



City of Redlands California

Comprehensive Annual Financial Report
Fiscal Year 2017-2018



Comprehensive Annual Financial Report
For The Year Ended June 30, 2018

Redlands' City Council Members

Paul W. Foster, Mayor
Paul T. Barich, Mayor Pro Tempore
Eddie Tejeda, Council Member
Toni Momberger, Council Member
John E. James, Council Member (appointed)

N. Enrique Martinez, City Manager
Danielle Garcia, Management Services / Finance Director

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MANAGEMENT SERVICES
DEPARTMENT
FINANCE DIVISION

City of
REDLANDS

Incorporated 1888
35 Cajon Street, Redlands, CA 92373

Danielle Garcia
Management Services/Finance
Director

Farrah Jenner
Assistant Finance Director

December 18, 2018

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, 2018.

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 Vavrinek, Trine, Day & Co., 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, 2018, 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, 2018, 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 the 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 70,851 residents.

The City was incorporated under the general laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. It is a municipal corporation governed by a five-member city council in which all policy-making and legislative authority is vested. The City Council is responsible, among other things for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is the chief administrative officer of the City and as such is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing department heads. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with elections occurring every two years. The mayor is currently elected by a majority vote of the Council. Adopted in 2017, Ordinance No. 2848, amended the Redlands Municipal Code to change the City's electoral system for City Council Members from at-large to by-district elections.

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 may be re-appropriated each year by separate action of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

ECONOMIC CONDITION AND OUTLOOK

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

Local economy. City of Redlands' economy is based largely in the service and trade sectors (health care, retail trade, government, and education) and light manufacturing. The region has a varied manufacturing and industrial base that has added to the relative stability of the unemployment rate over the years. However, during the downturn in the economy, the unemployment rate rose to a high in 2010 of 10.5%, declining in the following years to reach 4.7% by 2014. In 2015, the unemployment rate decreased again to 3.0% and for 2016 it was up slightly at 3.3%. The City, in keeping with the current patterns observed nationwide, is experiencing close to its lowest level of unemployment during the last ten years – presently measured at 3.1%.

The City has land available for industrial/commercial/office use with only a portion of these areas utilized. Major industries with headquarters or divisions located within the City's boundaries or in close proximity include computer hardware and software manufacturers, electrical controls, furniture manufacturing, and automobile component manufacturers, and several financial and insurance institutions. Major employers in the City, or within the vicinity, include the Redlands Unified School District, ESRI (Environmental Systems Research Institute), Redlands Community Hospital, Amazon Fulfillment Center, Beaver Medical Group, City of Redlands, the University of Redlands, La Z-Boy, Inc., Loma Linda University Behavioral Medical Center. A number of large warehouse distribution centers were developed in past years in County "pocket" areas completely surrounded by the City. Some of those major County pocket employers include Burlington Coat Factory Distribution Center, Superior Building Products and Caddo Hardware, with each providing additional job opportunities to the community.

The City's property tax base had showed steady growth from Fiscal Year 2000-2001, increasing from \$3.2 billion in that year to \$7.6 billion in Fiscal Year 2008-2009. However, starting in the 2009-2010 tax roll, the City of Redlands experienced a net taxable value decrease of 6.3% over the following three fiscal years until the 2012-2013 tax roll when net taxable value began to regain ground. After three years of decreases, the City experienced net taxable value increases over each of the following five years respectively starting in Fiscal Year 2012-2013:

- FY 2012-2013 - 3.2%
- FY 2013-2014 - 2.7%
- FY 2014-2015 - 5.5%
- FY 2015-2016 - 5.1%
- FY 2016-2017 - 5.6%

This year's gains are again measured at approximately 5.6% for FY 2017-2018, showing six straight years of growth. Accordingly, it is anticipated that the City will exceed \$10 billion in net assessed value within the next two years if this trend remains in place.

The following land use categories experienced the significant increases in assessed value increase between the prior Fiscal Year (2016-2017) and Fiscal Year 2017-2018:

- Industrial – 12% growth
- Institutional – 5.5% growth
- Commercial – 5.3% growth
- Residential – 5.3% growth

The housing market remained constant in term of sales volume in 2017-2018, but the sale of homes in large new developments priced lower than the City's other housing stock has caused median sale prices to slow in terms of growth (up 1.9% calendar year 2017, compared to vigorous growth of 11.7% in the preceding year). The primary driver of growth in assessed home value was reassessment due to prior year transfers of ownership, constituting 48% of the City's overall growth in the residential land use category.

In addition to the stability and growth of the local housing market, there were many other notable additions to the business landscape, including the Redlands Packinghouse District, a commercial center at Eureka Street and the I-10 freeway. The first store to open in the packing house-themed retail and restaurant center was its anchor tenant, Sprouts Farmers Market, a 30,000-square-foot grocery store. A second co-anchor store, PetSmart, opened 4 months later featuring 18,000 square feet of retail space and services such as pet training and full-service grooming in addition to an in-store adoption center that partners with local animal welfare organizations in the Redlands community. Complimenting these two anchor tenants, new restaurants opened their doors as well, including the Luna Grill, and Jersey Mike's Subs. Two fitness-based business, Orangetheory Fitness and Club Pilates, are also open for business and are both brand new to Redlands.

Other notable businesses openings in fiscal year 2017/2018 also included:

- In June, Garner Holt Productions (GHP) began its move to a new facility in Redlands to accommodate its growing business. GHP is the world's largest designer and builder of animatronics for theme parks, movie studios, and attractions around the world. The 120,000-square-foot building in Redlands accommodates all elements of GHP's production, including creative design, engineering, machining, plastics, paint and electronics.
- Several new restaurants also opened: Olive & Citrus, a California seasonal farm-to-table fine dining restaurant that was also awarded a Beautification Award for the adaptive reuse of the City's historic Heritage Hall building built in 1922, and the Copehouse & Bar Bistro, an American restaurant & bar located in the historic 1903 Cope building in downtown, featuring hand-crafted cocktails, weekend brunches, and patio dining in the newly revitalized Orange Street Alley. Other new restaurants included: D'Vine Place, The Breakfast Shack, and The Blazin' Crab.
- One Legacy opened California's first dedicated transplant recovery center in Redlands, a 40,000-square-foot facility designed to improve organ donation outcomes and reduce recovery costs.

During FY 2017-18, many development projects were started that will positively impact sales tax and property tax bases in the City. These projects include:

- The Redlands Packing Plant – the adaptive reuse of a building that historically housed the Mutual Orange Company packing plant during the first several decades of the twentieth century. The development will renovate the existing building into a retail and educational hub for the local food economy. Amenities will include artisanal food retail, micro-restaurants, a tap room/beer room, and a Farmer's Market.
- WoodSpring Suite Hotel - A new hotel with 123 guest rooms, approximately 48,224 square feet of floor area, a parking lot, and related site improvements on a vacant 2.7-acre lot.

