470
Total cash and investments	<u>\$ 132,770,390</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, 2013**

**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	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	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

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:



CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

Note 3: Cash and Investments (Continued)

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Federal agency securities	\$ 53,516,044	\$ -	\$ 26,020,714	\$ 27,495,330
U.S. treasury notes	2,009,460	-	2,009,460	-
Corporate bonds	17,194,050	2,007,760	9,279,610	5,906,680
Certificates of deposit	4,191,846	745,060	3,200,405	246,381
Mutual funds	662,446	662,446	-	-
LAIF	43,210,326	43,210,326	-	-
Held by fiscal agent:				
Federal agency securities	3,028,214	3,028,214	-	-
Money market funds	4,550,645	4,550,645	-	-
Investment contracts	2,238,439	2,238,439	-	-
Total	\$ 130,601,470	\$ 56,442,890	\$ 40,510,189	\$ 33,648,391

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	\$ 53,516,044	N/A	\$ -	\$ 53,516,044	\$ -
U.S. treasury notes	2,009,460	N/A	2,009,460	-	-
Corporate bonds	17,194,050	A	-	17,194,050	-
Certificates of deposit	4,191,846	N/A	-	-	4,191,846
Mutual funds	662,446	A	-	662,446	-
LAIF	43,210,326	N/A	-	-	43,210,326
Held by bond trustee:					
Federal agency securities	3,028,214	N/A	-	3,028,214	-
Money market funds	4,550,645	A	-	4,550,645	-
Investment contracts	2,238,439	N/A	-	-	2,238,439
Total	\$ 130,601,470		\$ 2,009,460	\$ 78,951,399	\$ 49,640,611

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:

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal agency securities	\$ 7,941,023
Federal Home Loan Bank	Federal agency securities	16,807,950
Federal Home Loan Mortgage Corporation	Federal agency securities	10,910,340
Federal Agric. Mortgage Corporation	Federal agency securities	1,984,760
Federal National Mortgage Association	Federal agency securities	15,871,971

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 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.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

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

As of June 30, 2013, the City had the following due to/from other funds:

Funds	Due To Other Funds			Total
	Nonmajor Governmental Funds	Groves Fund	Internal Service Funds	
Due From Other Funds:				
General Fund	\$ 905,024	\$ -	\$ -	\$ 905,024
Water Fund	-	70,366	-	70,366
Internal Service Funds	-	-	25,405	25,405
Total	<u>\$ 905,024</u>	<u>\$ 70,366</u>	<u>\$ 25,405</u>	<u>\$ 1,000,795</u>

The interfund balances were made to cover negative cash balances and other temporary loans at June 30, 2013.

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

As of June 30, 2013, advances to/from other funds were as follows:

Funds	Advances from other funds			Total
	Public Facilities Development	Groves Fund	Nonmajor Proprietary Funds	
Advances to other funds:				
General Fund	\$ 7,237,831	\$ 201,352	\$ -	\$ 7,439,183
Nonmajor governmental funds	362,434	-	-	362,434
Water Fund	151,015	-	1,214,467	1,365,482
Solid Waste Fund	-	-	1,145,019	1,145,019
Total	<u>\$ 7,751,280</u>	<u>\$ 201,352</u>	<u>\$ 2,359,486</u>	<u>\$ 10,312,118</u>

The General Fund has advanced \$7,237,831 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. These advances were made from the Open Space Fund, the Park Development Fund, the Storm Drain Construction Fund, and the Water Fund for \$513,449.

The General Fund has advanced the Groves Fund \$201,352 to provide funding for capital expenditures and operating shortages.

The Water Fund and Solid Waste Fund advanced the Cemetery and Aviation Funds \$2,359,486 to provide funding for capital expenditures.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

**c. Transfers In/Out:**

Transfers in and out for the year ended June 30, 2013, were as follows:

Funds	Transfers Out								Total
	General Fund	Public Facilities Development	Nonmajor Governmental Funds	Water	Solid Waste	Sewer	Groves	Internal Service	
Transfers In:									
General Fund	\$ -	\$ 146,742	\$ 2,455,889	\$ 796,815	\$ 998,971	\$ 155,997	\$ -	\$ -	\$ 4,554,414
Nonmajor Governmental Funds	3,571,949	954,936	3,043,298	102,412	3,622,150	17,088	148,475	2,667,867	14,128,175
Disposal Fund	-	-	-	-	-	-	776,857	-	776,857
Internal Service	1,135,000	-	-	-	-	-	-	-	1,135,000
<b>Total</b>	<b>\$ 4,706,949</b>	<b>\$ 1,101,678</b>	<b>\$ 5,499,187</b>	<b>\$ 899,227</b>	<b>\$ 4,621,121</b>	<b>\$ 173,085</b>	<b>\$ 925,332</b>	<b>\$ 2,667,867</b>	<b>\$ 20,594,446</b>

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

**Note 5: Capital Assets**

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Adjustments*	Transfers of CIP	Additions	Deletions	Ending Balance
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 26,996,026	\$ -	\$ -	\$ 2,551,958	\$ -	\$ 29,547,984
Water rights	408,125	-	-	-	-	408,125
Rights of way	431,692,774	-	-	-	-	431,692,774
Construction in progress	11,690,028	-	(1,600,126)	4,035,056	-	14,124,958
<b>Total capital assets not being depreciated</b>	<b>470,786,953</b>	<b>-</b>	<b>(1,600,126)</b>	<b>6,587,014</b>	<b>-</b>	<b>475,773,841</b>
Capital assets being depreciated:						
Infrastructure	183,691,351	-	1,581,413	2,198,267	141,846	187,329,185
Buildings and improvements	20,570,554	-	18,713	351,029	-	20,940,296
Machinery, equipment and vehicles	19,822,580	7,000 *	-	412,472	648,466	19,593,586
<b>Total capital assets being depreciated</b>	<b>224,084,485</b>	<b>7,000</b>	<b>1,600,126</b>	<b>2,961,768</b>	<b>790,312</b>	<b>227,863,067</b>
Less accumulated depreciation for:						
Infrastructure	75,515,737	-	-	4,034,946	292,962	79,257,721
Buildings and improvements	9,008,751	(30,710)	-	495,769	-	9,473,810
Machinery, equipment and vehicles	16,947,064	8,885	-	1,091,747	648,466	17,399,230
<b>Total accumulated depreciated</b>	<b>101,471,552</b>	<b>(21,825) **</b>	<b>-</b>	<b>5,622,462</b>	<b>941,428</b>	<b>106,130,761</b>
<b>Total capital assets being depreciated, net</b>	<b>122,612,933</b>	<b>28,825</b>	<b>1,600,126</b>	<b>(2,660,694)</b>	<b>(151,116)</b>	<b>121,732,306</b>
Governmental activities:						
Capital assets, net	\$ 593,399,886	\$ 28,825	\$ -	\$ 3,926,320	\$ (151,116)	\$ 597,506,147

\* Adjustment was to correct prior period balance to add asset which was not added in Fiscal Year 2011-2012.

\*\* Adjustment was to correct prior period accumulated depreciation.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

Note 5: Capital Assets (Continued)

	Beginning Balance	Adjustments*	Transfers of CIP	Additions	Deletions	Ending Balance
Business-type activities:						
Capital assets not being depreciated:						
Land	\$ 30,935,275	\$ -	\$ -	\$ -	\$ 2,609,643	\$ 28,325,632
Water rights	8,981,460	-	-	300,000	-	9,281,460
Construction in progress	24,228,006	-	(466,533)	15,377,029	-	39,138,502
Total capital assets not being depreciated	64,144,741	-	(466,533)	15,677,029	2,609,643	76,745,594
Capital assets being depreciated:						
Infrastructure	130,333,289	-	466,533	871,552	125,059	131,546,315
Buildings and improvements	81,520,075	-	-	3,004,366	-	84,524,441
Machinery, equipment and vehicles	14,442,900	-	-	813,710	450,211	14,806,399
Total capital assets being depreciated	226,296,264	-	466,533	4,689,628	575,270	230,877,155
Less accumulated depreciation for:						
Infrastructure	61,944,536	-	-	2,359,534	-	64,304,070
Buildings and improvements	58,422,620	-	-	1,506,372	-	59,928,992
Machinery, equipment and vehicles	12,126,258	200,000	-	1,138,325	450,211	13,014,372
Total accumulated depreciation	132,493,414	200,000	-	5,004,231	450,211	137,247,434
Total capital assets being depreciated, net	93,802,850	(200,000)	466,533	(314,603)	125,059	93,629,721
Business-type activities:						
Capital assets, net	\$ 157,947,591	\$ (200,000)	\$ -	\$ 15,362,426	\$ 2,734,702	\$ 170,375,315

\* Adjustment was to correct prior period accumulated depreciation.

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

	Governmental Activities	Business-Type Activities
General government	\$ 124,015	\$ -
Public safety	840,219	-
Highway and streets	4,032,467	-
Culture and recreation	596,630	-
Water	-	2,417,714
Disposal	-	1,103,798
Sewer	-	1,375,876
Nonmajor proprietary funds	-	106,843
Internal service	29,131	-
Total	\$ 5,622,462	\$ 5,004,231

**CITY OF REDLANDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013**

**Note 6: Long-Term Liabilities**

Governmental Activities:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Amount Due Within One Year
Compensated absences	\$ 7,163,083	\$ 3,466,910	\$ 3,518,632	\$ 7,111,361	\$ 3,494,053
Claims payable	3,242,000	2,105,546	1,907,546	3,440,000	1,720,000
OPEB Obligation	9,277,528	4,296,413	-	13,573,941	-
2003 General Obligation Bonds	1,145,000	-	560,000	585,000	585,000
2007 Series Taxable Pension Funding Bonds	23,650,000	-	1,330,000	22,320,000	1,500,000
Less: (accreted interest)	(982,031)	-	(62,426)	(919,605)	-
Certificate of Participation:					
2003 Lease Revenue Refunding	8,160,000	-	1,600,000	6,560,000	1,675,000
Add: unamortized premium	288,026	-	48,004	240,022	-
Capital leases payable	780,074	-	234,301	545,773	139,893
I-Bank Sports Park Lease	1,768,167	-	47,549	1,720,618	49,047
Total governmental activities long-term liabilities	<u>\$ 54,491,847</u>	<u>\$ 9,868,869</u>	<u>\$ 9,183,606</u>	<u>\$ 55,177,110</u>	<u>\$ 9,162,993</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, \$395,375 of compensated absences for internal service funds are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

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 \$2,921,332. The outstanding balance at June 30, 2013, is \$545,773.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

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

Year ending June 30	Amount
2014	\$ 164,019
2015	164,019
2016	153,435
2017	121,687
Total minimum lease payments	603,160
Less: Amount representing interest	(57,387)
Total minimum lease payments	<u>\$ 545,773</u>

2003 General Obligation Refunding Bonds

At June 30, 2003, the City had \$5,140,000 in outstanding principal relating to the 1994 Refunding General Obligation Bonds. On October 29, 2003, the City issued \$5,380,000 of 2003 General Obligation Refunding Bonds for the purposes of refunding the 1994 General Obligation Refunding Bonds and paying the costs of issuance of the Bonds. The original bonds were used for the purpose of refinancing the acquisition and improvement of real property within the City for use as public parks and open space. As a result, the 1994 refunded bonds were considered to be defeased and the liability had been removed from the governmental activities column of the statement of net position. The advance refunding was undertaken to reduce total debt service payments over the next ten years by \$338,898 and resulted in an economic gain of \$286,142. The final maturity date is February 1, 2014. Interest rates vary from 2% to 5% with annual principal payments varying from \$440,000 to \$585,000 in the final year. The amount outstanding at June 30, 2013, is \$585,000.

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2013, are as follows:

Year Ending June 30	2003 General Obligation Refunding Bonds	
	Principal	Interest
2014	\$ 585,000	\$ 29,250
Totals	<u>\$ 585,000</u>	<u>\$ 29,250</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, 2013 is \$22,320,000.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

The annual requirements to amortize pension funding bonds outstanding as of June 30, 2013, are as follows:

Year Ending June 30	2007 Taxable Pension Funding Bonds	
	Principal	Interest
2014	\$ 1,500,000	\$ 1,176,264
2015	1,670,000	1,091,514
2016	1,860,000	997,159
2017	2,060,000	892,069
2018	2,280,000	775,679
2019-2023	8,180,000	2,257,220
2024-2028	1,080,000	1,037,277
2029-2033	1,630,000	906,547
2034-2037	2,060,000	318,708
	22,320,000	
Less unaccrued discount	(919,605)	
Totals	\$ 21,400,395	\$ 9,452,437

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, 2013, was \$6,560,000 with an unamortized premium of \$240,022.



CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

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
2014	\$1,675,000	\$240,147
2015	1,730,000	185,863
2016	1,785,000	113,125
2017	775,000	49,125
2018	595,000	14,875
Totals	<u>\$ 6,560,000</u>	<u>\$ 603,135</u>

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. At June 30, 2013, the outstanding balance of the I-Bank Sports Park lease payable balance was \$1,720,618.

The annual retirements to amortize lease payable outstanding as of June 30, 2013, are as follows:

Year ending June 30	Amount
2014	\$ 102,474
2015	102,450
2016	102,425
2017	102,399
2018	102,372
2019-2023	511,430
2024-2028	510,624
2029-2033	509,684
2034-2038	406,964
Total minimum lease payments	2,450,822
Less: Amount representing interest	<u>(730,204)</u>
Total minimum lease payments	<u>\$ 1,720,618</u>

**CITY OF REDLANDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013**

**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, 2013:

	Balance at June 30, 2012	Additions	Deletions	Defeasements	Balance at June 30, 2013	Amount Due Within One Year
Compensated absences	\$ 1,012,031	\$ 527,085	\$ 619,443	\$ -	\$ 919,673	\$ 563,817
Capital lease payable	176,383	-	61,959	-	114,424	114,424
OPEB obligation (Note 11)	4,296,294	2,191,073	-	-	6,487,367	-
Landfill closure (Note 14)	6,288,404	262,503	-	-	6,550,907	273,461
Revenue Bonds:						
1999 Water refunding	7,485,000	-	1,740,000	5,745,000	-	-
1999 Wastewater refunding	7,580,000	-	1,115,000	6,465,000	-	-
2012A Water refunding	-	3,480,000	-	-	3,480,000	1,125,000
Add: unamortized premium	-	152,000	52,055	-	99,945	-
2012A Wastewater refunding	-	4,655,000	-	-	4,655,000	880,000
Add: unamortized premium	-	382,064	77,655	-	304,409	-
Total revenue bonds	<u>26,838,112</u>	<u>11,649,725</u>	<u>3,666,112</u>	<u>12,210,000</u>	<u>22,611,725</u>	<u>2,956,702</u>
Notes payable:						
Agricultural drainage water management loan program	347,182	-	111,659	-	235,523	115,679
California recycled water project	4,009,290	-	264,807	-	3,744,483	271,427
Safe drinking water project	4,695,256	-	275,452	-	4,419,804	281,935
Hinckley water treatment plant upgrade	1,119,163	5,276,078	-	-	6,395,241	-
Total notes payable	<u>10,170,891</u>	<u>5,276,078</u>	<u>651,918</u>	<u>-</u>	<u>14,795,051</u>	<u>669,041</u>
Total business-type activities long- term liabilities	<u>\$ 37,009,003</u>	<u>\$ 16,925,803</u>	<u>\$ 4,318,030</u>	<u>\$ 12,210,000</u>	<u>\$ 37,406,776</u>	<u>\$ 3,625,743</u>

Capital Lease Payable

The City has entered into a lease agreement for a caterpillar track-type tractor. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The asset acquired under capital lease is rolling stock. The total cost was \$414,376. At June 30, 2013, the outstanding balance is \$114,424.

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

<u>Year ending June 30</u>	<u>Amount</u>
2014	\$ 115,796
Total minimum lease payments	115,796
Less: Amount representing interest	<u>(1,372)</u>
Total minimum lease payments	<u>\$ 114,424</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

Revenue Bonds Payable

1999 Water Refunding Revenue Bonds

The \$23,345,000 of Water Refunding Revenue Bonds, issue of 1999, consists of serial bonds with varying interest rates from 3.7% to 5%. Interest is payable semiannually on March 1 and September 1. Serial bonds mature annually on September 1, 1999 through September 1, 2015. The revenues of the Water Fund are pledged as security toward the payment of this debt. These bonds were defeased during fiscal year 2012-2013 with the issuance of the 2013A Water Refunding Revenue Bonds.

1999A Wastewater Refunding Revenue Bonds

The \$17,770,000 of Wastewater Refunding Revenue Bonds, issue of 1999, Series A, consists of serial bonds with varying interest rates from 3.7% to 4.875%. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually on September 1, 1999 through September 1, 2017. The revenues of the Water Fund are pledged as security toward the payment of this debt. The net proceeds were used to refinance the prior wastewater projects. These bonds were defeased during fiscal year 2012-2013 with the issuance of the 2013A Wastewater Refunding Revenue Bonds.