To accommodate retail and commercial growth, the Municipal Utilities and Engineering Department (MUED) has successfully completed the fourth of five segments of the Pavement Accelerated Rehabilitation Implementation Strategy (PARIS), bringing the total replacement to over 360 lane miles of street infrastructure. The final segment will result in the resurfacing of over 400 lane miles and is projected to conclude in calendar year 2019. Adding to the non-motorized transportation infrastructure, a total of 16 miles of bike lane were added, 3 more miles were replaced, and the plans and specifications for the third phase of the Orange Blossom Trail were completed. Once constructed, this segment will complete nearly four miles of the planned 7.6-mile-long trail – the expenses for which were entirely grant-funded. The Quality of Life Department completed several renovations throughout City parks, including the installation of Service Club Entryway Monument Signs at Ford Street and Redlands Boulevard, the installation of a permanent pedestrian bridge at Jennie Davis Park for use year-round, and a rehabilitation project in Triangle Park including the replacement of an historic tree.

The Quality of Life Department also contributed significant efforts in improving essential infrastructure in the City. The streets division removed and replaced approximately 2,281 square feet of sidewalk and 314 linear feet of curb and gutter at 20 locations. The citrus division acquired property for the development of two new groves—approximately 12 acres. The Hillside Memorial Cemetery introduced more offerings for its customers, including glass front niches in the Redlands Mausoleum, Sunset Lawn offering 500 basic-priced single lots, and the expansion of four additional cremation garden areas. Through these and other efforts, the cemetery achieved continued revenue growth of 37% higher than projections, contributing to fiscal sustainability.

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

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

On September 8, 2015, the DOF approved the Successor Agency’s Long-Term Property Management Plan. Since that time the Successor Agency has transferred ownership of properties designated for a governmental purpose to the City and has been actively working towards disposing of those properties not specified for a governmental purpose in accordance with this Plan. Further discussion about the Successor Agency can be found in Note 14 of the Notes to the Basic Financial Statements.

Long-term financial outlook/planning. Prior to and over the last decade, Redlands, along with many other cities, has faced the cascading impacts of national economic downturns further compounded by State-level budget crises. The most significant downturn, beginning circa June 2008, had dramatic impacts on the City’s local economy and the resources available to fund general municipal services. As the recession deepened the State took action to ease its own budget shortfall through the implementation of public safety realignment, the “borrowing” of local revenues through a complex series of revenue exchanges, and the dissolution local redevelopment agencies. During this same time, the California Public Employees Retirement System, CalPERS, reported losses of roughly \$100 billion and immediately required local government employers to significantly increase their contributions in order to compensate. And certainly, the City itself faced sharp declines in sales taxes and development revenues, along with declines in property taxes, franchise fees, and other taxes as a result of the poor economic climate.

However, through this timeframe the City, led by the City Council, City Manager and executive staff, remained focused on financial policy decisions to balance the budget, established minimum reserve levels, explored enhanced revenue opportunities, reorganized service

delivery and developed capital improvement plans. From Fiscal Year 2008-2009 to 2011-2012, City staff were furloughed and staffing models were reevaluated for savings and streamlining. Departmental budgets were reduced wherever possible and an early retirement incentive program was established. These actions, along with improvements in the economy that boosted general fund revenues, resulted in savings to the General Fund, maintenance of service levels and a General Fund unassigned fund balance that grew from \$1.4 million in FY 2006-2007 to \$7.8 million in FY 2011-2012.

In subsequent fiscal years, the national and local economies continued to recover and expand. Gradually, General Fund revenues expanded each year, from \$51 million in FY 2012-2013 to \$63.7 million in FY 2016-2017. Despite improvements seen in the economy during each fiscal year, the City did not falter in its efforts to monitor expenditures and make reductions where possible. At June 30, 2017, the City General Fund unassigned fund balance was measured at \$13.9 million. This amount was reduced through the City's fund balance policy by transferring approximately \$650,000 of the \$13.9 million to reserves and various fund balance assignments during the mid-year General Fund review in January 2018.

With continued cost-savings and a steady economy, the General Fund reported unassigned fund balance of \$13.6 million at the close of Fiscal Year 2017-2018. Further review of the General Fund is included within Management's Discussion and Analysis which follows the independent auditor's report.

In looking forward to the coming fiscal years, there are several macroeconomic trends to examine as they pertain to the financial outlook for the City. The National League of Cities conducts an annual survey of city fiscal conditions. This year's survey suggests that cities, on a national level, are approaching the limits of fiscal expansion and that all major tax sources grew at a slower pace in Fiscal Year 2016-17 than in FY 2015-16 and the same is expected for FY 2017-18, as growth is expected to experience a year-over-year slow down. As well, the survey indicates that for cities overall, growth in general fund expenditures is outpacing growth in general fund revenues. The survey goes on to conclude that, although the fiscal health of cities is not yet declining, these conditions echo several cautionary signals from previous economic downturns. According to the 2018-19 May Revision to the Governor's Budget, the current economic recovery is approaching the longest in modern history. The state's unemployment rate also hit an all-time low of 4.3%. According to historical analysis, recessions usually follow periods of extremely low unemployment numbers. Other factors include uncertainty surrounding the impacts of federal tax reform on local revenues.

Counter-balancing these influences, consider the next economic contraction, there are factors that position the City well against such a backdrop. At the local level, the City Council has adopted several policy documents that govern balanced budgets and the creation & use of reserves in the City's General Fund. The City's Rainy Day / Contingency reserve is at \$8.3 million, its unassigned fund balance is at \$13.6 million, and its fund balance reserve assigned towards capital projects is at \$4.1 million. A renewed Strategic Plan has been created and includes key objectives related to fiscal accountability and economic development. Overall, the City continues to prioritize the sustainability of its enterprise operations, information technology infrastructure, and land use planning. The City's General Plan document has been adopted and includes themes that focus on a prosperous economy, a diversified economic base, the retention of existing businesses, and the expansion of opportunities to attract advanced manufacturing and technology companies to the City. At the statewide level, several recent ballot measures have served to strengthen the state's fiscal health which creates greater financial certainty for local governments. Adding to this are constitutional protections that have been put in place that prohibit the state from shifting property and other taxes away from cities or from transferring responsibility for state-funded programs to cities. At the national level, the U.S. Supreme Court issued a decision in the case of *South Dakota v. Wayfair* that

overturned a previous ruling that exempted out-of-state retailers from collecting and remitting sales tax. As online sales continually constitute a greater proportion of consumer spending, this decision clears the way for the state and local governments to implement sales and use tax laws on remote sales. So while the economic trend of fiscal expansion may begin to reverse, the City is well positioned at local, state and national levels and is bolstered by the strategic leadership of the City Council, City Manager and executive staff.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Redlands for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017. This was the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance division. Special recognition is due to Assistant Finance Director, Farrah Jenner; Fiscal Manager, James Garland; and Senior Accountants, Denise Camarillo and Marie Datuin, for their efforts in overseeing the compilation of the accounting data and interfacing with our auditors; and to the accounting firm of Vavrinek, Trine, Day & Co., LLP, and to the City Manager's Office. Credit also must be given to the City Manager, Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Danielle Garcia
Management Services / Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

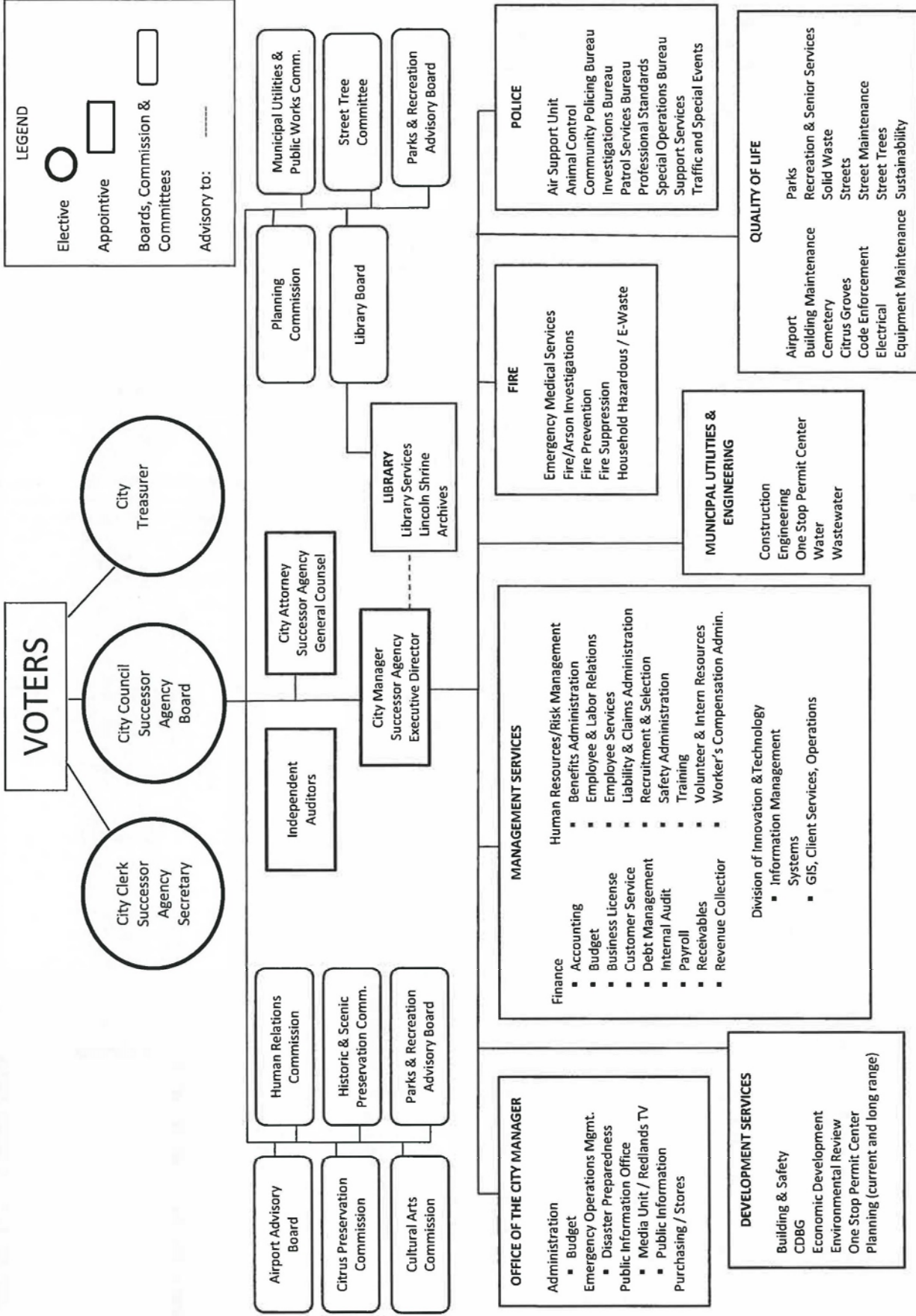
**City of Redlands
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO



CITY OF REDLANDS, CA

PRINCIPAL OFFICERS

AS OF JUNE 30, 2018

CITY COUNCIL (Elected)	Paul W. Foster, Mayor Paul T. Barich, Mayor Pro Tem Eddie Tejeda, Councilmember Toni Momberger, Councilmember John E. James, Councilmember (appointed)
CITY MANAGER	N. Enrique Martinez
CITY CLERK (Elected)	Jeanne Donaldson
CITY TREASURER (Elected)	Robert Dawes
CITY ATTORNEY	Daniel J. McHugh
DEVELOPMENT SERVICES DIRECTOR	Brian Desatnik
INTERIM FIRE CHIEF	Larry Waterhouse
LIBRARY DIRECTOR	Donald McCue
MANAGEMENT SERVICES/FINANCE DIRECTOR	Danielle Garcia
MUNICIPAL UTILITIES & ENGINEERING DIRECTOR	Paul Toor
POLICE CHIEF	Chris Catren
QUALITY OF LIFE DIRECTOR	Christopher Boatman



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redlands, California (City) as of and for the year ended June 30, 2018, 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, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. 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 on pages 5 through 20, the budgetary comparison schedules on pages 90 and 91, the schedule of changes in the net pension liability and related ratios of the agent multiple-employer pension plan on page 92, the City's proportionate share of the net pension liability of the cost-sharing pension plan on page 95, schedule of contributions on pages 93 and 95, the schedule of changes in total OPEB liability and ratios of the other post-employment benefit plan on page 96, and the notes to the required supplementary information on page 98 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 the 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 was derived from and relates 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 17, 2018

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MANAGEMENT’S DISCUSSION AND ANALYSIS

The information contained in the Management’s Discussion and Analysis (MD&A) introduces the basic financial statements and provides an analytical overview of the City of Redlands financial activities and performance for the fiscal year ended June 30, 2018. Please read the MD&A 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

	Fund Statements			
	Government-wide Statements	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else’s resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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
Type of financial inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Reporting the City as a Whole

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

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

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

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

Reporting the City's Most Significant Funds

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

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *current-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* in a reconciliation on the page following the fund financial statements.

- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City’s enterprise funds (a component of proprietary funds) *are part of* the business-type activities we report in the government-wide statements but provide more detail and additional information for proprietary funds, such as statement of cash flows. The City’s internal service funds (the other component of proprietary funds) reports activities that provide supplies and services internally to other City departments and programs.

Reporting the City’s Fiduciary Responsibilities

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

Statement of Net Position

The following is a condensed Statement of Net Position for the fiscal years ended June 30, 2018 and June 30, 2017, which allows for analysis of the City’s net position as a whole.