2012A Water Refunding Revenue Bonds

The \$3,480,000 of Water Refunding Revenue Bonds, issue of 1999, consists of serial bonds with varying interest rates 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, 2013, was \$3,480,000 with an unamortized premium of \$99,945. The City completed the advance refunding to reduce its total debt service payments over the next 3 years 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.

The annual requirements to amortize bonds payable subsequent to June 30, 2013, are as follows:

Year Ending June 30	2012A Water Refunding Revenue Bonds	
	Principal	Interest
2014	\$1,125,000	\$81,900
2015	1,160,000	53,250
2016	1,195,000	17,925
Totals	<u>\$ 3,480,000</u>	<u>\$ 153,075</u>

2012A Wastewater Refunding Revenue Bonds

The \$4,655,000 of Wastewater Refunding Revenue Bonds, issue of 1999, 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

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

September 1, 2017. The revenues of the Water 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, 2013, was \$4,655,000 with an unamortized premium of \$304,409. The City completed the advance refunding to reduce its total debt service payments over the next 3 years by \$704,295 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$657,994.

The annual requirements to amortize bonds payable subsequent to June 30, 2013, are as follows:

Year Ending June 30	2012A Wastewater Revenue Refunding Bonds	
	Principal	Interest
2014	\$ 880,000	\$ 141,550
2015	900,000	119,250
2016	925,000	91,875
2017	960,000	58,800
2018	990,000	19,800
Totals	<u>\$ 4,655,000</u>	<u>\$ 431,275</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	\$ 16,190,682	\$ 2,179,166	13%
Wastewater revenues	1,843,958	1,457,462	79%

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. The amount outstanding at June 30, 2013, was \$235,523.

**CITY OF REDLANDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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

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, 2013, was \$3,744,483.

On January 30, 2004, the City has a loan made by 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, 2013, the City has \$4,419,804 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 2031. The outstanding balance at June 30, 2013, is \$6,395,241. As of June 30, 2013, the future debt service requirements have not been determined.

The annual requirements for the notes payable outstanding as of June 30, 2013, are as follows:

Year Ending June 30	Total Notes Payable	
	Principal	Interest
2014	\$ 669,041	\$ 203,875
2015	686,627	186,288
2016	580,531	168,227
2017	594,612	154,146
2018	609,034	139,722
2019-2023	3,274,076	469,712
2024-2028	8,381,130	87,203
Totals	<u>\$ 14,795,051</u>	<u>\$ 1,409,173</u>

**Note 7: Claims Payable**

On June 30, 2013, and throughout 2012-2013, the City was self-insured for the first \$500,000 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 comprehensive general liability, contractual liability, personal injury, bodily injury and property damage in a single limit liability amount of \$10,000,000 for each 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.

At June 30, 2013, \$886,000 and \$2,554,000 have been accrued for general liability and workers' compensation claims, respectively. All funds of the City participate in the worker's

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

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, 2013, 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, 2013, is as follows:

<u>2012-2013</u>	<u>Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year</u>
Liability claims	\$ 835,000	\$ 673,680	\$ 622,680	\$ 886,000
Workers' compensation	<u>2,407,000</u>	<u>1,431,866</u>	<u>1,284,866</u>	<u>2,554,000</u>
	<u>\$ 3,242,000</u>	<u>\$ 2,105,546</u>	<u>\$ 1,907,546</u>	<u>\$ 3,440,000</u>
<u>2011-2012</u>	<u>Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year</u>
Liability claims	\$ 787,000	\$ 238,642	\$ 190,642	\$ 835,000
Workers' compensation	<u>2,270,000</u>	<u>1,330,858</u>	<u>1,193,858</u>	<u>2,407,000</u>
	<u>\$ 3,057,000</u>	<u>\$ 1,569,500</u>	<u>\$ 1,384,500</u>	<u>\$ 3,242,000</u>

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 8: Fund/Net Position Deficits and Expenditures in Excess of Appropriations**

At June 30, 2013, the following governmental funds have fund deficits:

	<u>Deficit Amount</u>
Special Revenue Funds:	
Public Facilities Development	\$ 7,751,280
Emergency Service	189,013
Traffic Safety	7,716
Community Development Block Grant	12,346
Supplemental Law Enforcement	23,654
Disaster Recovery	796,503
Enterprise Fund:	
Cemetery	689,708
Internal Service Fund:	
Liability Self-Insurance	574,936
Information Technology	466,365
Workers' Compensation Self-Insurance	1,509,639
Equipment Maintenance	412,608

Expenditures for the year ended June 30, 2013, exceeded the appropriations of the following funds/departments:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
City council	\$ 342,689	\$ 355,571	\$ (12,882)
Finance	1,922,311	1,965,953	(43,642)
Parks	1,501,481	1,538,453	(36,972)
Special revenue:			
Public Facilities Development			
Debt Service	-	2,441	(2,441)

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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**Note 9: Fund Balance and Net Position Restatements**

Restatement of Net Position and Fund Balances:

Fund balance in the following funds have been restated for:

Governmental Funds:	
Other Governmental Funds	
To properly account for prior year revenue	\$ 8,587
Total governmental fund balance restatements	<u>\$ 8,587</u>
Proprietary Funds:	
Water Fund	
To write-off unamortized cost of issuance relating to debt as required by GASB 65*	\$ (140,359)
Disposal Fund	
Correction of prior period accumulated depreciation on capital assets	(199,997)
Sewer Fund	
To write-off unamortized cost of issuance relating to debt as required by GASB 65*	(138,434)
Total propriety fund balance restatements	<u>\$ (478,790)</u>
Internal Service Funds:	
Equipment Maintenance	
Correction of prior period accumulated depreciation on capital assets	\$ (7,993)
Total internal service fund balance restatements	<u>\$ (7,993)</u>

Net position has been restated in the government-wide statements for:

Government-wide Net Position:	
Governmental fund balance restatements (above)	\$ 8,587
To correct accumulated depreciation that was being overcharged in prior years	36,818
To write-off unamortized cost of issuance relating to as required by GASB 65*	(60,436)
Correction of prior period accumulated depreciation on capital assets	<u>(7,993)</u>
Total Government-wide Net Position restatements	<u>(23,024)</u>
Business-type Activities:	
Proprietary fund balance restatements (above)	<u>(478,790)</u>
Total restatements	<u>\$ (501,814)</u>

\*See Note 1.p for additional information regarding the implementation of GASB 65.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 10: Defined Benefit Pension Plan**

Plan Description

The City contributes to the California Public Employee's Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan for miscellaneous employees and a cost-sharing multiple-employer public employee defined benefit pension plan for safety employees. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 P Street, Sacramento, California, 95814.

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2013, is 13.024%, 26.610% and 26.870% of annual covered payroll for the miscellaneous plan, police safety plan and fire safety plan, respectively. The contribution requirements of plan members and the City are established and may be amended by City Council in conjunction with applicable labor contracts. The City's contributions to the plan for the year ending June 30, 2013, was \$5,919,896 and was equal to the required contributions for the year.

Annual Pension Cost and Net Pension Asset

California Public Employees' Retirement System (CALPERS) valuation report dated June 30, 2003, established a side fund to account for the differences between the funded status of the pool and funded status of the City's plan. The side fund will be credited with the actuarial investment return assumption of 7.75% and subject to amortization on an annual basis. To reduce retirement costs and benefit from lower interest rates, on August 1, 2007, the City issued \$25,862,392 of 2007 Taxable Pension Funding Bonds to fund the City's unfunded accrued actuarial liability ("UAAL") for retirement benefits to its employees. The proceeds from the bond issue of \$25,292,190 were remitted directly into the pension trust fund.

The City's annual pension cost for fiscal year ending June 30, 2013, was as follows:

Fiscal year	Three Year Trend Information			
	Annual Pension Cost (Employer Contribution)			
	Miscellaneous	Safety Police and Fire	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 1,631,036	\$ 2,996,968	100%	\$ -
6/30/2012	1,960,455	3,970,567	100%	-
6/30/2013	2,081,330	3,838,566	100%	-

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 10: Defined Benefit Pension Plan (Continued)**

Funded Status and Funding Progress

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 City 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 below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress for PERS  
 Miscellaneous Plan  
 (Most Recent Information Available)

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Covered Payroll
6/30/2009	\$ 109,648,759	\$ 99,562,333	\$ 10,086,426	90.8%	\$ 18,327,951	55.0%
6/30/2010	115,327,889	103,033,839	12,294,050	89.3%	19,201,831	64.0%
6/30/2011	120,111,061	106,622,240	13,488,821	88.8%	16,480,903	81.8%

A summary of principal assumptions and methods used to determine the schedule of funding progress is shown below.

	Miscellaneous
Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	23 Years as of the Valuation Date, Closed basis
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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**Note 11: Other Post-Employment Benefits Plan**

In addition to the pension benefits described in Note 10, 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 continuous 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 2012-13, the City contributed \$3,030,757 to the plan. 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.

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	\$ 9,513,492
Interest on net OPEB obligation	581,957
Adjustment to annual required contribution	(577,206)
Annual OPEB cost (expense)	<u>9,518,243</u>
Contributions made	<u>3,030,757</u>
Increase/(decrease) in Net OPEB obligation	6,487,486
Net OPEB obligation - beginning of year	<u>13,573,822</u>
Net OPEB obligation - end of year	<u><u>\$ 20,061,308</u></u>

**CITY OF REDLANDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013**

**Note 11: Other Post-Employment Benefits Plan (Continued)**

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, 2013 and the two preceding years were as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution (Net of Adjustments)</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 6,072,643	\$ 2,650,452	43.6%	\$ 10,313,612
6/30/2012	6,072,643	2,812,433	46.3%	13,573,822
6/30/2013	9,518,243	3,030,757	31.8%	20,061,308

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/c</u>
6/30/2009	\$ -	\$ 68,964,000	\$ 68,964,000	0%	\$ 29,983,000	230.01%
6/30/2011	-	81,728,065	81,728,065	0%	29,340,000	278.56%

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 5% 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

**CITY OF REDLANDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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**Note 11: Other Post-Employment Benefits Plan (Continued)**

three years then decrements of .5% to an ultimate rate of 5% after the seventh year. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years on a closed basis. It is assumed the City's payroll will increase 3.5% per year.

**Note 12: 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.

**Note 13: Construction Commitments**

The following material construction commitments existed at June 30, 2013:

Project Name	Contract Amount	Expenditures to date as of June 30, 2013	Remaining Commitments
SCADA System Upgrades	\$ 2,563,128	\$ 63,516	\$ 2,499,612
Safe Route to Schools, Cycle 2	769,557	-	769,557
SCADA System Upgrades	812,955	362,890	450,065
Hinckley Water Treatment Upgrade	8,469,000	8,083,731	385,269
Library HVAC Upgrades	329,599	-	329,599
2012 Water Pipeline Replacement	5,102,000	4,785,921	316,079
Opal Basin Engineering Design	280,800	10,980	269,820
Brookside/Ash Water Pipeline Replacement	339,970	112,982	226,988
Brookside Water Pipeline Replacement	289,660	167,150	122,510

**Note 14: 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 \$6,550,907 reported as landfill closure and postclosure liability at June 30, 2013, represents the cumulative amount reported to date based on the use of 59.34 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 2013 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, 2013, \$6,163,628 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 15: 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.

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, 2013, was \$6,715,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 15: Debt Without Government Commitment (Continued)**

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, 2013, was \$9,110,000.

**Note 16: Operating Lease**

The City has entered into an operating lease with Xerox Corporation for copier equipment, services and supplies in December 2009. The term calls for a five-year lease with a minimum monthly payment of \$5,875. The minimum future payments as of June 30, 2013, are as follows:

Year ending June 30	Amount
2014	\$ 70,494
2015	35,729
Total	\$ 106,223

**Note 17: Subsequent Events**

Issuance of Solid Waste Revenue Bonds

On October 24, 2013, the City issued \$13,500,000 in Solid Waste Revenue Bonds. The bonds were issued to finance a portion of the acquisition and construction of street improvements within the City allocable to the City's solid waste system.

**Note 18: 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, 2013

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**Note 18: 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	\$ 5,841,097
Cash and investments with fiscal agent	<u>3,632,916</u>
	<u>\$ 9,474,013</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, 2013, the notes receivable balance is \$137,477.



**CITY OF REDLANDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013**

**Note 18: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

**c. Capital Assets**

An analysis of capital assets as of June 30, 2013, 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>\$ 2,833,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,833,418</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 Department of Finance dated May 17, 2013, the City received the following response relating to the loan. "The Agency will be permitted to recover part of the loan for the actual RPTTF shortage less the payment claimed on the ROPS for the January through June 2013 (ROPS III) period in the amount of \$1,038,839 (\$3,157,400 - 1,958,561 - 160,000). This will be the actual approved 'Outstanding Debt or Obligation'." The City disagrees with the finding made by the Department of Finance and has filed litigation against the Department of Finance.

The partial disallowance resulted in an extraordinary gain in the Successor Agency of \$2,024,168 and an extraordinary loss in the Water Fund, for the same amount.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 18: 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, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Fiduciary Activities					
Tax Allocation Bonds					
1998 Refunding Series A	\$ 18,340,000	\$ -	\$ 1,310,000	\$ 17,030,000	\$ 1,370,000
2003 Series A	8,070,000	-	595,000	7,475,000	620,000
2007 Refunding Series A	3,740,000	-	255,000	3,485,000	265,000
<b>Total</b>	<b>\$ 30,150,000</b>	<b>\$ -</b>	<b>\$ 2,160,000</b>	<b>\$ 27,990,000</b>	<b>\$ 2,255,000</b>

A description of the individual issues of bonds of the Successor Agency of the Former Redevelopment Agency outstanding as of June 30, 2013, 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 \$2,189,513 and the reserve as of June 30, 2013, was \$2,189,513. 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. At June 30, 2013, the outstanding principal was \$17,030,000.

The annual debt service requirements as of June 30, 2013, are as follows:

Year Ending June 30	1998A Tax Allocation Bonds	
	Principal	Interest
2014	\$ 1,370,000	\$ 785,980
2015	1,435,000	720,000
2016	1,500,000	649,725
2017	1,575,000	576,100
2018	1,650,000	498,875
2019-2023	9,500,000	1,200,056
<b>Totals</b>	<b>\$ 17,030,000</b>	<b>\$ 4,430,736</b>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**Note 18: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

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 \$940,479 and the reserve as of June 30, 2013, was \$940,479. 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. At June 30, 2013, the outstanding principal was \$7,475,000.

The annual debt service requirements as of June 30, 2013, are as follows:

Year Ending June 30	2003A Tax Allocation Bonds	
	Principal	Interest
2014	\$ 620,000	\$ 310,156
2015	640,000	285,284
2016	670,000	258,781
2017	695,000	230,513
2018	720,000	200,850
2019-2023	<u>4,130,000</u>	<u>482,750</u>
Totals	<u>\$ 7,475,000</u>	<u>\$ 1,768,334</u>

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, 2013, was \$471,618. 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. At June 30, 2013, the outstanding principal was \$3,485,000.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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**Note 18: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

The annual debt service requirements as of June 30, 2013, are as follows:

Year Ended June 30	2007A Tax Allocation Bonds	
	Principal	Interest
2014	\$ 265,000	\$ 195,048
2015	280,000	179,194
2016	300,000	162,322
2017	315,000	144,432
2018	340,000	125,378
2019-2023	1,985,000	302,391
Totals	<u>\$ 3,485,000</u>	<u>\$ 1,108,765</u>

**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 \$35,297,835 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 \$6,702,378 and the debt service obligation on the bonds was \$3,552,169.