Table 1

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other Assets	\$ 69,528,535	\$ 66,882,329	\$ 92,864,143	\$ 81,899,684	\$ 162,392,678	\$ 148,782,013
Capital Assets	657,251,941	645,128,565	171,075,300	173,551,263	828,327,241	818,679,828
Total Assets	726,780,476	712,010,894	263,939,443	255,450,947	990,719,919	967,461,841
Deferred Outflows of Resources						
Pension & OPEB	28,992,849	19,691,409	6,586,741	4,619,769	35,579,590	24,311,178
Long-Term Debt outstanding	220,539,419	153,192,534	96,549,637	74,818,386	317,089,056	228,010,920
Other Liabilities	6,102,834	14,980,129	5,809,595	4,474,800	11,912,429	19,454,929
Total Liabilities	226,642,253	168,172,663	102,359,232	79,293,186	329,001,485	247,465,849
Deferred Inflows of Resources						
Pension	1,958,581	3,680,873	304,089	848,963	2,262,670	4,529,836
Net Position						
Net Investments in Capital Assets	655,044,577	642,109,428	150,228,905	149,771,777	805,273,482	791,881,205
Restricted	20,499,351	11,100,669	17,516,341	17,399,398	38,015,692	28,500,067
Unrestricted	(148,371,437)	(93,361,330)	117,617	12,757,392	(148,253,820)	(80,603,938)
Total Net Position	\$ 527,172,491	\$ 559,848,767	\$ 167,862,863	\$ 179,928,567	\$ 695,035,354	\$ 739,777,334

Net position over time may serve as a useful indicator of a government's financial position, however it may change dramatically year-to-year as a result of changes in accounting practices. Table 1 shows that the net position of the government-wide activities decreased by \$44.7 million or 6%, from \$739,777,334 in 2017 to \$695,035,354 in 2018. Governmental Activities net position decreased by 5.8%, from \$559,848,767 at June 30, 2017 to \$527,172,491 at June 30, 2018. The City's net position for business-type activities decreased by 6.7% from \$179,928,567 in 2017 to \$167,862,863 in 2018. These changes in net position are mainly attributable to the application of GASB Statement No. 75, affecting the manner in which the City recognizes costs related to its "other post-employment benefit" plans (OPEB) for City employees. Net positions across all funds now reflect Total OPEB Liability, which immediately recognizes full costs associated with the present value of projected benefit payments attributable to employees' past service with no amortization period. Prior to this change, the City measured the Net OPEB Obligation, which instead focused on the cumulative difference between annual City contributions and the amortized annual OPEB costs accrued. It is anticipated that GASB 75 will expose net position to more fluctuations in the future as a result of requirements to immediately recognize certain items (e.g. plan changes).

Statement of Net Position - Total Primary Government

- Again, this year, the largest portion of total assets consists of capital assets (e.g., land, infrastructure and equipment), totaling \$828.3 million or 83.6% of total assets. These are detailed in Note 4 of the financial statements.
- Net investment in Capital Assets of \$805.3 million represents the City's investment in infrastructure and other capital assets, net of the debt issues to construct or acquire those assets.
- Cash and investments comprised of \$143.2 million in the City treasury and \$4.4 million of restricted cash and investments held with fiscal agents. These are detailed in Note 2 of the financial statements
- Receivables, totaling \$12.8 million, consist of accounts and taxes receivable.
- Restricted net position, totaling \$38 million, represents resources that are subject to restrictions on how they may be used. Some funds are restricted to funding construction of specific capital projects, to service debt obligations, to hold in trust as an endowment, or for other specific uses.
- The amount of (\$148,253,820) represents the unrestricted net position deficit, mainly resulting from the recognition of the net pension liability in fiscal year 2015, in accordance with GASB 68, and the first-time recognition of total OPEB liability in fiscal year 2018, in accordance with GASB 75. Additional details can be found in Note 8 as it pertains to GASB 68 and in Note 9 for GASB 75.
- Overall investment in capital assets, net of related debt, increased by 1.7%. It should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves generally are not used to liquidate these liabilities.

Governmental Activities

- Receivables, totaling \$5.1 million, consists mainly of taxes receivable at \$4.7 million, with the remaining \$402,000 million in accounts receivable.
- The net position of governmental activities decreased by 5.8%, attributable to the implementation of GASB 75 and the immediate recognition of accrued actuarial liability for OPEB costs, which replaces the previous measurement of a pay-as-you go OPEB cost.
- This year, there was an increase of \$67.3 million in long-term outstanding debt, due to increases in net pension liability, and due more significantly to the implementation of GASB 75 in the measurement of non-pension post-employment benefit (OPEB) obligations. Somewhat overshadowed by the change in accounting standards for OPEB, City retired debt related to its 2003 Certificates of Participation and Claims Payable dropped by 29.7%. No new contractual debt was issued by the City for Governmental Activities. There are more details available in Note 5 of the financial statements.
- Total investment in capital assets remained relatively consistent, with an increase of 2%.

Business-Type Activities

- The net position of business-type activities decreased by 6.7%, attributed to the implementation of GASB 75 and the immediate recognition of total OPEB Liability, or the accrued actuarial liability for OPEB costs, which replaces the previous measurement of a pay-as-you-go method under the Net OPEB Obligation.
- Total capital assets of \$171 million represent 20.7% of total capital assets citywide.
- Receivables, totaling \$7.7 million, represent a decrease of approximately 40% from the prior year. This is attributed to a one-time receivable in the amount of \$6 million in fiscal year 2016-17 in the form of a loan awaiting draw down. The balance consists predominantly of accounts receivable of \$7.69 million (which is consistent with prior year figures), and \$21,000 in taxes receivable.
- This year, there was an increase of \$21.7 million in long-term debt, due mainly to the implementation of GASB 75, with its effects on total OPEB liability, and recurring increases in net pension liability. More details are available in Note 5 of the financial statements.

The Statement of Activities reports increases and decreases in the net position. The following is a condensed Statement of Activities for the fiscal years ending June 30, 2018 and June 30, 2017:

Table 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Program Revenues						
Charges for services:	\$ 16,218,906	\$ 15,046,922	\$ 54,005,287	\$ 47,351,982	\$ 70,224,193	\$ 62,398,904
Operating grants and contributions	4,469,962	2,911,259	-	-	4,469,962	2,911,259
Capital grants and contributions	4,533,292	2,257,370	347,871	816,777	4,881,163	3,074,147
General Revenues						
Property taxes	30,067,473	28,173,741	66,263	40,199	30,133,736	28,213,940
Sales taxes	17,177,492	16,843,090	-	-	17,177,492	16,843,090
Franchise taxes	3,224,053	3,035,317	-	-	3,224,053	3,035,317
Other taxes	1,907,344	1,977,985	-	-	1,907,344	1,977,985
Use of money & property	206,304	212,991	509,882	500,783	716,186	713,774
Other	1,689,135	7,331,734	2,457,912	4,627,943	4,147,047	11,959,677
Intergovernmental (unrestricted)	195,866	196,602	-	-	195,866	196,602
Total Revenues	79,689,827	77,987,011	57,387,215	53,337,684	137,077,042	131,324,695
Program Expenses						
General government	12,394,000	14,391,456	-	-	12,394,000	14,391,456
Public safety	32,240,549	43,263,363	-	-	32,240,549	43,263,363
Culture and recreation	4,748,841	4,086,880	-	-	4,748,841	4,086,880
Highway and streets	12,854,490	11,271,259	-	-	12,854,490	11,271,259
Library	2,000,613	2,304,552	-	-	2,000,613	2,304,552
Interest on Long-Term Debt	834,297	936,132	-	-	834,297	936,132
Water	-	-	20,369,100	20,514,340	20,369,100	20,514,340
Disposal	-	-	12,877,703	12,274,583	12,877,703	12,274,583
Sewer	-	-	8,851,848	8,979,254	8,851,848	8,979,254
Groves	-	-	788,554	785,348	788,554	785,348
NP Water	-	-	125,323	75,761	125,323	75,761
Cemetery	-	-	861,109	742,740	861,109	742,740
Aviation	-	-	466,972	434,912	466,972	434,912
Total Expenses	65,072,790	76,253,642	44,340,609	43,806,938	109,413,399	120,060,580
Change in Net Position Before Transfers	14,617,037	1,733,369	13,046,606	9,530,746	27,663,643	11,264,115
Transfers	8,243,110	2,500,914	(8,243,110)	(2,500,914)	-	-
Increase (Decrease) in Net Position	22,860,147	4,234,283	4,803,496	7,029,832	27,663,643	11,264,115
Beginning Net Position	559,848,767	555,582,180	179,928,567	180,521,700	739,777,334	736,103,880
Restatement of Net Position	(55,536,423)	32,304	(16,869,200)	(7,622,965)	(72,405,623)	(7,590,661)
Beginning Net Position, as Restated	504,312,344	555,614,484	163,059,367	172,898,735	667,371,711	728,513,219
Ending Net Position	\$ 527,172,491	\$ 559,848,767	\$ 167,862,863	\$ 179,928,567	\$ 695,035,354	\$ 739,777,334

Total Primary Government

- Total Governmental Activities revenues for fiscal year 2017/2018 increased by 4.4%. This growth is mainly attributed to significant increases in revenue from charges for services in the Solid Waste & Water funds of \$6 million combined, an increase in operating & capital grant funding of almost \$3.4 million, and strong growth in property tax revenues of \$1.9 million.
- Sales tax revenue increased slightly by 2%, or \$334,000, when compared to prior year.
- Total expenses for the City decreased rather significantly in fiscal year 2017/2018 by \$10.6 million. Most of this decrease is attributed to the settlement of outstanding claims in fiscal year 2016/2017, during which time the City recognized an \$8.6 million adjustment to increase the IBNR (Incurred but Not Reported) claim liability amount. Because there was no such adjustment this year and based on an updated actuarial study, this liability expense was significantly reduced.
- Transfers between governmental activities and business-type activities increased by \$5.7 million. This is mainly attributed to above average transfers for expenditures related to project activity in the City's Pavement Accelerated Rehabilitation Implementation Strategy (PARIS) program.

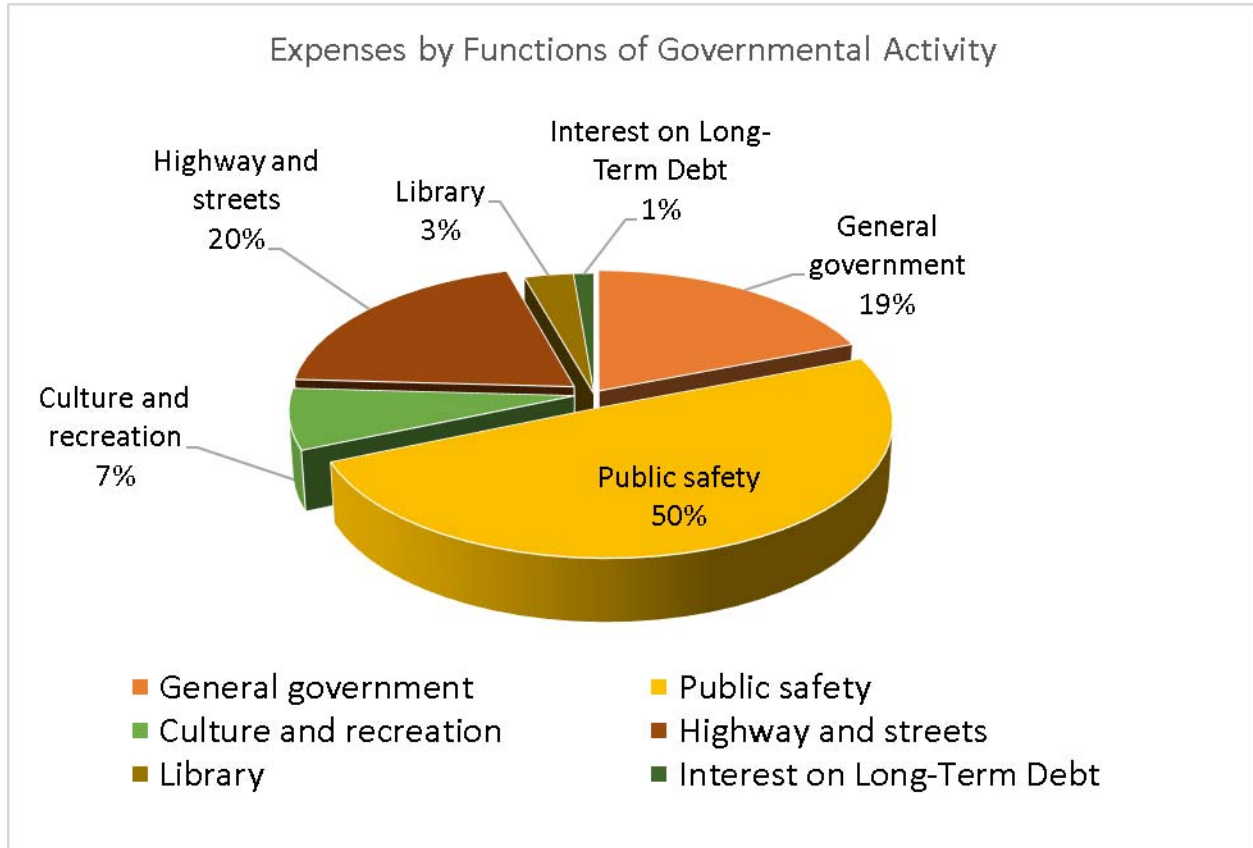
Governmental Activities

- Overall, total revenues increased in fiscal year 2017/2018 by \$1.7 million, or 2.2%.
 - These increases were attributed to positive growth in property taxes, charges for services, and increases in funding from capital and operating grants and contributions – all of which were partially offset by a \$5.6 million decrease in other revenue, as last fiscal year's amount included a one-time drawdown of approximately \$6 million on a loan.
- General government expenses decreased significantly over fiscal year 2016/2017 expenses, by \$11.2 million or 14.7%. These decreases are mainly attributed to the settlement of outstanding claims in fiscal year 2016/2017, during which time the City recognized an \$8.6 million adjustment to increase the IBNR (Incurred but Not Reported) claim liability expense.
- In contrast to the decreases in expenses for general government and public safety, other programs experienced increases: culture & recreation increased by \$662,000, or 16.2%, and highways & streets spending increased by \$1.6 million, or 14%.