**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.

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CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<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	\$ -	\$ 228,355	\$ 128,601	\$ 3,219,320
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	9,178	-	-
Taxes	16,794	-	140,059	-
Prepaid costs	20,949	-	-	-
Due from other governments	-	-	-	-
Advances to other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 37,743</b>	<b>\$ 237,533</b>	<b>\$ 268,660</b>	<b>\$ 3,219,320</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 17,480	\$ 6,545	\$ -	\$ 232,857
Accrued payroll	206,276	-	-	16,780
Unearned revenues	-	11,075	-	-
Deposits payable	-	-	-	-
Due to other funds	3,000	-	-	-
<b>Total Liabilities</b>	<b>226,756</b>	<b>17,620</b>	<b>-</b>	<b>249,637</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>				
<b>Nonspendable:</b>				
Prepaid costs	20,949	-	-	-
Advances to other funds	-	-	-	-
<b>Restricted for:</b>				
Public safety	-	219,913	-	-
Highway and streets	-	-	268,660	-
Capital Projects	-	-	-	2,969,683
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD Assessment	-	-	-	-
<b>Committed to:</b>				
Development Projects	-	-	-	-
Downtown Redlands Business Association	-	-	-	-
Parking authority	-	-	-	-
<b>Unassigned</b>	<b>(209,962)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>(189,013)</b>	<b>219,913</b>	<b>268,660</b>	<b>2,969,683</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 37,743</b>	<b>\$ 237,533</b>	<b>\$ 268,660</b>	<b>\$ 3,219,320</b>

## CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Local Transportation	Air Quality Improvement	Traffic Safety	Measure I (2010)
<b>Assets:</b>				
Cash and investments	\$ 3,941,971	\$ 643,224	\$ -	\$ 3,658,007
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	21,952	1,662	-
Taxes	-	-	-	171,445
Prepaid costs	-	-	-	-
Due from other governments	848,881	-	-	-
Advances to other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,790,852</b>	<b>\$ 665,176</b>	<b>\$ 1,662</b>	<b>\$ 3,829,452</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 438,827	\$ -	\$ 9,378	\$ -
Accrued payroll	18,452	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>457,279</b>	<b>-</b>	<b>9,378</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	719,513	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>719,513</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	-	-	-
Advances to other funds	-	-	-	-
<b>Restricted for:</b>				
Public safety	-	665,176	-	-
Highway and streets	-	-	-	-
Capital Projects	3,614,060	-	-	3,829,452
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD Assessment	-	-	-	-
<b>Committed to:</b>				
Development Projects	-	-	-	-
Downtown Redlands Business Association	-	-	-	-
Parking authority	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>(7,716)</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>3,614,060</b>	<b>665,176</b>	<b>(7,716)</b>	<b>3,829,452</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,790,852</b>	<b>\$ 665,176</b>	<b>\$ 1,662</b>	<b>\$ 3,829,452</b>

CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Special Revenue Funds			
	Open Space	Downtown Redlands Business Area	Parking Authority	General Capital Improvement
<b>Assets:</b>				
Cash and investments	\$ 1,996,509	\$ 241,204	\$ 38,485	\$ 45,013
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	6,405	1,943	-
Taxes	-	-	-	-
Prepaid costs	-	982	-	-
Due from other governments	-	-	-	67,055
Advances to other funds	130,879	-	-	-
<b>Total Assets</b>	<b>\$ 2,127,388</b>	<b>\$ 248,591</b>	<b>\$ 40,428</b>	<b>\$ 112,068</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 19,345	\$ 306	\$ 6,848
Accrued payroll	-	7,823	-	108
Unearned revenues	-	-	-	33,048
Deposits payable	-	-	31,363	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>27,168</b>	<b>31,669</b>	<b>40,004</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	26,957
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,957</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	982	-	-
Advances to other funds	130,879	-	-	-
<b>Restricted for:</b>				
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Capital Projects	-	-	-	45,107
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD Assessment	-	-	-	-
<b>Committed to:</b>				
Development Projects	1,996,509	-	-	-
Downtown Redlands Business Association	-	220,441	-	-
Parking authority	-	-	8,759	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>2,127,388</b>	<b>221,423</b>	<b>8,759</b>	<b>45,107</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,127,388</b>	<b>\$ 248,591</b>	<b>\$ 40,428</b>	<b>\$ 112,068</b>



## CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Community Development Block Grant	Neighborhood Initiative Program	Asset Forfeiture	Police Grants
<b>Assets:</b>				
Cash and investments	\$ -	\$ -	\$ 597,222	\$ -
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	26,128	-	-	457,021
Advances to other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 26,128</b>	<b>\$ -</b>	<b>\$ 597,222</b>	<b>\$ 457,021</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 7,589	\$ -	\$ 60,195	\$ 47,022
Accrued payroll	569	-	-	11,077
Unearned revenues	-	-	-	150,494
Deposits payable	-	-	-	-
Due to other funds	10,931	-	-	94,590
<b>Total Liabilities</b>	<b>19,089</b>	<b>-</b>	<b>60,195</b>	<b>303,183</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	19,385	-	-	87,928
<b>Total Deferred Inflows of Resources</b>	<b>19,385</b>	<b>-</b>	<b>-</b>	<b>87,928</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	-	-	-
Advances to other funds	-	-	-	-
<b>Restricted for:</b>				
Public safety	-	-	537,027	65,910
Highway and streets	-	-	-	-
Capital Projects	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD Assessment	-	-	-	-
<b>Committed to:</b>				
Development Projects	-	-	-	-
Downtown Redlands Business Association	-	-	-	-
Parking authority	-	-	-	-
<b>Unassigned</b>	<b>(12,346)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>(12,346)</b>	<b>-</b>	<b>537,027</b>	<b>65,910</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 26,128</b>	<b>\$ -</b>	<b>\$ 597,222</b>	<b>\$ 457,021</b>

CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Special Revenue Funds			
	Supplemental Law Enforcement	Park and Open Space	Arterial Street Construction	Traffic Signals
<b>Assets:</b>				
Cash and investments	\$ 152,057	\$ 889,319	\$ 1,583,497	\$ 678,545
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	16,429	-	-	-
Advances to other funds	-	130,879	-	-
<b>Total Assets</b>	<b>\$ 168,486</b>	<b>\$ 1,020,198</b>	<b>\$ 1,583,497</b>	<b>\$ 678,545</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 11,180	\$ -	\$ -
Accrued payroll	4,130	-	-	-
Unearned revenues	188,010	-	-	-
Deposits payable	-	-	-	18,700
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>192,140</b>	<b>11,180</b>	<b>-</b>	<b>18,700</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>				
<b>Nonspendable:</b>				
Prepaid costs	-	-	-	-
Advances to other funds	-	130,879	-	-
<b>Restricted for:</b>				
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Capital Projects	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD Assessment	-	-	-	-
<b>Committed to:</b>				
Development Projects	-	878,139	1,583,497	659,845
Downtown Redlands Business Association	-	-	-	-
Parking authority	-	-	-	-
<b>Unassigned</b>	<b>(23,654)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>(23,654)</b>	<b>1,009,018</b>	<b>1,583,497</b>	<b>659,845</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 168,486</b>	<b>\$ 1,020,198</b>	<b>\$ 1,583,497</b>	<b>\$ 678,545</b>

## CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Freeway Interchanges	Street Lighting District #1	CFD 2004-1 Assessment	Landscape Maintenance District
<b>Assets:</b>				
Cash and investments	\$ 573,860	\$ -	\$ 246,579	\$ -
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	367	796	1,337
Prepaid costs	-	34	316	46
Due from other governments	-	-	-	-
Advances to other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 573,860</b>	<b>\$ 401</b>	<b>\$ 247,691</b>	<b>\$ 1,383</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 11,385	\$ 984
Accrued payroll	-	243	12,033	304
Unearned revenues	-	-	-	-
Deposits payable	-	-	102,683	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>243</b>	<b>126,101</b>	<b>1,288</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>				
<b>Nonspendable:</b>				
Prepaid costs	-	34	316	46
Advances to other funds	-	-	-	-
<b>Restricted for:</b>				
Public safety	-	-	-	-
Highway and streets	-	124	-	49
Capital Projects	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD Assessment	-	-	121,274	-
<b>Committed to:</b>				
Development Projects	573,860	-	-	-
Downtown Redlands Business Association	-	-	-	-
Parking authority	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>573,860</b>	<b>158</b>	<b>121,590</b>	<b>95</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 573,860</b>	<b>\$ 401</b>	<b>\$ 247,691</b>	<b>\$ 1,383</b>

CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Special Revenue	Capital Projects Funds		Debt Service Funds
	Disaster Recovery	Storm Drain	General Obligation Bonds - Series 1988A	General Debt Service
<b>Assets:</b>				
Cash and investments	\$ -	\$ 2,057,850	\$ -	\$ 1,821,883
Cash and investments with fiscal agents	-	-	-	1,865,512
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	20,252
Prepaid costs	-	236	-	-
Due from other governments	57,671	10,980	-	-
Advances to other funds	-	100,676	-	-
<b>Total Assets</b>	<b>\$ 57,671</b>	<b>\$ 2,169,742</b>	<b>\$ -</b>	<b>\$ 3,707,647</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,610	\$ -	\$ -
Accrued payroll	-	1,583	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	796,503	-	-	-
<b>Total Liabilities</b>	<b>796,503</b>	<b>3,193</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	57,671	10,980	-	-
<b>Total Deferred Inflows of Resources</b>	<b>57,671</b>	<b>10,980</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	236	-	-
Advances to other funds	-	100,676	-	-
<b>Restricted for:</b>				
Public safety	-	-	-	-
Highway and streets	-	2,054,657	-	-
Capital Projects	-	-	-	-
Debt service	-	-	-	3,707,647
Endowment	-	-	-	-
CFD Assessment	-	-	-	-
<b>Committed to:</b>				
Development Projects	-	-	-	-
Downtown Redlands Business Association	-	-	-	-
Parking authority	-	-	-	-
<b>Unassigned</b>	<b>(796,503)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>(796,503)</b>	<b>2,155,569</b>	<b>-</b>	<b>3,707,647</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 57,671</b>	<b>\$ 2,169,742</b>	<b>\$ -</b>	<b>\$ 3,707,647</b>

CITY OF REDLANDS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Debt Service Funds	Permanent Funds	
	Redlands Public Improvement Corporation	Cemetery Endowment	Total Governmental Funds
<b>Assets:</b>			
Cash and investments	\$ -	\$ 1,958,639	\$ 24,700,140
Cash and investments with fiscal agents	-	-	1,865,512
Receivables:			
Accounts	-	823	41,963
Taxes	-	-	351,050
Prepaid costs	-	-	22,563
Due from other governments	-	-	1,484,165
Advances to other funds	-	-	362,434
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 1,959,462</b>	<b>\$ 28,827,827</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 871,551
Accrued payroll	-	-	279,378
Unearned revenues	-	-	382,627
Deposits payable	-	-	152,746
Due to other funds	-	-	905,024
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>2,591,326</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	-	922,434
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>922,434</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	-	-	22,563
Advances to other funds	-	-	362,434
<b>Restricted for:</b>			
Public safety	-	-	1,488,026
Highway and streets	-	-	2,323,490
Capital Projects	-	-	10,458,302
Debt service	-	-	3,707,647
Endowment	-	1,959,462	1,959,462
CFD Assessment	-	-	121,274
<b>Committed to:</b>			
Development Projects	-	-	5,691,850
Downtown Redlands Business Association	-	-	220,441
Parking authority	-	-	8,759
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>(1,050,181)</b>
<b>Total Fund Balances</b>	<b>-</b>	<b>1,959,462</b>	<b>25,314,067</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ 1,959,462</b>	<b>\$ 28,827,827</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	<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>Revenues:</b>				
Taxes	\$ 1,103,680	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	240	1,622,098	15
Charges for services	11,895	119,836	-	-
Use of money and property	-	-	-	2,780
Miscellaneous	-	-	-	180
<b>Total Revenues</b>	<b>1,115,575</b>	<b>120,076</b>	<b>1,622,098</b>	<b>2,975</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	3,874,409	120,172	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	-	-	267,153
Capital outlay	-	-	-	1,152,426
Debt service:				
Principal retirement	35,245	-	-	-
Interest and fiscal charges	7,089	-	-	-
<b>Total Expenditures</b>	<b>3,916,743</b>	<b>120,172</b>	<b>-</b>	<b>1,419,579</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,801,168)	(96)	1,622,098	(1,416,604)
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,603,573	-	-	-
Transfers out	-	-	(1,721,920)	(2,664,070)
Proceeds from sale of capital asset	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,603,573</b>	<b>-</b>	<b>(1,721,920)</b>	<b>(2,664,070)</b>
Net Change in Fund Balances	(197,595)	(96)	(99,822)	(4,080,674)
Fund Balances, Beginning of Year	8,582	220,009	368,482	7,050,357
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	8,582	220,009	368,482	7,050,357
<b>Fund Balances, End of Year</b>	<b>\$ (189,013)</b>	<b>\$ 219,913</b>	<b>\$ 268,660</b>	<b>\$ 2,969,683</b>

## CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Local Transportation	Air Quality Improvement	Traffic Safety	Measure I (2010)
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 1,162,226
Licenses and permits	-	-	189,073	-
Intergovernmental	939,671	83,837	-	-
Charges for services	-	-	-	-
Use of money and property	3,249	471	-	3,156
Miscellaneous	505	-	487	-
<b>Total Revenues</b>	<b>943,425</b>	<b>84,308</b>	<b>189,560</b>	<b>1,165,382</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	455	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Highway and streets	544,623	-	-	-
Capital outlay	2,525,798	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>3,070,421</b>	<b>-</b>	<b>455</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,126,996)	84,308	189,105	1,165,382
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,741,650	-	-	2,664,070
Transfers out	(21,663)	-	(203,973)	-
Proceeds from sale of capital asset	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>3,719,987</b>	<b>-</b>	<b>(203,973)</b>	<b>2,664,070</b>
Net Change in Fund Balances	1,592,991	84,308	(14,868)	3,829,452
Fund Balances, Beginning of Year	2,021,069	580,868	7,152	-
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	2,021,069	580,868	7,152	-
<b>Fund Balances, End of Year</b>	<b>\$ 3,614,060</b>	<b>\$ 665,176</b>	<b>\$ (7,716)</b>	<b>\$ 3,829,452</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>Special Revenue Funds</b>			
	<b>Open Space</b>	<b>Downtown Redlands Business Area</b>	<b>Parking Authority</b>	<b>General Capital Improvement</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	35,666	838	-	-
Intergovernmental	-	-	-	62,316
Charges for services	-	266,501	-	-
Use of money and property	2,336	221	6,590	-
Miscellaneous	2,056,150	59,855	-	586
<b>Total Revenues</b>	<b>2,094,152</b>	<b>327,415</b>	<b>6,590</b>	<b>62,902</b>
<b>Expenditures:</b>				
Current:				
General government	-	278,475	15,976	-
Public safety	-	-	-	-
Culture and recreation	5,744	-	-	-
Highway and streets	-	-	-	80,961
Capital outlay	2,551,850	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>2,557,594</b>	<b>278,475</b>	<b>15,976</b>	<b>80,961</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(463,442)	48,940	(9,386)	(18,059)
<b>Other Financing Sources (Uses):</b>				
Transfers in	343,963	-	-	35,265
Transfers out	-	-	-	-
Proceeds from sale of capital asset	350	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>344,313</b>	<b>-</b>	<b>-</b>	<b>35,265</b>
Net Change in Fund Balances	(119,129)	48,940	(9,386)	17,206
Fund Balances, Beginning of Year	2,246,517	172,483	18,145	27,901
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	2,246,517	172,483	18,145	27,901
<b>Fund Balances, End of Year</b>	<b>\$ 2,127,388</b>	<b>\$ 221,423</b>	<b>\$ 8,759</b>	<b>\$ 45,107</b>



## CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Community Development Block Grant	Neighborhood Initiative Program	Asset Forfeiture	Police Grants
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	200	-	-	-
Intergovernmental	293,364	8,990	-	1,358,868
Charges for services	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	416,858	-
<b>Total Revenues</b>	<b>293,564</b>	<b>8,990</b>	<b>416,858</b>	<b>1,358,868</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	195,103	1,143,381
Culture and recreation	197,719	-	-	-
Highway and streets	-	-	-	-
Capital outlay	96,214	-	108,984	34,585
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>293,933</b>	<b>-</b>	<b>304,087</b>	<b>1,177,966</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(369)	8,990	112,771	180,902
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(369)	8,990	112,771	180,902
Fund Balances, Beginning of Year	(11,977)	(8,990)	424,256	(123,579)
Restatements	-	-	-	8,587
Fund Balances, Beginning of Year, as Restated	(11,977)	(8,990)	424,256	(114,992)
<b>Fund Balances, End of Year</b>	<b>\$ (12,346)</b>	<b>\$ -</b>	<b>\$ 537,027</b>	<b>\$ 65,910</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>Special Revenue Funds</b>			
	<b>Supplemental Law Enforcement</b>	<b>Park and Open Space</b>	<b>Arterial Street Construction</b>	<b>Traffic Signals</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	106,998	371,272	61,879
Intergovernmental	14,780	-	-	-
Charges for services	-	-	-	-
Use of money and property	(27)	1,553	11,276	5,309
Miscellaneous	-	100,000	-	-
<b>Total Revenues</b>	<b>14,753</b>	<b>208,551</b>	<b>382,548</b>	<b>67,188</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	103,010	-	-	-
Culture and recreation	-	13,300	-	-
Highway and streets	-	-	7,425	1,238
Capital outlay	-	277,995	-	-
Debt service:				
Principal retirement	-	47,549	-	-
Interest and fiscal charges	-	54,948	-	-
<b>Total Expenditures</b>	<b>103,010</b>	<b>393,792</b>	<b>7,425</b>	<b>1,238</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,257)	(185,241)	375,123	65,950
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	(48,579)	-	-
Proceeds from sale of capital asset	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(48,579)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(88,257)	(233,820)	375,123	65,950
Fund Balances, Beginning of Year	64,603	1,242,838	1,208,374	593,895
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	64,603	1,242,838	1,208,374	593,895
<b>Fund Balances, End of Year</b>	<b>\$ (23,654)</b>	<b>\$ 1,009,018</b>	<b>\$ 1,583,497</b>	<b>\$ 659,845</b>

## CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Freeway Interchanges	Street Lighting District #1	CFD 2004-1 Assessment	Landscape Maintenance District
<b>Revenues:</b>				
Taxes	\$ -	\$ 25,080	\$ 126,023	\$ 29,374
Licenses and permits	185,636	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	3,852	-	3,501	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>189,488</b>	<b>25,080</b>	<b>129,524</b>	<b>29,374</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	96,726	42,778
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Highway and streets	3,713	5,333	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>3,713</b>	<b>5,333</b>	<b>96,726</b>	<b>42,778</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	185,775	19,747	32,798	(13,404)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	13,440
Transfers out	-	(19,824)	(300,195)	-
Proceeds from sale of capital asset	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(19,824)</b>	<b>(300,195)</b>	<b>13,440</b>
Net Change in Fund Balances	185,775	(77)	(267,397)	36
Fund Balances, Beginning of Year	388,085	235	388,987	59
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	388,085	235	388,987	59
<b>Fund Balances, End of Year</b>	<b>\$ 573,860</b>	<b>\$ 158</b>	<b>\$ 121,590</b>	<b>\$ 95</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	Special Revenue	Capital Projects Funds		Debt Service Funds
	Disaster Recovery	Storm Drain	General Obligation Bonds - Series 1988A	General Debt Service
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 680,742
Licenses and permits	-	12,401	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	2,118	(259)	2,190
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>14,519</b>	<b>(259)</b>	<b>682,932</b>
<b>Expenditures:</b>				
Current:				
General government	10,819	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	44,088	-	-
Capital outlay	53,695	1,467	-	-
Debt service:				
Principal retirement	-	-	-	1,890,000
Interest and fiscal charges	-	-	-	1,270,925
<b>Total Expenditures</b>	<b>64,514</b>	<b>45,555</b>	<b>-</b>	<b>3,160,925</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,514)	(31,036)	(259)	(2,477,993)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	148,475	2,667,867
Transfers out	-	(175,000)	(343,963)	-
Proceeds from sale of capital asset	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(175,000)</b>	<b>(195,488)</b>	<b>2,667,867</b>
Net Change in Fund Balances	(64,514)	(206,036)	(195,747)	189,874
Fund Balances, Beginning of Year	(731,989)	2,361,605	195,747	3,517,773
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(731,989)	2,361,605	195,747	3,517,773
<b>Fund Balances, End of Year</b>	<b>\$ (796,503)</b>	<b>\$ 2,155,569</b>	<b>\$ -</b>	<b>\$ 3,707,647</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	Debt Service Funds	Permanent Funds	
	Redlands Public Improvement Corporation	Cemetery Endowment	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ 3,127,125
Licenses and permits	-	-	963,963
Intergovernmental	-	-	4,384,179
Charges for services	-	-	398,232
Use of money and property	-	-	48,316
Miscellaneous	-	61,621	2,696,242
<b>Total Revenues</b>	<b>-</b>	<b>61,621</b>	<b>11,618,057</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	445,229
Public safety	-	-	5,436,075
Culture and recreation	-	-	216,763
Highway and streets	-	-	954,534
Capital outlay	-	-	6,803,014
Debt service:			
Principal retirement	1,600,000	-	3,572,794
Interest and fiscal charges	309,872	-	1,642,834
<b>Total Expenditures</b>	<b>1,909,872</b>	<b>-</b>	<b>19,071,243</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,909,872)	61,621	(7,453,186)
<b>Other Financing Sources (Uses):</b>			
Transfers in	1,909,872	-	14,128,175
Transfers out	-	-	(5,499,187)
Proceeds from sale of capital asset	-	-	350
<b>Total Other Financing Sources (Uses)</b>	<b>1,909,872</b>	<b>-</b>	<b>8,629,338</b>
Net Change in Fund Balances	-	61,621	1,176,152
Fund Balances, Beginning of Year	-	1,897,841	24,129,328
Restatements	-	-	8,587
Fund Balances, Beginning of Year, as Restated	-	1,897,841	24,137,915
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 1,959,462</b>	<b>\$ 25,314,067</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
EMERGENCY SERVICE  
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,582	\$ 8,582	\$ 8,582	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,100,000	1,080,000	1,103,680	23,680
Charges for services	500	11,796	11,895	99
Transfers in	3,020,591	2,774,794	2,603,573	(171,221)
<b>Amounts Available for Appropriation</b>	<b>4,129,673</b>	<b>3,875,172</b>	<b>3,727,730</b>	<b>(147,442)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	4,078,757	3,824,256	3,874,409	(50,153)
Debt service:				
Principal retirement	35,245	35,245	35,245	-
Interest and fiscal charges	7,089	7,089	7,089	-
<b>Total Charges to Appropriations</b>	<b>4,121,091</b>	<b>3,866,590</b>	<b>3,916,743</b>	<b>(50,153)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 8,582</b>	<b>\$ 8,582</b>	<b>\$ (189,013)</b>	<b>\$ (197,595)</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
HOUSEHOLD HAZARDOUS WASTE  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 220,009	\$ 220,009	\$ 220,009	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	8,096	45,507	240	(45,267)
Charges for services	100,000	100,200	119,836	19,636
<b>Amounts Available for Appropriation</b>	<b>328,105</b>	<b>365,716</b>	<b>340,085</b>	<b>(25,631)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	165,936	160,773	120,172	40,601
<b>Total Charges to Appropriations</b>	<b>165,936</b>	<b>160,773</b>	<b>120,172</b>	<b>40,601</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 162,169</b>	<b>\$ 204,943</b>	<b>\$ 219,913</b>	<b>\$ 14,970</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 STATE GAS TAX  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 368,482	\$ 368,482	\$ 368,482	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,872,134	1,872,134	1,622,098	(250,036)
<b>Amounts Available for Appropriation</b>	<b>2,240,616</b>	<b>2,240,616</b>	<b>1,990,580</b>	<b>(250,036)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	1,872,134	2,039,776	1,721,920	317,856
<b>Total Charges to Appropriations</b>	<b>1,872,134</b>	<b>2,039,776</b>	<b>1,721,920</b>	<b>317,856</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 368,482</b>	<b>\$ 200,840</b>	<b>\$ 268,660</b>	<b>\$ 67,820</b>



CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
MEASURE I SALES TAX  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 7,050,357	\$ 7,050,357	\$ 7,050,357	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	889,000	951,892	15	(951,877)
Use of money and property	15,000	10,000	2,780	(7,220)
Miscellaneous	-	180	180	-
<b>Amounts Available for Appropriation</b>	<b>7,954,357</b>	<b>8,012,429</b>	<b>7,053,332</b>	<b>(959,097)</b>
<b>Charges to Appropriation (Outflow):</b>				
Highway and streets	288,161	276,858	267,153	9,705
Capital outlay	889,000	3,532,700	1,152,426	2,380,274
Transfers out	-	-	2,664,070	(2,664,070)
<b>Total Charges to Appropriations</b>	<b>1,177,161</b>	<b>3,809,558</b>	<b>4,083,649</b>	<b>(274,091)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,777,196</b>	<b>\$ 4,202,871</b>	<b>\$ 2,969,683</b>	<b>\$ (1,233,188)</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
LOCAL TRANSPORTATION  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 2,021,069	\$ 2,021,069	\$ 2,021,069	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	288,275	2,288,477	939,671	(1,348,806)
Use of money and property	30,000	20,000	3,249	(16,751)
Miscellaneous	-	305,813	505	(305,308)
Transfers in	2,806,237	3,741,650	3,741,650	-
<b>Amounts Available for Appropriation</b>	<b>5,145,581</b>	<b>8,377,009</b>	<b>6,706,144</b>	<b>(1,670,865)</b>
<b>Charges to Appropriation (Outflow):</b>				
Highway and streets	492,122	826,659	544,623	282,036
Capital outlay	2,069,488	5,623,169	2,525,798	3,097,371
Transfers out	-	44,500	21,663	22,837
<b>Total Charges to Appropriations</b>	<b>2,561,610</b>	<b>6,494,328</b>	<b>3,092,084</b>	<b>3,402,244</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,583,971</b>	<b>\$ 1,882,681</b>	<b>\$ 3,614,060</b>	<b>\$ 1,731,379</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
AIR QUALITY IMPROVEMENT  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 580,868	\$ 580,868	\$ 580,868	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	81,000	81,000	83,837	2,837
Use of money and property	4,500	4,500	471	(4,029)
<b>Amounts Available for Appropriation</b>	<b>666,368</b>	<b>666,368</b>	<b>665,176</b>	<b>(1,192)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	214,969	-	214,969
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>214,969</b>	<b>-</b>	<b>214,969</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 666,368</b>	<b>\$ 451,399</b>	<b>\$ 665,176</b>	<b>\$ 213,777</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC SAFETY  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 7,152	\$ 7,152	\$ 7,152	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	449,019	232,800	189,073	(43,727)
Miscellaneous	250	-	487	487
<b>Amounts Available for Appropriation</b>	<b>456,421</b>	<b>239,952</b>	<b>196,712</b>	<b>(43,240)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	750	750	455	295
Transfers out	448,519	232,050	203,973	28,077
<b>Total Charges to Appropriations</b>	<b>449,269</b>	<b>232,800</b>	<b>204,428</b>	<b>28,372</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 7,152</b>	<b>\$ 7,152</b>	<b>\$ (7,716)</b>	<b>\$ (14,868)</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 OPEN SPACE  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,246,517	\$ 2,246,517	\$ 2,246,517	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	30,000	20,000	35,666	15,666
Use of money and property	20,000	20,000	2,336	(17,664)
Miscellaneous	-	2,055,704	2,056,150	446
Transfers in	-	343,962	343,963	1
Proceeds from sale of capital asset	-	350	350	-
<b>Amounts Available for Appropriation</b>	<b>2,296,517</b>	<b>4,686,533</b>	<b>4,684,982</b>	<b>(1,551)</b>
<b>Charges to Appropriation (Outflow):</b>				
Culture and recreation	6,000	16,500	5,744	10,756
Capital outlay	-	2,554,600	2,551,850	2,750
<b>Total Charges to Appropriations</b>	<b>6,000</b>	<b>2,571,100</b>	<b>2,557,594</b>	<b>13,506</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,290,517</b>	<b>\$ 2,115,433</b>	<b>\$ 2,127,388</b>	<b>\$ 11,955</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
DOWNTOWN REDLANDS BUSINESS AREA  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 172,483	\$ 172,483	\$ 172,483	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	-	838	838	-
Charges for services	250,000	236,000	266,501	30,501
Use of money and property	500	-	221	221
Miscellaneous	18,000	37,535	59,855	22,320
<b>Amounts Available for Appropriation</b>	<b>440,983</b>	<b>446,856</b>	<b>499,898</b>	<b>53,042</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	272,136	304,759	278,475	26,284
<b>Total Charges to Appropriations</b>	<b>272,136</b>	<b>304,759</b>	<b>278,475</b>	<b>26,284</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 168,847</b>	<b>\$ 142,097</b>	<b>\$ 221,423</b>	<b>\$ 79,326</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 PARKING AUTHORITY  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18,145	\$ 18,145	\$ 18,145	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	7,000	7,000	6,590	(410)
<b>Amounts Available for Appropriation</b>	<b>25,145</b>	<b>25,145</b>	<b>24,735</b>	<b>(410)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	17,631	17,331	15,976	1,355
<b>Total Charges to Appropriations</b>	<b>17,631</b>	<b>17,331</b>	<b>15,976</b>	<b>1,355</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 7,514</b>	<b>\$ 7,814</b>	<b>\$ 8,759</b>	<b>\$ 945</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
GENERAL CAPITAL IMPROVEMENT  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 27,901	\$ 27,901	\$ 27,901	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	2,593,986	62,316	(2,531,670)
Miscellaneous	-	-	586	586
Transfers in	-	44,500	35,265	(9,235)
<b>Amounts Available for Appropriation</b>	<b>27,901</b>	<b>2,666,387</b>	<b>126,068</b>	<b>(2,540,319)</b>
<b>Charges to Appropriation (Outflow):</b>				
Highway and streets	-	762,651	80,961	681,690
Capital outlay	-	1,875,835	-	1,875,835
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>2,638,486</b>	<b>80,961</b>	<b>2,557,525</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 27,901</b>	<b>\$ 27,901</b>	<b>\$ 45,107</b>	<b>\$ 17,206</b>



CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY DEVELOPMENT BLOCK GRANT  
YEAR ENDED JUNE 30, 2013**

	<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	\$ (11,977)	\$ (11,977)	\$ (11,977)	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	-	300	200	(100)
Intergovernmental	735,553	867,832	293,364	(574,468)
<b>Amounts Available for Appropriation</b>	<b>723,576</b>	<b>856,155</b>	<b>281,587</b>	<b>(574,568)</b>
<b>Charges to Appropriation (Outflow):</b>				
Culture and recreation	643,983	625,876	197,719	428,157
Capital outlay	91,571	198,474	96,214	102,260
<b>Total Charges to Appropriations</b>	<b>735,554</b>	<b>824,350</b>	<b>293,933</b>	<b>530,417</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (11,978)</b>	<b>\$ 31,805</b>	<b>\$ (12,346)</b>	<b>\$ (44,151)</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
NEIGHBORHOOD INITIATIVE PROGRAM  
YEAR ENDED JUNE 30, 2013**

	<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	\$ (8,990)	\$ (8,990)	\$ (8,990)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	12,233	8,990	(3,243)
<b>Amounts Available for Appropriation</b>	<b>(8,990)</b>	<b>3,243</b>	<b>-</b>	<b>(3,243)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	3,243	-	3,243
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>3,243</b>	<b>-</b>	<b>3,243</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (8,990)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
ASSET FORFEITURE  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 424,256	\$ 424,256	\$ 424,256	\$ -
<b>Resources (Inflows):</b>				
Miscellaneous	210,600	294,514	416,858	122,344
<b>Amounts Available for Appropriation</b>	<b>634,856</b>	<b>718,770</b>	<b>841,114</b>	<b>122,344</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	175,600	181,462	195,103	(13,641)
Capital outlay	35,000	151,447	108,984	42,463
<b>Total Charges to Appropriations</b>	<b>210,600</b>	<b>332,909</b>	<b>304,087</b>	<b>28,822</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 424,256</b>	<b>\$ 385,861</b>	<b>\$ 537,027</b>	<b>\$ 151,166</b>

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE  
 POLICE GRANTS  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ (114,992)	\$ (114,992)	\$ (114,992)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	3,930,741	1,358,868	(2,571,873)
Miscellaneous	-	41,258	-	(41,258)
<b>Amounts Available for Appropriation</b>	<b>(114,992)</b>	<b>3,857,007</b>	<b>1,243,876</b>	<b>(2,613,131)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	3,341,741	1,143,381	2,198,360
Capital outlay	-	39,733	34,585	5,148
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>3,381,474</b>	<b>1,177,966</b>	<b>2,203,508</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (114,992)</b>	<b>\$ 475,533</b>	<b>\$ 65,910</b>	<b>\$ (409,623)</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
SUPPLEMENTAL LAW ENFORCEMENT  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 64,603	\$ 64,603	\$ 64,603	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	111,874	151,242	14,780	(136,462)
Use of money and property	500	500	(27)	(527)
<b>Amounts Available for Appropriation</b>	<b>176,977</b>	<b>216,345</b>	<b>79,356</b>	<b>(136,989)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	111,874	102,715	103,010	(295)
<b>Total Charges to Appropriations</b>	<b>111,874</b>	<b>102,715</b>	<b>103,010</b>	<b>(295)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 65,103</b>	<b>\$ 113,630</b>	<b>\$ (23,654)</b>	<b>\$ (137,284)</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
PARK AND OPEN SPACE  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 1,242,838	\$ 1,242,838	\$ 1,242,838	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	80,000	1,500	106,998	105,498
Use of money and property	20,000	10,000	1,553	(8,447)
Miscellaneous	-	-	100,000	100,000
<b>Amounts Available for Appropriation</b>	<b>1,342,838</b>	<b>1,254,338</b>	<b>1,451,389</b>	<b>197,051</b>
<b>Charges to Appropriation (Outflow):</b>				
Culture and recreation	5,305	7,887	13,300	(5,413)
Capital outlay	-	343,452	277,995	65,457
Debt service:				
Principal retirement	47,549	47,549	47,549	-
Interest and fiscal charges	54,949	54,948	54,948	-
Transfers out	-	34,977	48,579	(13,602)
<b>Total Charges to Appropriations</b>	<b>107,803</b>	<b>488,813</b>	<b>442,371</b>	<b>46,442</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,235,035</b>	<b>\$ 765,525</b>	<b>\$ 1,009,018</b>	<b>\$ 243,493</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
ARTERIAL STREET CONSTRUCTION  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 1,208,374	\$ 1,208,374	\$ 1,208,374	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	85,000	220,000	371,272	151,272
Use of money and property	12,000	10,000	11,276	1,276
<b>Amounts Available for Appropriation</b>	<b>1,305,374</b>	<b>1,438,374</b>	<b>1,590,922</b>	<b>152,548</b>
<b>Charges to Appropriation (Outflow):</b>				
Highway and streets	1,500	5,000	7,425	(2,425)
<b>Total Charges to Appropriations</b>	<b>1,500</b>	<b>5,000</b>	<b>7,425</b>	<b>(2,425)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,303,874</b>	<b>\$ 1,433,374</b>	<b>\$ 1,583,497</b>	<b>\$ 150,123</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC SIGNALS  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 593,895	\$ 593,895	\$ 593,895	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	16,000	37,000	61,879	24,879
Use of money and property	6,000	6,000	5,309	(691)
<b>Amounts Available for Appropriation</b>	<b>615,895</b>	<b>636,895</b>	<b>661,083</b>	<b>24,188</b>
<b>Charges to Appropriation (Outflow):</b>				
Highway and streets	350	760	1,238	(478)
<b>Total Charges to Appropriations</b>	<b>350</b>	<b>760</b>	<b>1,238</b>	<b>(478)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 615,545</b>	<b>\$ 636,135</b>	<b>\$ 659,845</b>	<b>\$ 23,710</b>



CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
 FREEWAY INTERCHANGES  
 YEAR ENDED JUNE 30, 2013**

	<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	\$ 388,085	\$ 388,085	\$ 388,085	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	47,000	112,000	185,636	73,636
Use of money and property	4,000	4,000	3,852	(148)
<b>Amounts Available for Appropriation</b>	<b>439,085</b>	<b>504,085</b>	<b>577,573</b>	<b>73,488</b>
<b>Charges to Appropriation (Outflow):</b>				
Highway and streets	1,000	2,500	3,713	(1,213)
<b>Total Charges to Appropriations</b>	<b>1,000</b>	<b>2,500</b>	<b>3,713</b>	<b>(1,213)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 438,085</b>	<b>\$ 501,585</b>	<b>\$ 573,860</b>	<b>\$ 72,275</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
STREET LIGHTING DISTRICT #1  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 235	\$ 235	\$ 235	\$ -
<b>Resources (Inflows):</b>				
Taxes	26,000	25,000	25,080	80
<b>Amounts Available for Appropriation</b>	<b>26,235</b>	<b>25,235</b>	<b>25,315</b>	<b>80</b>
<b>Charges to Appropriation (Outflow):</b>				
Highway and streets	12,261	11,892	5,333	6,559
Transfers out	-	-	19,824	(19,824)
<b>Total Charges to Appropriations</b>	<b>12,261</b>	<b>11,892</b>	<b>25,157</b>	<b>(13,265)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 13,974</b>	<b>\$ 13,343</b>	<b>\$ 158</b>	<b>\$ (13,185)</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
CFD 2004-1 ASSESSMENT  
YEAR ENDED JUNE 30, 2013**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 388,987	\$ 388,987	\$ 388,987	\$ -
<b>Resources (Inflows):</b>				
Taxes	115,000	120,000	126,023	6,023
Use of money and property	5,000	5,000	3,501	(1,499)
<b>Amounts Available for Appropriation</b>	<b>508,987</b>	<b>513,987</b>	<b>518,511</b>	<b>4,524</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	80,597	89,788	96,726	(6,938)
Transfers out	-	300,195	300,195	-
<b>Total Charges to Appropriations</b>	<b>80,597</b>	<b>389,983</b>	<b>396,921</b>	<b>(6,938)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 428,390</b>	<b>\$ 124,004</b>	<b>\$ 121,590</b>	<b>\$ (2,414)</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
LANDSCAPE MAINTENANCE DISTRICT  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 59	\$ 59	\$ 59	\$ -
<b>Resources (Inflows):</b>				
Taxes	30,000	29,000	29,374	374
Transfers in	-	-	13,440	13,440
<b>Amounts Available for Appropriation</b>	<b>30,059</b>	<b>29,059</b>	<b>42,873</b>	<b>13,814</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	27,146	29,057	42,778	(13,721)
<b>Total Charges to Appropriations</b>	<b>27,146</b>	<b>29,057</b>	<b>42,778</b>	<b>(13,721)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,913</b>	<b>\$ 2</b>	<b>\$ 95</b>	<b>\$ 93</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
DISASTER RECOVERY  
YEAR ENDED JUNE 30, 2013**

	<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	\$ (731,989)	\$ (731,989)	\$ (731,989)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	123,557	-	(123,557)
<b>Amounts Available for Appropriation</b>	<b>(731,989)</b>	<b>(608,432)</b>	<b>(731,989)</b>	<b>(123,557)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	13,982	10,819	3,163
Capital outlay	-	109,575	53,695	55,880
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>123,557</b>	<b>64,514</b>	<b>59,043</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (731,989)</b>	<b>\$ (731,989)</b>	<b>\$ (796,503)</b>	<b>\$ (64,514)</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
STORM DRAIN  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 2,361,605	\$ 2,361,605	\$ 2,361,605	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	8,500	5,000	12,401	7,401
Use of money and property	15,000	15,000	2,118	(12,882)
Miscellaneous	5,000,000	5,000,000	-	(5,000,000)
<b>Amounts Available for Appropriation</b>	<b>7,385,105</b>	<b>7,381,605</b>	<b>2,376,124</b>	<b>(5,005,481)</b>
<b>Charges to Appropriation (Outflow):</b>				
Highway and streets	43,977	313,294	44,088	269,206
Capital outlay	5,700,000	5,550,000	1,467	5,548,533
Transfers out	175,000	175,000	175,000	-
<b>Total Charges to Appropriations</b>	<b>5,918,977</b>	<b>6,038,294</b>	<b>220,555</b>	<b>5,817,739</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,466,128</b>	<b>\$ 1,343,311</b>	<b>\$ 2,155,569</b>	<b>\$ 812,258</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION BONDS - SERIES 1998A  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 195,747	\$ 195,747	\$ 195,747	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	2,000	(261)	(259)	2
Transfers in	-	148,475	148,475	-
<b>Amounts Available for Appropriation</b>	<b>197,747</b>	<b>343,961</b>	<b>343,963</b>	<b>2</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	-	343,962	343,963	(1)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>343,962</b>	<b>343,963</b>	<b>(1)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 197,747</b>	<b>\$ (1)</b>	<b>\$ -</b>	<b>\$ 1</b>

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
GENERAL DEBT SERVICE  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 3,517,773	\$ 3,517,773	\$ 3,517,773	\$ -
<b>Resources (Inflows):</b>				
Taxes	665,000	749,500	680,742	(68,758)
Use of money and property	15,000	18,000	2,190	(15,810)
Transfers in	2,543,837	2,543,837	2,667,867	124,030
<b>Amounts Available for Appropriation</b>	<b>6,741,610</b>	<b>6,829,110</b>	<b>6,868,572</b>	<b>39,462</b>
<b>Charges to Appropriation (Outflow):</b>				
Debt service:				
Principal retirement	1,890,000	1,890,000	1,890,000	-
Interest and fiscal charges	1,271,201	1,271,201	1,270,925	276
<b>Total Charges to Appropriations</b>	<b>3,161,201</b>	<b>3,161,201</b>	<b>3,160,925</b>	<b>276</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,580,409</b>	<b>\$ 3,667,909</b>	<b>\$ 3,707,647</b>	<b>\$ 39,738</b>



CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE  
 REDLANDS PUBLIC IMPROVEMENT CORPORATION  
 YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Transfers in	1,910,442	1,910,442	1,909,872	(570)
<b>Amounts Available for Appropriation</b>	<b>1,910,442</b>	<b>1,910,442</b>	<b>1,909,872</b>	<b>(570)</b>
<b>Charges to Appropriation (Outflow):</b>				
Debt service:				
Principal retirement	1,600,000	1,600,000	1,600,000	-
Interest and fiscal charges	310,442	310,442	309,872	570
<b>Total Charges to Appropriations</b>	<b>1,910,442</b>	<b>1,910,442</b>	<b>1,909,872</b>	<b>570</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, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,897,841	\$ 1,897,841	\$ 1,897,841	\$ -
<b>Resources (Inflows):</b>				
Miscellaneous	60,000	55,000	61,621	6,621
<b>Amounts Available for Appropriation</b>	<b>1,957,841</b>	<b>1,952,841</b>	<b>1,959,462</b>	<b>6,621</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,957,841</b>	<b>\$ 1,952,841</b>	<b>\$ 1,959,462</b>	<b>\$ 6,621</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2013**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Non-Potable Water</b>	<b>Cemetery</b>	<b>Aviation</b>	<b>Totals</b>
<b>Assets:</b>				
Current:				
Cash and investments	\$ 1,359,907	\$ 656,439	\$ 160,961	\$ 2,177,307
Receivables:				
Accounts	-	44,356	59,320	103,676
Taxes	-	-	158	158
Prepaid costs	193	2,620	715	3,528
Due from other governments	-	369	12,186	12,555
<b>Total Current Assets</b>	<b>1,360,100</b>	<b>703,784</b>	<b>233,340</b>	<b>2,297,224</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	-	651,711	4,093,052	4,744,763
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>651,711</b>	<b>4,093,052</b>	<b>4,744,763</b>
<b>Total Assets</b>	<b>\$ 1,360,100</b>	<b>\$ 1,355,495</b>	<b>\$ 4,326,392</b>	<b>\$ 7,041,987</b>
<b>Liabilities and Net Position:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 19,270	\$ 4,976	\$ 4,929	\$ 29,175
Accrued payroll	2,359	14,166	3,410	19,935
Deposits payable	-	693,166	1,431	694,597
Accrued compensated absences	-	10,264	-	10,264
<b>Total Current Liabilities</b>	<b>21,629</b>	<b>722,572</b>	<b>9,770</b>	<b>753,971</b>
Noncurrent:				
Advances from other funds	-	1,214,467	1,145,019	2,359,486
Accrued compensated absences	-	514	-	514
OPEB obligation	-	107,650	-	107,650
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>1,322,631</b>	<b>1,145,019</b>	<b>2,467,650</b>
<b>Total Liabilities</b>	<b>21,629</b>	<b>2,045,203</b>	<b>1,154,789</b>	<b>3,221,621</b>
<b>Net Position:</b>				
Net investment in capital assets	-	651,711	4,093,052	4,744,763
Unrestricted	1,338,471	(1,341,419)	(921,449)	(924,397)
<b>Total Net Position</b>	<b>1,338,471</b>	<b>(689,708)</b>	<b>3,171,603</b>	<b>3,820,366</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,360,100</b>	<b>\$ 1,355,495</b>	<b>\$ 4,326,392</b>	<b>\$ 7,041,987</b>

CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Non-Potable Water</b>	<b>Cemetery</b>	<b>Aviation</b>	<b>Totals</b>
<b>Operating Revenues:</b>				
Sales and service charges	\$ 513,722	\$ 341,950	\$ -	\$ 855,672
Miscellaneous	-	86,347	269,631	355,978
<b>Total Operating Revenues</b>	<b>513,722</b>	<b>428,297</b>	<b>269,631</b>	<b>1,211,650</b>
<b>Operating Expenses:</b>				
Administration and general	6,193	262,957	157,422	426,572
Utility plant operations	149,300	-	-	149,300
Depreciation expense	-	620	106,223	106,843
Personnel services	41,900	286,298	81,570	409,768
Repairs and maintenance	-	3,683	1,058	4,741
<b>Total Operating Expenses</b>	<b>197,393</b>	<b>553,558</b>	<b>346,273</b>	<b>1,097,224</b>
Operating Income (Loss)	316,329	(125,261)	(76,642)	114,426
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	967	2,845	(71)	3,741
Interest expense	-	(3,581)	(3,717)	(7,298)
Miscellaneous income	-	47,451	31,883	79,334
Property taxes	-	-	41,673	41,673
Grants	-	-	535,379	535,379
<b>Total Nonoperating Revenues (Expenses)</b>	<b>967</b>	<b>46,715</b>	<b>605,147</b>	<b>652,829</b>
Changes in Net Position	317,296	(78,546)	528,505	767,255
<b>Net Position:</b>				
Beginning of Year	1,021,175	(611,162)	2,643,098	3,053,111
<b>End of Fiscal Year</b>	<b>\$ 1,338,471</b>	<b>\$ (689,708)</b>	<b>\$ 3,171,603</b>	<b>\$ 3,820,366</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Non-Potable Water</b>	<b>Cemetery</b>	<b>Aviation</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 513,722	\$ 452,149	\$ 250,238	\$1,216,109
Cash paid to suppliers for goods and services	(172,123)	(268,756)	(82,219)	(523,098)
Cash paid to employees for services	(6,445)	(223,016)	(159,502)	(388,963)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>335,154</b>	<b>(39,623)</b>	<b>8,517</b>	<b>304,048</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash received from other activities	-	47,451	31,883	79,334
Advance from other funds	-	(1,119)	(121,283)	(122,402)
Intergovernmental	-	(369)	74,963	74,594
Grants received	-	-	535,379	535,379
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>45,963</b>	<b>520,942</b>	<b>566,905</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	-	-	(582,558)	(582,558)
Interest paid on long-term debt	-	(3,581)	(3,717)	(7,298)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(3,581)</b>	<b>(586,275)</b>	<b>(589,856)</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	967	2,845	(71)	3,741
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>967</b>	<b>2,845</b>	<b>(71)</b>	<b>3,741</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>336,121</b>	<b>5,604</b>	<b>(56,887)</b>	<b>284,838</b>
Cash and Cash Equivalents at Beginning of Year	1,023,786	650,835	217,848	1,892,469
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,359,907</b>	<b>\$ 656,439</b>	<b>\$ 160,961</b>	<b>\$2,177,307</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 316,329	\$ (125,261)	\$ (76,642)	\$ 114,426
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	-	620	106,223	106,843
(Increase) decrease in accounts receivable	-	23,852	(19,393)	4,459
(Increase) decrease in prepaid expense	(193)	(2,620)	(715)	(3,528)
Increase (decrease) in accounts payable	19,270	(46)	1,124	20,348
Increase (decrease) in accrued payroll	(252)	(2,260)	(2,080)	(4,592)
Increase (decrease) in deposits payable	-	23,891	-	23,891
Increase (decrease) in net OPEB obligation	-	44,697	-	44,697
Increase (decrease) in compensated absences	-	(2,496)	-	(2,496)
<b>Total Adjustments</b>	<b>18,825</b>	<b>85,638</b>	<b>85,159</b>	<b>189,622</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 335,154</b>	<b>\$ (39,623)</b>	<b>\$ 8,517</b>	<b>\$ 304,048</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2013**

	<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	\$ 501,506	\$ 645,876	\$ 1,093,760	\$ -
Receivables:				
Accounts	-	-	-	55,783
Prepaid costs	949	4,561	1,224	6,448
Due from other governments	-	-	193	1,971
Due from other funds	-	-	-	-
Inventories	-	-	-	161,431
<b>Total Current Assets</b>	<b>502,455</b>	<b>650,437</b>	<b>1,095,177</b>	<b>225,633</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	-	38,445	-	94,917
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>38,445</b>	<b>-</b>	<b>94,917</b>
<b>Total Assets</b>	<b>\$ 502,455</b>	<b>\$ 688,882</b>	<b>\$ 1,095,177</b>	<b>\$ 320,550</b>
<b>Liabilities and Net Position:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 37,283	\$ 266,430	\$ 46,730	\$ 113,787
Accrued payroll	5,224	48,905	6,042	37,074
Due to other funds	-	-	-	25,405
Accrued compensated absences	2,914	92,455	-	26,565
Accrued claims and judgments	443,000	-	1,277,000	-
<b>Total Current Liabilities</b>	<b>488,421</b>	<b>407,790</b>	<b>1,329,772</b>	<b>202,831</b>
Noncurrent:				
Accrued compensated absences	105,902	47,172	-	35,110
Accrued claims and judgments	443,000	-	1,277,000	-
Net OPEB obligation	40,068	700,285	(1,956)	495,217
<b>Total Noncurrent Liabilities</b>	<b>588,970</b>	<b>747,457</b>	<b>1,275,044</b>	<b>530,327</b>
<b>Total Liabilities</b>	<b>1,077,391</b>	<b>1,155,247</b>	<b>2,604,816</b>	<b>733,158</b>
<b>Net Position:</b>				
Net investment in capital assets	-	38,445	-	94,917
Unrestricted	(574,936)	(504,810)	(1,509,639)	(507,525)
<b>Total Net Position</b>	<b>(574,936)</b>	<b>(466,365)</b>	<b>(1,509,639)</b>	<b>(412,608)</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 502,455</b>	<b>\$ 688,882</b>	<b>\$ 1,095,177</b>	<b>\$ 320,550</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2013**

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Utility Billing</b>	<b>Payroll Clearing</b>	<b>Totals</b>
<b>Assets:</b>			
Current:			
Cash and investments	\$ 1,672,316	\$ 274,305	\$ 4,187,763
Receivables:			
Accounts	4,017	-	59,800
Prepaid costs	6,968	-	20,150
Due from other governments	383	-	2,547
Due from other funds	25,405	-	25,405
Inventories	-	-	161,431
<b>Total Current Assets</b>	<b>1,709,089</b>	<b>274,305</b>	<b>4,457,096</b>
Noncurrent:			
Capital assets - net of accumulated depreciation	-	-	133,362
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>133,362</b>
<b>Total Assets</b>	<b>\$ 1,709,089</b>	<b>\$ 274,305</b>	<b>\$ 4,590,458</b>
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	\$ 9,585	\$ 274,305	\$ 748,120
Accrued payroll	40,120	-	137,365
Due to other funds	-	-	25,405
Accrued compensated absences	34,266	-	156,200
Accrued claims and judgments	-	-	1,720,000
<b>Total Current Liabilities</b>	<b>83,971</b>	<b>274,305</b>	<b>2,787,090</b>
Noncurrent:			
Accrued compensated absences	50,991	-	239,175
Accrued claims and judgments	-	-	1,720,000
Net OPEB obligation	523,349	-	1,756,963
<b>Total Noncurrent Liabilities</b>	<b>574,340</b>	<b>-</b>	<b>3,716,138</b>
<b>Total Liabilities</b>	<b>658,311</b>	<b>274,305</b>	<b>6,503,228</b>
<b>Net Position:</b>			
Net investment in capital assets	-	-	133,362
Unrestricted	1,050,778	-	(2,046,132)
<b>Total Net Position</b>	<b>1,050,778</b>	<b>-</b>	<b>(1,912,770)</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,709,089</b>	<b>\$ 274,305</b>	<b>\$ 4,590,458</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2013**