Business-Type Activities

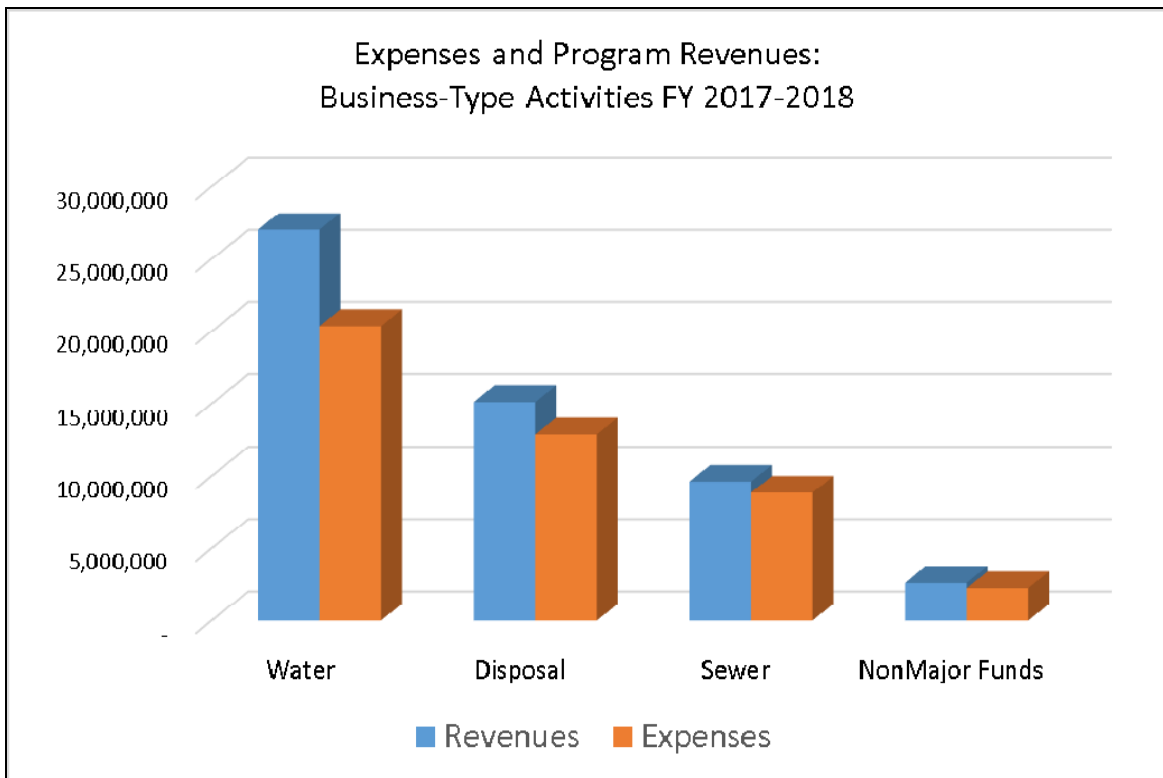
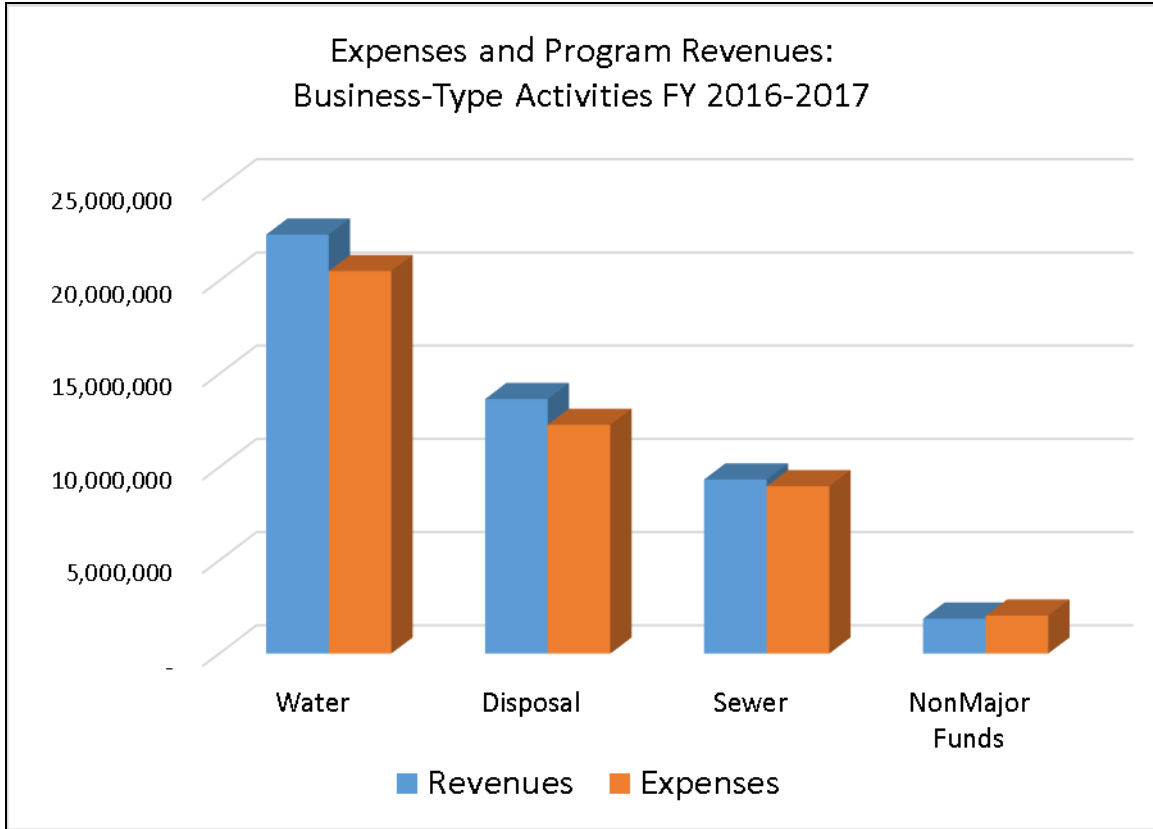
- Overall, ending net position for the business-type activities decreased by \$12.1 million, or 6.7%.
- Comparing fiscal year 2016/2017 and fiscal year 2017/2018, total revenues increased by \$4.05 million, or 7.6%.
 - The increase in revenues is mainly attributable to higher revenue received from charges for services \$6.7 million.
 - These increases were offset by a reduction of approximately \$2.2 million in other revenue.
 - Increased revenue from charges for services in the amount of \$4.5 million occurred predominantly within the water fund, where state mandated restrictions on water use were ended, and as a result, water use increased. Another \$1.4 million in increased charges for service was realized in the Solid Waste Fund, resulting from a rate increase that began in the fall of 2017.
- Expenses increased slightly from fiscal year 2016/2017 levels by \$534,000, or 1.2%. The programs with the largest increase in expenses were the Solid Waste fund and the Cemetery Fund at \$603,000 and \$118,000 respectively.

Expenses by Function of Governmental Activity



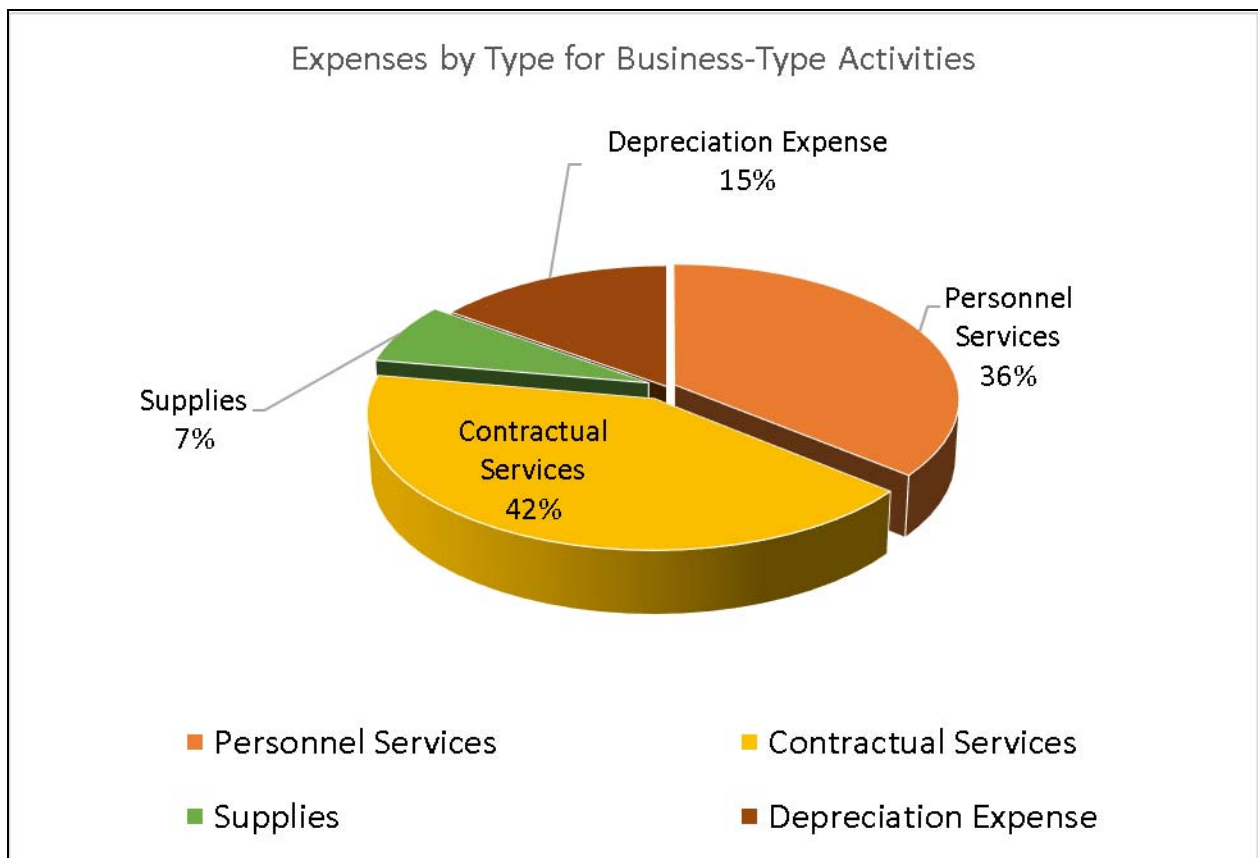
- Expenses overall for governmental activities totaled \$65.1 million, representing a decrease fiscal year 2016/2017 expenses of \$11.2 million, or 14.7%.
- Expenses for general government comprise 19% of total governmental activities, or \$12.4 million. General government includes functions such as human resources, finance administration, parks, streets, engineering and City Council.
- Expenses for public safety represent 49.6% of total governmental activities in the amount of \$32.2 million. The main operations within public safety are the Police and Fire Departments.
- Expenses for highway and streets are 19.6% of all governmental activities, or \$12.9 million. These expenses include spending on the City's Pavement Accelerated Rehabilitation Implementation Strategy (PARIS) program, operations and maintenance as well as other capital repairs to road infrastructure.
- Culture and recreation, Library, and interest on long-term debt comprise 7.3%, 3.1%, and 1.3% of general government respectively, or \$4.7 million, \$2 million and \$834,000.

Expenses and Program Revenues : Business Type Activities Fiscal Year Comparison



- Major differences between revenues and expenses for business-type activities are shown in the two charts above.
 - Fiscal year 2017/2018 saw an increase in Water revenues of \$4.5 million, or 20.2%, and a decrease in expenses of \$145,000, or 0.7%. These differences are attributed to the complete removal of state mandated water conservation efforts and lowered operational expenses.
 - For disposal operations, there was an increase in revenues over fiscal year 2016/2017 in the amount of \$1.4 million, or 10.6% and an increase in expenses in the amount of \$603,000, or 4.9%. Increased revenues are a result of a rate increase that was implemented in fall of 2017.
 - In the sewer fund, revenues increased by \$271,000, or 2.9%, and expenses decreased by \$127,000, or 1.4%.
 - Lastly, for nonmajor business-type funds, comprised of operations like the Hillside Memorial Cemetery, the Aviation fund, and the Nonpotable Water fund, there were overall increases in operating revenues of \$406,000, or 16.6%, and increases in expenses of \$203,000, or 10%.

Expenses by Type for Business-Type Activities



MAJOR FUNDS

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

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of June 2018, the total fund balance reported for the general fund was \$35,734,630, an increase of \$3.03 million, or 9.3%, from the prior year fund balance of \$32,698,975. As a measure of the General Fund's liquidity, it can be useful to compare the total fund balance to total fund expenditures, which indicates that fund balance is 56.5% of general fund expenditures, however only \$13,592,754 of the \$35.7 million fund balance is unassigned. The unassigned fund balance of \$13.6 million, together with the \$8.3 million fund balance committed to stabilization arrangement (contingencies), is the only portion of fund balance readily available for spending and represents 34.6% of general fund expenditures. Total general fund expenditures this year were \$63.3 million, which is 4.5% greater than the prior year amount of \$60.5 million, and total general fund revenues were \$68.6, or 7.7% greater than the prior year amount of \$63.7.

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

- Sales Taxes increased by \$334,000 from prior year, indicating steady but slowing growth in consumer spending on taxable purchases.
- Property Taxes increased strongly by \$1.6 million, primarily due to strong growth in net taxable value of 5.6% overall.
- Franchise Fees increased by \$189,000, or 6.2%. As previously discussed, fees from SCE, the Gas Company, Verizon and Time Warner have tend to fluctuate year over year and are closely tied to consumption of their respective commodities.
- Licenses and Permits reflect an increase of \$882,000, or 13.9%, mostly due to higher revenues from business licenses and building permits, plan checks and street permits as construction activity rose.
- Intergovernmental Revenues increased sharply by \$711,000, primarily the result of the City receiving two significant grant awards: the Development Services Department was successful in its efforts in obtaining a \$600,000 state grant to prepare a Transit Village/Downtown Specific Plan; and the Fire Department received a grant for over \$430,000 from the Department of Homeland Security's Assistance to Firefighters Grant program to purchase 64 new Self Contained Breathing Apparatuses.
- Charges for Services reflect an overall increase of \$448,000, or 6.5% from prior year. While there are variations over and under in each revenue account, the most significant increases include \$366,000 in mutual aid reimbursements and \$46,000 in rental property inspections.