	<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>Operating Revenues:</b>				
Sales and service charges	\$ -	\$ 2,601,463	\$ 2,055,570	\$ 3,643,689
Miscellaneous	24,391	2,551	193	1,006
<b>Total Operating Revenues</b>	<b>24,391</b>	<b>2,604,014</b>	<b>2,055,763</b>	<b>3,644,695</b>
<b>Operating Expenses:</b>				
Administration and general	1,333,014	1,668,239	1,633,875	967,115
Depreciation expense	-	11,839	-	17,292
Personnel services	142,925	1,149,785	403,468	608,026
Repairs and maintenance	-	-	-	2,259,523
Premiums paid out	282,667	-	98,771	-
<b>Total Operating Expenses</b>	<b>1,758,606</b>	<b>2,829,863</b>	<b>2,136,114</b>	<b>3,851,956</b>
Operating Income (Loss)	(1,734,215)	(225,849)	(80,351)	(207,261)
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	3,190	1,925	27	(112)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>3,190</b>	<b>1,925</b>	<b>27</b>	<b>(112)</b>
Income (Loss) Before Transfers	(1,731,025)	(223,924)	(80,324)	(207,373)
Transfers in	1,135,000	-	-	-
Transfers out	-	-	-	-
Changes in Net Position	(596,025)	(223,924)	(80,324)	(207,373)
<b>Net Position:</b>				
Beginning of Year, as originally reported	21,089	(242,441)	(1,429,315)	(197,242)
Restatements	-	-	-	(7,993)
Beginning of Fiscal Year, as restated	21,089	(242,441)	(1,429,315)	(205,235)
<b>End of Fiscal Year</b>	<b>\$ (574,936)</b>	<b>\$ (466,365)</b>	<b>\$ (1,509,639)</b>	<b>\$ (412,608)</b>



## CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 959,678	\$ 2,667,867	\$ 11,928,267
Miscellaneous	497,378	-	525,519
<b>Total Operating Revenues</b>	<b>1,457,056</b>	<b>2,667,867</b>	<b>12,453,786</b>
<b>Operating Expenses:</b>			
Administration and general	621,267	-	6,223,510
Depreciation expense	-	-	29,131
Personnel services	734,857	-	3,039,061
Repairs and maintenance	9,070	-	2,268,593
Premiums paid out	-	-	381,438
<b>Total Operating Expenses</b>	<b>1,365,194</b>	<b>-</b>	<b>11,941,733</b>
Operating Income (Loss)	91,862	2,667,867	512,053
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	1,346	-	6,376
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,346</b>	<b>-</b>	<b>6,376</b>
Income (Loss) Before Transfers	93,208	2,667,867	518,429
Transfers in	-	-	1,135,000
Transfers out	-	(2,667,867)	(2,667,867)
Changes in Net Position	93,208	-	(1,014,438)
<b>Net Position:</b>			
Beginning of Year, as originally reported	957,570	-	(890,339)
Restatements	-	-	(7,993)
Beginning of Fiscal Year, as restated	957,570	-	(898,332)
<b>End of Fiscal Year</b>	<b>\$ 1,050,778</b>	<b>\$ -</b>	<b>\$ (1,912,770)</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 24,391	\$ 2,604,014	\$ 2,055,763	\$ 3,639,209
Cash paid to suppliers for goods and services	(1,320,323)	(1,259,073)	(1,660,291)	(3,263,482)
Cash payments for claims	(231,667)	-	48,229	-
Cash paid to employees for services	(120,522)	(1,157,778)	(406,739)	(651,197)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(1,648,121)</b>	<b>187,163</b>	<b>36,962</b>	<b>(275,470)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers out	-	-	-	-
Cash transfers in	1,135,000	-	-	-
Payment received from other funds	-	-	(193)	23,434
Payment made to other funds	-	-	-	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>1,135,000</b>	<b>-</b>	<b>(193)</b>	<b>23,434</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	3,190	1,925	27	(112)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>3,190</b>	<b>1,925</b>	<b>27</b>	<b>(112)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(509,931)</b>	<b>189,088</b>	<b>36,796</b>	<b>(252,148)</b>
Cash and Cash Equivalents at Beginning of Year	1,011,437	456,788	1,056,964	252,148
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 501,506</b>	<b>\$ 645,876</b>	<b>\$ 1,093,760</b>	<b>\$ -</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (1,734,215)	\$ (225,849)	\$ (80,351)	\$ (207,261)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	-	11,839	-	17,292
(Increase) decrease in accounts receivable	135	-	-	(5,486)
(Increase) decrease in prepaids	(949)	(4,561)	(1,224)	(6,448)
(Increase) decrease in inventory	-	-	-	30,318
Increase (decrease) in accounts payable	3,010	224,821	(23,157)	(133,516)
Increase (decrease) in accrued payroll	(850)	(63)	(3,271)	(4,870)
Increase (decrease) in OPEB obligation	10,495	188,906	(2,035)	72,802
Increase (decrease) in claims and judgments	51,000	-	147,000	-
Increase (decrease) in compensated absences	23,253	(7,930)	-	(38,301)
<b>Total Adjustments</b>	<b>86,094</b>	<b>413,012</b>	<b>117,313</b>	<b>(68,209)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (1,648,121)</b>	<b>\$ 187,163</b>	<b>\$ 36,962</b>	<b>\$ (275,470)</b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 1,457,148	\$ 2,667,867	\$ 12,448,392
Cash paid to suppliers for goods and services	(483,787)	207,106	(7,779,850)
Cash payments for claims	-	-	(183,438)
Cash paid to employees for services	(725,886)	-	(3,062,122)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>247,475</b>	<b>2,874,973</b>	<b>1,422,982</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash transfers out	-	(2,667,867)	(2,667,867)
Cash transfers in	-	-	1,135,000
Payment received from other funds	(383)	-	22,858
Payment made to other funds	(25,405)	-	(25,405)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(25,788)</b>	<b>(2,667,867)</b>	<b>(1,535,414)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	1,346	-	6,376
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>1,346</b>	<b>-</b>	<b>6,376</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>223,033</b>	<b>207,106</b>	<b>(106,056)</b>
Cash and Cash Equivalents at Beginning of Year	1,449,283	67,199	4,293,819
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,672,316</b>	<b>\$ 274,305</b>	<b>\$ 4,187,763</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 91,862	\$ 2,667,867	\$ 512,053
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Depreciation	-	-	29,131
(Increase) decrease in accounts receivable	92	-	(5,259)
(Increase) decrease in prepaids	(6,968)	-	(20,150)
(Increase) decrease in inventory	-	-	30,318
Increase (decrease) in accounts payable	6,591	207,106	284,855
Increase (decrease) in accrued payroll	625	-	(8,429)
Increase (decrease) in OPEB obligation	146,927	-	417,095
Increase (decrease) in claims and judgments	-	-	198,000
Increase (decrease) in compensated absences	8,346	-	(14,632)
<b>Total Adjustments</b>	<b>155,613</b>	<b>207,106</b>	<b>910,929</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 247,475</b>	<b>\$ 2,874,973</b>	<b>\$ 1,422,982</b>

CITY OF REDLANDS

COMBINING BALANCE SHEET  
 ALL AGENCY FUNDS  
 JUNE 30, 2013

	<u>Special Deposits</u>	<u>Community Facilities District Trust</u>	<u>Totals</u>
<b>Assets:</b>			
Cash and investments	\$ 3,285,700	\$ -	\$ 3,285,700
Cash and investments with fiscal agents	-	2,622,294	2,622,294
Receivables:			
Accrued interest	187,425	-	187,425
<b>Total Assets</b>	<b><u>\$ 3,473,125</u></b>	<b><u>\$ 2,622,294</u></b>	<b><u>\$ 6,095,419</u></b>
<b>Liabilities:</b>			
Accounts payable	\$ 42,569	\$ -	\$ 42,569
Deposits payable	3,430,556	2,622,294	6,052,850
<b>Total Liabilities</b>	<b><u>\$ 3,473,125</u></b>	<b><u>\$ 2,622,294</u></b>	<b><u>\$ 6,095,419</u></b>

## CITY OF REDLANDS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2013**

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2013</u>
<b><u>Special Deposits</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 2,432,104	\$ 3,668,648	\$ 2,815,052	\$ 3,285,700
Receivables:				
Accrued interest	294,504	-	107,079	187,425
<b>Total Assets</b>	<b><u>\$ 2,726,608</u></b>	<b><u>\$ 3,668,648</u></b>	<b><u>\$ 2,922,131</u></b>	<b><u>\$ 3,473,125</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 13,444	\$ 172,675	\$ 143,550	\$ 42,569
Deposits payable	2,713,164	974,788	257,396	3,430,556
<b>Total Liabilities</b>	<b><u>\$ 2,726,608</u></b>	<b><u>\$ 1,147,463</u></b>	<b><u>\$ 400,946</u></b>	<b><u>\$ 3,473,125</u></b>
<b><u>Community Facilities District Trust</u></b>				
<b>Assets:</b>				
Cash and investments with fiscal agents	\$ 2,636,601	\$ 1,597,239	\$ 1,611,546	\$ 2,622,294
Receivables:				
Accrued interest	99	557	656	-
<b>Total Assets</b>	<b><u>\$ 2,636,700</u></b>	<b><u>\$ 1,597,796</u></b>	<b><u>\$ 1,612,202</u></b>	<b><u>\$ 2,622,294</u></b>
<b>Liabilities:</b>				
Deposits payable	\$ 2,636,700	\$ 1,153,349	\$ 1,167,755	\$ 2,622,294
<b>Total Liabilities</b>	<b><u>\$ 2,636,700</u></b>	<b><u>\$ 1,153,349</u></b>	<b><u>\$ 1,167,755</u></b>	<b><u>\$ 2,622,294</u></b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 2,432,104	\$ 3,668,648	\$ 2,815,052	\$ 3,285,700
Cash and investments with fiscal agents	2,636,601	1,597,239	1,611,546	2,622,294
Receivables:				
Accrued interest	294,603	557	107,735	187,425
<b>Total Assets</b>	<b><u>\$ 5,363,308</u></b>	<b><u>\$ 5,266,444</u></b>	<b><u>\$ 4,534,333</u></b>	<b><u>\$ 6,095,419</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 13,444	\$ 172,675	\$ 143,550	\$ 42,569
Deposits payable	5,349,864	2,128,137	1,425,151	6,052,850
<b>Total Liabilities</b>	<b><u>\$ 5,363,308</u></b>	<b><u>\$ 2,300,812</u></b>	<b><u>\$ 1,568,701</u></b>	<b><u>\$ 6,095,419</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	145
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	152
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	157
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	162
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	164
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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
Net Investment in capital assets	\$ 286,402,338	\$ 333,560,602	\$ 338,283,471	\$ 376,161,773	\$ 475,848,979	\$ 538,505,009	\$ 552,406,654	\$ 568,588,535	\$ 592,254,886	\$ 594,654,756
Restricted	20,217,874	20,169,777	19,302,690	19,431,228	17,261,278	30,310,832	28,304,090	24,855,791	19,135,526	20,158,877
Unrestricted	22,731,051	15,269,017	21,427,233	29,808,370	62,448,864	9,510,396	(2,664,585)	(8,498,201)	(28,840,249)	(26,982,114)
Total governmental activities	\$ 329,351,263	\$ 368,999,396	\$ 379,013,394	\$ 425,401,371	\$ 555,559,121	\$ 578,326,237	\$ 578,046,159	\$ 584,946,125	\$ 582,550,163	\$ 587,831,519
<b>Business-type activities:</b>										
Net Investment in capital assets	\$ 97,298,064	\$ 106,786,695	\$ 101,228,505	\$ 118,629,704	\$ 129,384,736	\$ 126,384,905	\$ 131,748,403	\$ 130,856,115	\$ 132,535,317	\$ 146,926,486
Restricted	-	-	-	-	-	4,120,375	4,166,635	4,212,895	4,259,155	416,340
Unrestricted	19,503,335	17,894,867	32,616,394	28,140,260	37,237,084	47,119,032	45,773,154	53,408,410	61,219,702	52,104,617
Total business-type activities	\$ 116,801,399	\$ 124,681,562	\$ 133,844,899	\$ 146,769,964	\$ 166,621,820	\$ 177,624,312	\$ 181,688,192	\$ 188,477,420	\$ 198,014,174	\$ 199,447,443
<b>Primary government:</b>										
Net Investment in capital assets	\$ 383,700,402	\$ 440,347,297	\$ 439,511,976	\$ 494,791,477	\$ 605,233,715	\$ 664,889,914	\$ 684,155,057	\$ 699,444,650	\$ 724,790,203	\$ 741,581,242
Restricted	20,217,874	20,169,777	19,302,690	19,431,228	17,261,278	34,431,207	32,470,725	29,068,686	23,394,681	20,575,217
Unrestricted	42,234,386	33,163,884	54,043,627	57,948,630	99,685,948	56,629,428	43,108,569	44,910,209	32,379,453	25,122,503
Total primary government	\$ 446,152,662	\$ 493,680,958	\$ 512,858,293	\$ 572,171,335	\$ 722,180,941	\$ 755,950,549	\$ 759,734,351	\$ 773,423,545	\$ 780,564,337	\$ 787,278,962

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)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 9,937,107	\$ 10,634,567	\$ 11,868,103	\$ 13,987,953	\$ 15,161,802	\$ 19,973,152	\$ 15,277,666	\$ 11,803,705	\$ 9,468,848	\$ 9,883,877
Public safety	27,458,958	32,397,475	36,994,587	36,805,550	37,623,861	38,005,815	40,002,463	38,587,942	39,036,010	40,027,122
Culture and recreation	3,667,475	2,858,152	3,692,986	3,668,992	4,129,747	4,021,267	3,610,031	3,349,080	2,810,345	2,997,558
Highway and streets	5,752,512	6,284,884	8,325,785	8,492,440	8,341,455	8,648,714	8,391,171	9,380,254	8,465,455	6,859,184
Library	1,707,371	1,806,206	1,871,418	1,845,482	1,955,443	2,082,948	2,167,109	1,964,269	1,820,554	1,968,343
Interest and fiscal charges	3,352,377	3,169,104	3,713,659	2,883,874	5,035,588	4,335,848	6,957,598	3,456,262	2,120,151	1,589,928
Total governmental activities expenses	51,875,800	57,150,388	66,466,538	67,684,291	72,247,896	77,067,740	76,406,038	68,541,512	63,721,363	63,306,012
<b>Business-type activities:</b>										
Water	15,018,863	15,165,061	14,882,261	14,926,296	14,112,424	15,666,955	15,813,173	16,211,193	15,328,398	20,139,662
Disposal	8,154,201	8,339,209	8,799,485	8,753,717	8,956,968	10,446,326	9,344,247	9,217,359	8,925,740	10,313,959
Sewer	7,465,712	6,945,863	6,922,541	7,458,724	7,650,890	8,021,053	7,888,041	7,882,670	7,643,531	8,080,035
Aviation	117,417	456,441	218,316	268,309	400,298	370,715	250,732	287,854	335,501	317,970
Cemetery	569,764	630,307	591,363	541,946	552,989	522,045	494,949	503,445	522,711	555,402
Groves	463,753	872,263	749,143	708,779	604,998	725,163	717,394	656,608	941,578	12,006,971
NP Water	-	-	-	-	-	-	411,980	142,541	203,890	197,393
Total business-type activities expenses	31,789,710	32,409,144	32,163,109	32,657,771	32,278,567	35,752,257	34,920,516	34,901,670	33,901,349	51,611,372
Total primary government expenses	83,665,510	89,559,532	98,629,647	100,342,062	104,526,463	112,819,997	111,326,554	103,443,182	97,622,712	114,917,384
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	5,920,646	5,644,238	6,559,998	6,393,161	5,826,011	5,290,837	5,112,805	8,562,031	8,654,843	9,181,388
Public safety	1,137,806	1,160,479	935,186	1,189,004	1,229,744	1,390,380	1,330,555	1,711,440	1,394,932	1,407,921
Culture and recreation	251,492	219,018	263,771	230,870	237,357	277,167	222,454	293,028	220,020	343,620
Highway and streets	1,189,059	1,201,865	1,491,579	1,623,290	1,891,618	1,286,006	1,159,894	909,511	1,123,342	1,169,364
Library	43,648	67,977	55,976	50,716	51,886	47,282	44,333	34,456	35,086	34,312
Operating grants and contributions	9,695,136	9,849,623	18,542,273	18,206,757	14,314,045	10,058,173	10,048,934	5,883,602	6,160,827	4,032,286
Capital grants and contributions	10,258,428	38,659,823	3,715,690	36,180,849	125,567,546	29,395,240	11,513,845	8,488,204	1,146,004	987,916
Total governmental activities program revenues	28,496,215	56,803,023	31,564,473	63,874,647	149,118,207	47,745,085	29,432,820	25,882,272	18,735,054	17,156,807
<b>Business-type activities:</b>										
Charges for services:										
Water	14,797,671	13,651,258	14,988,327	17,235,534	18,074,421	18,132,373	17,918,992	18,666,325	20,319,999	22,350,078
Disposal	8,815,119	11,619,754	9,056,597	9,060,415	9,297,234	9,631,846	8,893,718	10,013,969	10,079,232	10,669,471
Sewer	6,131,723	5,364,393	6,093,675	7,041,203	6,868,701	7,077,737	7,650,779	8,200,777	8,653,651	9,092,431
Aviation	90,768	86,507	154,907	210,434	230,835	254,398	292,300	21,015	11,721	18,592
Cemetery	475,047	455,865	561,620	537,454	401,733	308,923	419,284	360,923	311,420	341,950
Groves	464,116	950,970	713,935	720,621	600,363	439,670	551,266	432,136	778,378	471,150
NP Water	-	-	-	-	-	-	529,891	570,107	474,349	513,722
Operating grants and contributions	26,628	1,488,852	423,720	617,206	4,313,798	702,524	186,999	871,940	1,301	24,285
Capital grants and contributions	14,266,620	4,794,810	7,891,272	7,512,629	10,917,476	5,729,189	960,605	531,096	1,821,907	2,233,877
Total business-type activities program revenues	45,067,692	38,412,409	39,884,053	42,935,496	50,704,561	42,276,660	37,403,834	39,668,288	42,451,958	45,715,556
Total primary government program revenues	73,563,907	95,215,432	71,448,526	106,810,143	199,822,768	90,021,745	66,836,654	65,550,560	61,187,012	62,872,363
<b>Net revenues (expenses):</b>										
Governmental activities	(23,379,585)	(347,365)	(34,902,065)	(3,809,644)	(76,870,311)	(29,322,655)	(46,973,218)	(42,659,240)	(44,986,309)	(46,149,205)
Business-type activities	13,277,982	6,003,265	7,720,944	10,277,725	18,425,994	6,524,403	2,483,318	4,766,618	8,550,609	(5,895,816)
Total net revenues (expenses)	(10,101,603)	5,655,900	(27,181,121)	6,468,081	95,296,305	(22,798,252)	(44,489,900)	(37,892,622)	(36,435,700)	(52,045,021)

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	15,248,199	15,346,936	23,914,760	27,036,122	29,165,961	30,626,167	29,907,393	30,098,303	26,741,406	23,536,133
Sales taxes	10,870,623	13,646,820	15,267,688	14,762,456	13,986,798	11,862,852	11,669,250	12,090,894	12,903,249	15,049,517
Franchise taxes	939,519	996,858	1,097,157	3,659,356	4,044,161	5,476,066	2,886,836	3,227,606	2,826,459	2,853,021
Other taxes	1,080,199	1,115,401	1,230,525	1,543,302	1,726,102	1,354,067	1,167,543	1,065,671	1,198,772	1,313,022
Use of money & property	905,943	1,356,544	2,180,119	2,421,829	2,763,654	2,384,773	746,194	647,310	665,553	58,972
Intergovernmental (unrestricted)	3,394,937	8,261,949	1,225,814	654,950	496,302	436,414	370,373	480,868	165,876	153,836
Other								642,842	273,246	2,496,060
Gain on sale of capital assets	216,174	-	-	-	-	-	-	-	-	151,116
Extraordinary gain/(loss) on dissolution of Redevelopment agency (Note 18)	-	-	-	-	-	-	-	-	-	-
Transfers	48,139	(729,010)	-	119,606	1,104,461	(50,568)	(54,449)	573,115	856,972	5,841,908
Total governmental activities	32,703,733	39,995,498	44,916,063	50,197,621	53,287,439	52,089,771	46,693,140	48,826,609	67,075,801	51,453,585
Business-type activities:										
Property taxes	-	-	-	52,655	51,398	45,221	38,082	68,098	37,808	41,673
Use of money & property	611,614	1,147,888	1,442,393	2,714,291	2,478,925	2,029,765	1,488,031	610,787	757,749	185,475
Other	-	-	-	-	-	-	-	922,642	914,887	3,686,367
Gain on sale of capital assets	-	-	-	-	-	-	-	516,500	34,949	9,736,268
Transfers	(48,139)	729,010	-	(119,606)	(1,104,461)	50,568	54,449	(573,115)	(856,972)	(5,841,908)
Total business-type activities	563,475	1,876,898	1,442,393	2,647,340	1,425,862	2,125,554	1,580,562	1,544,912	888,421	7,807,875
Total primary government	33,267,208	41,872,396	46,358,456	52,844,961	54,713,301	54,215,325	48,273,702	50,371,521	67,964,222	59,261,460
Changes in net position										
Governmental activities	9,324,148	39,648,133	10,013,998	46,387,977	130,157,750	22,767,116	(280,078)	6,167,369	22,089,492	5,304,380
Business-type activities	13,841,457	7,880,163	9,163,337	12,925,065	19,851,856	8,649,957	4,063,880	6,311,530	9,439,030	1,912,059
Total primary government	\$ 23,165,605	\$ 47,528,296	\$ 19,177,335	\$ 59,313,042	\$ 150,009,606	\$ 31,417,073	\$ 3,783,802	\$ 12,478,899	\$ 31,528,522	\$ 7,216,439

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.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund:										
Reserved	\$ 7,693,349	\$ 8,559,857	\$ 8,886,457	\$ 8,893,298	\$ 10,169,670	\$ 10,972,417	\$ 11,947,625	\$ -	\$ -	\$ -
Unreserved	10,672,433	7,058,101	2,922,503	4,354,426	4,958,881	7,889,723	5,802,815	-	-	-
Nonspendable	-	-	-	-	-	-	-	6,046,174	6,598,127	7,717,839
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	6,605,311	6,855,311	7,644,141
Unassigned	-	-	-	-	-	-	-	8,767,650	9,773,767	10,116,118
Total general fund	\$ 18,365,782	\$ 15,617,958	\$ 11,808,960	\$ 13,247,724	\$ 15,128,551	\$ 18,862,140	\$ 17,750,440	\$ 21,419,135	\$ 23,227,205	\$ 25,478,098
All other governmental funds:										
Reserved	\$ 2,601,356	\$ 11,500,492	\$ 2,033,335	\$ 6,977,364	\$ 4,274,778	\$ 10,888,944	\$ 10,779,313	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	17,717,671	9,791,298	16,410,790	17,708,775	23,528,904	19,904,622	15,648,593	-	-	-
Debt service fund	8,617,660	8,392,355	6,793,832	6,891,672	8,634,444	3,518,914	977,863	-	-	-
Capital projects fund	6,470,702	6,862,140	9,865,235	9,361,936	9,632,720	1,772,665	2,272,252	-	-	-
Nonspendable	-	-	-	-	-	-	-	548,166	361,351	384,997
Restricted	-	-	-	-	-	-	-	19,604,935	19,035,151	20,058,201
Committed	-	-	-	-	-	-	-	6,193,677	5,609,361	5,921,050
Unassigned	-	-	-	-	-	-	-	(1,399,875)	(7,711,358)	(8,801,461)
Total all other governmental funds	\$ 35,407,389	\$ 36,546,285	\$ 35,103,192	\$ 40,939,747	\$ 46,070,846	\$ 36,085,145	\$ 29,678,021	\$ 24,946,903	\$ 17,294,505	\$ 17,562,787

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)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	\$ 28,211,269	\$ 31,241,724	\$ 41,642,820	\$ 47,142,875	\$ 49,074,516	\$ 49,319,152	\$ 45,816,050	\$ 46,974,366	\$ 43,669,886	\$ 42,751,693
Licenses and permits	9,813,539	9,412,476	14,071,545	14,785,863	14,405,549	7,422,024	5,216,551	4,760,789	5,628,860	6,090,892
Intergovernmental	9,230,680	11,082,073	11,497,035	15,650,446	9,741,769	6,261,983	5,219,602	7,030,818	5,947,380	4,455,718
Charges for services	1,746,893	1,552,689	1,578,029	2,214,772	2,808,774	4,946,435	6,433,198	7,043,801	6,934,677	6,711,043
Charges for services to other city funds	3,252,119	2,935,835	-	-	-	-	-	-	-	-
Use of money and property	1,300,138	2,004,338	3,144,775	3,586,384	5,336,312	2,559,089	1,497,930	647,310	626,072	52,596
Contributions from property owners	6,608,423	-	-	-	-	-	-	-	-	-
Other	1,667,652	2,320,474	2,138,612	2,077,164	2,238,590	2,214,972	1,132,620	1,226,613	632,943	2,974,531
Total revenues	61,830,713	60,549,609	74,072,816	85,457,504	83,605,510	72,723,655	65,315,951	67,683,697	63,439,818	63,036,473
Expenditures										
Current:										
General government	9,548,691	10,308,122	11,478,185	13,758,100	19,638,037	19,663,593	14,533,699	11,506,994	9,788,982	10,080,042
Public safety	26,073,331	30,772,182	35,350,737	36,008,498	57,179,014	35,519,554	35,576,831	34,796,584	35,502,542	36,619,437
Highway and streets	3,542,929	6,600,623	5,076,512	5,434,175	4,826,627	4,844,425	4,131,236	4,651,164	4,250,686	4,122,692
Culture and recreation	2,443,711	2,594,046	3,344,777	3,311,493	3,821,206	3,534,250	2,940,479	2,701,864	2,121,891	2,400,303
Library	1,642,304	1,761,765	1,856,592	1,851,926	1,966,965	2,028,917	1,986,391	1,853,094	1,722,370	1,762,796
SERAF Obligation	-	-	-	-	-	-	2,389,188	491,892	-	-
Other pass-through payments	-	-	-	-	-	-	424,628	777,095	524,481	-
Capital outlay	8,911,917	3,196,389	16,004,189	13,561,057	8,384,995	5,817,816	3,650,267	5,403,411	3,176,270	7,470,985
Debt service:										
Principal	1,727,146	2,449,329	2,403,739	3,955,548	4,198,760	4,541,378	5,192,896	5,400,124	5,636,144	3,771,848
Interest and fiscal charges	2,265,258	3,178,312	3,722,579	2,898,827	4,065,938	4,337,676	3,834,596	3,783,017	2,717,604	1,672,907
Underwriters' fees	268,705	-	-	-	-	-	-	-	-	-
Cost of issuance	704,438	-	-	-	-	-	-	-	-	-
Total expenditures	57,128,430	60,860,768	79,237,310	80,779,624	104,081,542	80,287,609	74,660,211	71,365,239	65,440,970	67,901,010
Excess (deficiency) of revenues over (under) expenditures	4,702,283	(311,159)	(5,164,494)	4,677,880	(20,476,032)	(7,563,954)	(9,344,260)	(3,681,542)	(2,001,152)	(4,864,537)

CITY OF REDLANDS

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other financing sources (uses):										
Transfers in	18,897,881	8,407,181	9,655,411	11,985,951	18,608,919	21,658,490	14,225,197	14,749,386	13,566,661	18,682,589
Transfers out	(20,134,841)	(9,704,950)	(10,993,456)	(12,642,677)	(17,269,538)	(20,346,648)	(12,514,759)	(13,065,366)	(10,990,445)	(11,307,814)
Proceeds from sale of capital assets	216,174	-	-	-	-	-	-	-	-	350
Extraordinary gain/(loss) on dissolution of Redevelopment agency (Note 18)	-	-	-	-	-	-	-	-	(5,453,452)	-
Restatements	-	-	-	-	-	-	-	-	(30,841)	8,587
Proceeds of capital lease	654,891	-	1,250,448	1,269,165	236,136	-	114,998	-	-	-
Issuance of long term debt	17,300,000	-	-	1,985,000	30,502,392	-	-	-	-	-
Refunding bonds issued	5,380,000	-	-	-	-	-	-	-	-	-
Discount on issuance of long term debt	(154,936)	-	-	-	(297,722)	-	-	-	-	-
Premium on refunding bonds issued	142,261	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	(5,363,727)	-	-	-	(4,292,229)	-	-	-	-	-
Total other financing sources (uses)	16,937,703	(1,297,769)	(87,597)	2,597,439	27,487,958	1,311,842	1,825,436	1,684,020	(2,908,077)	7,383,712
Net change in fund balances	\$ 21,639,986	\$ (1,608,928)	\$ (5,252,091)	\$ 7,275,319	\$ 7,011,926	\$ (6,252,112)	\$ (7,518,824)	\$ (1,997,522)	\$ (4,909,229)	\$ 2,519,175
Debt service as a percentage of noncapital expenditures <sup>1</sup>	8.3%	9.8%	9.7%	10.2%	8.6%	11.9%	12.7%	14.1%	13.5%	9.3%

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
2004	\$ 3,672,991	\$ 152,007	\$ (79,354)	\$ 3,745,644	\$ 287,821	\$ 46,720	\$ (854)	\$ 333,687	\$ 4,079,331	0.30736
2005	4,072,008	137,651	(79,611)	4,130,048	316,589	44,019	(843)	359,765	4,489,813	0.30247
2006	4,854,140	160,644	(79,240)	4,935,544	348,224	47,055	(841)	394,438	5,329,982	0.28812
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

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Residential	\$ 3,035,139	\$ 3,298,525	\$ 3,717,496	\$ 4,232,501	\$ 4,724,469	\$ 4,866,787	\$ 4,511,071	\$ 4,344,036	\$ 4,375,904	\$ 4,603,792
Commercial	446,564	492,024	560,210	658,585	745,188	828,697	905,533	939,004	909,737	919,179
Industrial	182,833	232,590	257,161	325,169	495,797	682,669	732,243	751,264	649,237	641,987
Dry Farm	1,113	1,097	337	344	840	714	-	-	-	-
Government	3,444	8,320	4,284	4,370	4,457	1,380	471	470	2,499	488
Institutional	10,896	15,557	25,209	13,607	14,163	14,604	14,399	13,898	13,890	14,083
Irrigated	24,053	29,247	39,464	41,481	36,360	40,045	32,307	30,874	26,967	27,292
Miscellaneous	15,709	11,049	12,328	12,968	18,547	17,869	14,379	14,718	16,123	19,068
Recreational	26,728	27,379	27,870	27,527	28,932	30,591	31,864	32,472	32,453	34,762
Vacant Land	151,675	175,163	248,366	264,268	289,940	313,328	307,578	269,144	249,102	249,220
SBE Nonunitary	61,061	96,019	306,375	555,066	605,819	595,509	664,832	647,926	629,042	610,154
Unsecured	198,727	181,670	207,699	213,745	261,329	290,223	323,863	308,576	297,334	301,158
Unknown	1,597	1,627	3,264	-	-	-	-	-	2,809	7,009
<b>Total Assessed Value</b>	<b>4,159,539</b>	<b>4,570,267</b>	<b>5,410,063</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>Less: Exemptions</b>	<b>(80,208)</b>	<b>(80,454)</b>	<b>(80,081)</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>Taxable Assessed Value</b>	<b>4,079,331</b>	<b>4,489,813</b>	<b>5,329,982</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>Total Direct Rate</b>	<b>0.30736</b>	<b>0.30247</b>	<b>0.28812</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>

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.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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
East Valley 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	0.02630
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	1.00000
Redlands Debt Service	0.01770	0.01550	0.01350	0.01200	0.01030	0.00990	0.01060	0.01080	0.01110	0.01090
Redlands Unified	0.06280	0.04690	0.04490	0.03760	0.03220	0.05190	0.05410	0.06170	0.05820	0.06410
San Bernardino Community College	0.01690	0.01890	0.01660	0.01950	0.01270	0.03930	0.02800	0.04670	0.03730	0.04590
San Bernardino Unified	0.04100	0.09160	0.07880	0.07070	0.06610	0.06780	0.07470	0.08840	0.09780	0.09980
San Bernardino Valley Municipal Water	0.14000	0.14000	0.16000	0.15500	0.16500	0.16500	0.16500	0.16500	0.16500	0.16250
Total Voter Approved Rate	0.27840	0.31290	0.31380	0.29480	0.28630	0.33390	0.33240	0.37260	0.36940	0.38320
Total Direct and Overlapping Rate	1.27840	1.31290	1.31380	1.29480	1.28630	1.33390	1.33240	1.37260	1.36940	1.38320
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	0.01770	0.01550	0.01350	0.01200	0.01030	0.00990	0.01060	0.01080	0.01110	0.01090
RDA Incremental Rate (4)	1.15770	1.15550	1.17350	1.16700	1.17530	1.17490	1.17560	1.17580	1.17610	-
City Direct Rate (5)	0.30736	0.30247	0.28812	0.27572	0.27358	0.27448	0.27641	0.28110	0.28343	0.28450

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

(5) Because basic and debt rates vary by tax rate area, individual rates cannot be summed. Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section

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	2013		2004	
	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	\$ 609,924	8.30%	\$ -	
Prologis-A4 California II LP	82,640	1.12%	-	N/A
Parkview Terrace Associates, LLC	80,674	1.10%	-	N/A
NYS, LLC	68,329	0.93%	30,021	0.74%
NP Redlands, LLC	61,490	0.84%	-	N/A
AMB Institutional Alliance Fund III	57,000	0.78%	-	N/A
2301 W. San Bernardino Avenue Investment Group	53,934	0.73%	-	N/A
Redlands Business Center, LLC	47,916	0.65%	-	N/A
Environmental Systems Research Group	35,658	0.49%	14,069	0.34%
MSWP Redlands, LLC	31,043	0.42%	-	N/A
Evans Withycombe Residential Inc.	-	N/A	64,099	1.57%
Mountain View Power Company	-	N/A	54,800	1.34%
Robert Pattillo Properties Inc.	-	N/A	33,065	0.81%
Chrisam Statutory Trust 2002	-	N/A	25,921	0.64%
Pattillo Industrial Partners, LLC	-	N/A	18,330	0.45%
Lowe's HIW Inc	-	N/A	18,188	0.45%
Home Depot USA Inc	-	N/A	14,237	0.35%
University of Redlands	-	N/A	12,957	0.32%
<b>Top Ten Total</b>	\$ 1,128,608	15.35%	\$ 285,687	7.00%
<b>City Total Net Taxable Assessed Value</b>	7,350,136		4,079,331	

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		Subsequent Years Collections of Prior Years	Total Collections to Date <sup>2</sup>	
		Fiscal Year of Levy <sup>2</sup> Amount	Percent of Levy		Amount	Percent of Levy
2004	\$ 14,453,979	\$ 14,146,989	97.88%	\$ 682,615	\$ 14,829,604	102.60%
2005	18,648,647	18,153,068	97.34%	722,833	18,875,901	101.22%
2006	22,796,971	22,204,121	97.40%	1,392,399	23,596,520	103.51%
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%

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.

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	Participation	Loans / Capital Lease Obligations	Total Governmental Activities	Water Revenue Bonds	Wastewater Revenue Bonds	Participation	Certificates of Capital Lease Obligations				Loans / Capital Lease Obligations
2004	\$ 4,940,000	\$ -	\$ 44,375,000	\$ 17,313,394	\$ 907,534	\$ 67,535,928	\$ 18,910,000	\$ 14,915,000	\$ 2,480,000	\$ 11,995,991	\$ 48,300,991	\$ 115,836,919	6.85%	1,709
2005	4,510,000	-	42,680,000	17,260,056	686,764	65,136,820	17,685,000	14,130,000	1,705,000	11,199,198	44,719,198	109,856,018	6.15%	1,593
2006	4,075,000	-	41,105,000	16,620,000	1,543,472	63,343,472	16,415,000	13,315,000	880,000	12,508,935	43,118,935	106,462,407	5.67%	1,517
2007	3,625,000	-	39,375,000	15,310,000	4,332,091	62,642,091	15,090,000	12,460,000	-	12,069,804	39,619,804	102,261,895	5.14%	1,443
2008	3,170,000	25,907,621	37,930,000	13,955,000	3,964,467	84,927,088	13,700,000	11,565,000	-	11,496,989	36,761,989	121,689,077	5.92%	1,713
2009	2,695,000	25,626,705	36,080,000	12,575,000	3,458,089	80,434,794	12,250,000	10,635,000	-	11,256,422	34,141,422	114,576,216	5.51%	1,606
2010	2,195,000	24,773,830	34,185,000	11,160,000	3,095,191	75,409,021	10,730,000	9,660,000	-	10,598,668	30,988,668	106,397,689	5.22%	1,487
2011	1,680,000	23,587,392	32,210,000	9,685,000	2,884,385	70,046,777	9,145,000	8,645,000	-	9,922,740	27,712,740	97,759,517	4.45%	1,359
2012	1,145,000	22,407,392	-	8,160,000	2,548,241	34,260,633	7,485,000	7,580,000	-	10,347,274	25,412,274	59,672,907	2.75%	859
2013	585,000	21,077,392	-	6,560,000	2,266,391	30,488,783	3,480,000	4,655,000	-	14,909,475	23,044,475	53,533,258	2.38%	767

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		
2004	\$ 4,940	\$ -	\$ 44,375	\$ 17,313	\$ 66,628	1.60%	983
2005	4,510	-	42,680	17,260	64,450	1.41%	934
2006	4,075	-	41,105	16,620	61,800	1.14%	880
2007	3,625	-	39,375	15,310	58,310	0.92%	823
2008	3,170	25,908	37,930	13,955	80,963	1.12%	1,140
2009	2,695	25,627	36,080	12,575	76,977	1.00%	1,079
2010	2,195	24,774	34,185	11,160	72,314	0.96%	1,011
2011	1,680	23,587	32,210	9,685	67,162	0.91%	934
2012	1,145	22,407	-	8,160	31,712	0.44%	456
2013	585	21,077	-	6,560	28,222	0.38%	404

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, 2013

Net Taxable 2012-2013 Assessed Valuation \$ 7,350,136,010

	Percentage Applicable <sup>1</sup>	Outstanding Debt 06/30/13	Estimated Share of Overlapping Debt
<b>Overlapping Tax and Assessment Debt:</b>			
San Bernardino Community College District	14.214%	\$ 451,279,725	\$ 64,144,900
Redlands Unified School District	58.579%	102,319,784	59,937,906
San Bernardino City Unified School District	0.042%	200,449,560	84,189
City of Redlands Community Facilities District No. 2001-1	100.000%	6,715,000	6,715,000
City of Redlands Community Facilities District No. 2003-1	100.000%	9,110,000	9,110,000
Total Overlapping Tax and Assessment Debt		769,874,069	139,991,995
<b>Overlapping General Fund Debt:</b>			
San Bernardino County General Fund Obligations	4.489%	\$ 573,875,000	\$ 25,761,249
San Bernardino County Pension Obligations	4.489%	519,745,214	23,331,363
San Bernardino County Flood Control District General Fund Obligations	4.489%	104,705,000	4,700,207
Redlands Unified School District Certificates of Participation	58.579%	5,000,000	2,928,950
San Bernardino City Unified School District	0.042%	47,750,000	20,055
Yucaipa-Calimesa Joint Unified School District Authority	0.761%	13,385,000	101,860
Total Gross Overlapping General Fund Debt		1,264,460,214	56,843,684
Less: Redlands Unified School District Self-Supporting Qualified Zone Academy Bonds <sup>2</sup>			(2,693,072)
Total Net Overlapping General Fund Debt			54,150,612
Total Gross Overlapping Debt			\$ 196,835,679
Total Net Overlapping Debt			\$ 194,142,607
<b>Direct Tax and Assessment Debt:</b>			
City of Redlands	100.000%	585,000	\$ 585,000
<b>Direct General Fund Debt:</b>			
City of Redlands General Fund Obligations	100.000%	6,560,000	\$ 6,560,000
City of Redlands Pension Obligations	100.000%	21,077,392	21,077,392
Total Direct General Fund Debt		27,637,392	27,637,392
<b>Direct Loan/Capital Lease Debt:</b>			
I-Bank Sports Park Lease	100.000%	1,720,618	\$ 1,720,618
Capital Leases -Equipment	100.000%	545,773	545,773
Total Direct General Fund Debt		2,266,391	2,266,391
Total Direct Debt			\$ 30,488,783
Total Gross Direct and Overlapping Debt <sup>3</sup>			\$ 227,324,462
Total Net Direct and Overlapping Debt <sup>3</sup>			\$ 224,631,390

<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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed valuation	\$ 4,159,538,812	\$ 4,570,267,222	\$ 5,410,062,595	\$ 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
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,039,884,703	1,142,566,806	1,352,515,649	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
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	155,982,705	171,385,021	202,877,347	238,111,175	270,969,063	288,090,594	282,695,257	275,714,316	270,191,180	278,557,217
Total net debt applicable to limit: General obligation bonds	4,940,000	4,510,000	4,075,000	3,625,000	3,170,000	2,695,000	2,195,000	1,680,000	1,145,000	585,000
Legal debt margin	\$ 151,042,705	\$ 166,875,021	\$ 198,802,347	\$ 234,486,175	\$ 267,799,063	\$ 285,395,594	\$ 280,500,257	\$ 274,034,316	\$ 269,046,180	\$ 277,972,217
Total debt applicable to the limit as a percentage of debt limit	3.2%	2.6%	2.0%	1.5%	1.2%	0.9%	0.8%	0.6%	0.4%	0.2%

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 within the state.

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					Tax Allocation Bonds				
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Wastewater Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Tax Increment	Debt Service Principal	Interest	Coverage	
2004	17,392,023	\$ 11,107,771	\$ 6,284,252	\$ 1,175,000	\$ 910,148	\$ 17,829,276	\$ 4,630,817	\$ 13,198,459	\$ 755,000	\$ 721,588	\$ 4,263,387	\$ 910,000	\$ 1,377,309	1.86	
2005	16,131,641	11,292,982	4,838,659	1,225,000	862,735	7,995,331	4,891,105	3,104,226	785,000	691,166	4,269,038	1,695,000	1,866,995	1.20	
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	656,110	5,905,194	1,575,000	1,815,247	1.74	
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	5,864,297	1,730,000	1,762,942	1.68	
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	6,246,123	1,785,000	1,725,164	1.78	
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	6,570,850	1,850,000	1,734,574	1.83	
2010	18,925,773	12,560,995	6,364,778	1,520,000	558,035	8,079,798	5,718,330	2,361,468	975,000	496,821	6,538,478	1,895,000	1,658,316	1.84	
2011	19,547,528	13,018,065	6,529,463	1,585,000	487,380	8,551,454	5,891,296	2,660,158	1,015,000	451,539	7,384,058	1,975,000	1,576,677	2.14	
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	-	-	-	-	
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	-	-	-	2.52	

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)
2003	67,787	\$ 1,692,262	\$ 24,964	4.5%
2004	68,977	1,784,967	25,878	4.2%
2005	70,199	1,878,417	26,758	3.8%
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%

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	2013		2004	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Redlands Unified School District	1,843	5.01%	1,550	4.70%
ESRI	1,900	5.16%	1,486	4.50%
Southern CA. Gas Company/Sempra	383	1.04%	425	1.29%
U.S. Postal Service	1,400	3.80%	1,281	3.88%
Verizon	1,240	3.37%	81	0.25%
Redlands Community Hospital	1,250	3.40%	1,200	3.64%
University of Redlands	547	1.49%	651	1.97%
City of Redlands	520	1.41%	560	1.70%
Beaver Medical Group	518	1.41%	353	1.07%
Wal-Mart Stores, Inc.	420	1.14%	353	1.07%
La-Z-Boy, Inc.	391	1.06%	439	1.33%
Total of Top Employers	10,412		8,379	
Total Employees in City	36,800		33,000	

NOTE:

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

For 2013, the June 2013 non-preliminary employment figure was used.

For 2004, the June 2004 non-preliminary employment figure was used

Sources:

Redlands Chamber of Commerce

Hoovers Information Resources

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Full-time employees:										
City clerk's office	2	2	2	2	2	-	-	-	-	-
City manager's office	6	6	6	6	8	6	5	5	6	6
City treasurer's office	8	7	7	7	6	-	-	-	-	-
Development services	18	18	18	19	17	17	15	16	20	20
Finance	12	12	11	12	13	24	21	21	21	22
Fire	60	60	67	67	64	64	61	60	60	61
Human resources	5	5	5	5	6	4	4	5	5	5
Library	21	21	21	21	20	20	17	15	15	16
Management information systems	4	4	4	4	10	14	11	8	9	9
Municipal utilities and engineering:										
Administration	23	23	29	31	34	26	23	23	24	28
Water	38	38	39	40	41	45	48	47	47	49
Wastewater	24	24	24	24	24	24	24	23	24	24
Police	157	154	161	161	149	159	133	129	131	111
Quality of life										
Administration, parks & streets	57	56	52	53	48	47	37	39	42	46
Equipment maintenance	15	15	15	15	15	11	11	9	7	6
Solid waste	44	42	40	40	39	37	38	34	33	33
Cemetery	7	7	5	3	3	3	3	3	3	3
Redevelopment	-	-	5	5	9	10	5	4	-	-
	<u>501</u>	<u>494</u>	<u>511</u>	<u>515</u>	<u>508</u>	<u>511</u>	<u>456</u>	<u>441</u>	<u>447</u>	<u>439</u>
Part-time employees <sup>1</sup>	-	-	72	67	56	45	40	47	64	81
At-will employees	-	-	10	10	-	-	-	-	-	-
Grant-funded employees	<u>16</u>	<u>14</u>	<u>15</u>	<u>14</u>	<u>14</u>	<u>3</u>	<u>11</u>	<u>7</u>	<u>12</u>	<u>12</u>
Total	<u>517</u>	<u>508</u>	<u>608</u>	<u>606</u>	<u>578</u>	<u>559</u>	<u>507</u>	<u>495</u>	<u>523</u>	<u>532</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.

Since 2006, At-will employees have not been counted. Currently there are three At-will employees.

Source: City of Redlands Budget

**CITY OF REDLANDS**  
**Operating Indicators**  
**by Function**  
**Last Ten Fiscal Years**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Police:</b>										
Calls for service <sup>1</sup>	63,727	63,560	59,182	56,821	61,184	58,702	54,725	52,611	51,248	52,349
Emergency calls for service <sup>1</sup>	10,521	11,178	11,970	16,546	2,643	2,730	3,091	2,333	1,167	592
Citations issued <sup>1</sup>	8,291	5,410	5,242	7,390	3,754	7,639	6,516	5,688	5,803	7,617
<b>Fire:</b>										
Number of incidents	7,116	7,040	7,625	8,038	7,885	8,113	8,239	8,470	8,323	8,946
Inspections performed <sup>1</sup>	2,498	2,576	2,737	3,610	2,296	3,145	2,794	2,247	2,994	2,208
<b>Building and safety:</b>										
Permits issued	3,070	2,997	2,838	2,967	2,446	1,453	1,721	1,647	1,536	1,600
Inspections performed	15,961	15,679	17,273	14,611	15,868	12,543	7,920	8,506	7,358	7,717
<b>Parks and recreation:</b>										
Community center attendance	45,228	35,160	62,048	69,861	85,216	68,093	37,973	22,398	18,000	21,084
Senior center attendance	43,644	42,496	43,374	43,633	41,258	34,899	43,706	29,008	20,668	24,897
Joslyn center attendance	43,201	49,808	39,328	40,830	38,960	43,989	37,477	26,707	13,016	19,934
Youth sports attendance	15,781	17,781	14,859	4,665	7,284	10,991	6,787	1,538	3,566	5,677
Adult sports attendance	11,989	20,418	19,797	17,427	30,509	10,259	10,260	4,735	7,780	6,534
<b>Water:</b>										
Number of services	20,140	20,500	21,047	21,450	21,547	21,667	21,534	22,487	23,075	23,845
Average daily consumption (thousands of gallons)	25,400	27,000	23,553	29,458	33,650	22,346	29,960	26,960	23,362	28,375
<b>Solid waste:</b>										
Recycled materials (tons)	29,794	37,123	38,083	40,851	34,317	37,334	28,329	25,194	24,183	25,756
Refuse disposed (tons)	56,865	59,745	61,607	58,402	57,480	54,171	78,832	81,428	71,441	65,887
<b>Library:</b>										
Number of volumes	136,671	138,446	141,310	140,644	141,241	142,050	142,945	144,229	143,622	143,436

<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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	4	4	4	4	4	2	2	2	2	2
<b>Fire:</b>										
Fire stations	3	4	4	4	4	4	4	4	4	4
<b>Public works:</b>										
Streets (miles)	307	310	312	315	315	315	315	315	315	307
Traffic signals (city-owned)	61	61	64	68	68	68	68	68	68	68
<b>Parks and recreation:</b>										
Parks (acreage)	250	250	250	230	230	260	260	260	260	279
Groves (acreage)	175	175	196	192	204	204	204	195	195	159
Community centers	3	3	3	3	3	3	3	3	3	3
<b>Water:</b>										
Water mains (miles)	381	387	407	416	421	404	386	386	386	386
Maximum daily production capacity (thousands of gallons)	55,400	59,000	50,000	50,000	55,000	55,000	55,000	55,000	55,000	55,000
<b>Non Potable Water *</b>										
Water mains (miles)	-	-	-	-	-	28	28.46	29.06	26.96	29
Maximum daily production capacity (thousands of gallons)	-	-	-	-	-	4,500	4,500	4,500	4,500	4,500
<b>Wastewater:</b>										
Sewers (miles)	222	226	232	239	239	241	239	242	240	242
Daily capacity of wastewater plant (thousands of gallons)	9,500	9,500	9,500	5,500	5,500	9,500	9,500	9,500	9,500	9,500
<b>Solid waste:</b>										
Landfill (city-owned)	1	1	1	1	1	1	1	1	1	1
<b>Library:</b>										
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.