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 \$9,034,003. The funds and amounts owed include the General Fund in the amount of \$8,542,387, the Open Space Fund and Park and Open Space Development Fund in the amount of \$116,032 each, the Storm Drain Construction Fund in the amount of \$103,821, and the Water Fund Administration in the amount of \$155,731. This is an increase from last year of \$182,828 due to additions to the loans for unpaid interest of \$11,256 and additional transfers from the general fund in the amount of \$171,572 to cover the Public Facilities Development fund's portion of debt service. The increase in fund balance over last year is a result of an uptick in revenues from development activity, however such amounts were insufficient to completely cover debt service obligations owed by the fund.

Major Enterprise Funds. The **Water Fund** has a total net position of \$111,098,443 at the end of the fiscal year, \$9,089,328 of which is unrestricted. The **Disposal Fund** has a total net position deficit of (\$11,186,140) at the end of the fiscal year; unrestricted net position is a deficit of (\$17,799,881). The **Sewer Fund** has a total net position of \$48,560,905 at the end of the fiscal year; \$8,761,572 of which is unrestricted. These funds account for the respective utility services provided by the City. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGET

Differences between the final budget and fiscal year 2017/2018 activity of the General Fund can be briefly summarized as follows:

- Total Revenues - \$777,728 received in excess of budgeted amounts.
- General Government - \$1,353,880 decrease in the budget (savings).
- Public Safety - \$1,029,891 decrease in the budget (savings).
- Culture and Recreation - \$19,670 increase over the amount set in the budget.
- Highways and Streets - \$476,413 decrease in the budget (savings).
- Library – \$30,069 decrease in the budget (savings).
- Transfers - \$147,420 decrease in the budget (savings).

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

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES			
Taxes	\$ 50,700,237	\$ 51,008,061	\$ 307,824
License & Permits	6,464,244	7,213,077	748,833
Intergovernmental	1,593,434	1,020,229	(573,205)
Charges for Service	7,430,163	7,509,832	79,669
Use of Money & Property	277,251	156,872	(120,379)
Miscellaneous	976,786	1,733,447	756,661
Transfers in	2,572,409	2,125,072	(447,337)
Proceeds from Sale of Property	1,949,001	1,974,663	25,662
Total Revenues	<u>71,963,525</u>	<u>72,741,253</u>	<u>777,728</u>
EXPENDITURES			
General Government	13,473,262	12,119,382	1,353,880
Public Safety	40,826,127	39,796,236	1,029,891
Culture & Recreation	2,812,399	2,832,069	(19,670)
Highways & Streets	5,055,861	4,579,448	476,413
Library	2,019,786	1,989,717	30,069
Transfers	6,220,268	6,072,848	147,420
Capital Outlay	1,470,570	1,813,066	(342,496)
Debt Service	136,924	136,924	-
Total Expenditures	<u>\$ 72,015,197</u>	<u>\$ 69,339,690</u>	<u>\$ 2,675,507</u>

Actual revenues were over the amended budget estimates by \$777,728. The largest increase was in the miscellaneous category at \$756,661 – due mainly to recognition of donations formerly held as deposits that are now reclassified as revenue and restricted General Fund balance beginning in fiscal year 2017/2018. Use of Money and Property came in under budget by \$120,379 due to lower than anticipated interest income. General Taxes came in higher than projected by \$307,824. This was mainly due to strong growth in property tax revenues and slight growth in franchise fees.

Total General Fund expenditures ended the year under budget by 3.7%.

General Government expenditures ended the year under budget by 10%.

Public Safety expenditures were under budget by \$1,029,887, or 2.5%.

Highways and Streets expenditures were under budget by \$476,416, or 9.4%.

Culture and Recreation was over budget by \$19,670, or 0.7%, but this overage is completely offset by revenue in the Recreation division and is related to pass-through payments to independent contractors that provide fee-based classes to the public at the City's Community Center.

Library expenditures were under budget by \$30,069, or 1.5% at year-end. This was largely due to a reduction in insurance premium costs.

Actual capital expenditures were over budget by \$342,496, or 23.3% at year-end. This is due mainly to one-time purchases of capital equipment with federal grant funds in the Fire Department and the one-time receipt of donated property that required capitalization in the Quality of Life Department.

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

The overall favorable variance of \$2,675,506, or 3.7%, was achieved by careful review and monitoring of all categories of expenditures, by all departments. With the difficult economic conditions that have existed in recent years, budget monitoring has become more critical than ever before, requiring the cooperative efforts of management and staff at every level.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounted to \$828,327,241 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, water stock, rights of way and construction in progress.

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

The City recognized a net decrease in construction in progress (CIP) totaling \$7,652,551, or 78.6%. This significant decrease is the result of several factors. There were various capital assets and projects placed into service during fiscal year 2017-2018. This was largely a result of the City's ongoing Pavement Accelerated Rehabilitation Strategy (PARIS) program, accounting for almost \$7 million of this amount. Other projects included the completion of off-site improvements at Heritage Park; the addition of new bike lanes; water infrastructure improvements; Hillside Memorial Park improvements to develop Block 14 & Cremation Garden monumentation; and installation of Service Club monument signs.

Overall, the City's net capital assets increased by \$9,647,413 for the fiscal year ended June 30, 2018, or 1.2% over prior year. This increase is after including net depreciation charges that were \$238,584, or 1.7% higher over the prior 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)
	2018	2017	2018	2017	2018	2017	% of Change
Land	\$ 32,858,122	\$ 30,475,450	\$ 28,326,013	\$ 28,326,014	\$ 61,184,135	\$ 58,801,464	4.1%
Buildings & Improvements	33,182,818	34,499,854	104,054,079	102,940,070	137,236,897	137,439,924	(0.1%)
Machinery/Equip./Vehicles	19,186,734	18,744,552	17,832,821	17,143,288	37,019,555	35,887,840	3.2%
Infrastructure	229,015,281	219,760,317	171,862,654	170,673,828	400,877,935	390,434,145	2.7%
Water Stock/Rights	408,125	408,125	9,881,460	9,881,460	10,289,585	10,289,585	0.0%
Rights of Way	463,689,274	448,879,490	-	-	463,689,274	448,879,490	3.3%
Construction in Progress	227,452	8,708,072	1,852,151	1,024,082	2,079,603	9,732,154	(78.6%)
Accumulated Depreciation	(121,315,865)	(116,347,295)	(162,733,878)	(156,437,479)	(284,049,743)	(272,784,774)	4.1%
Total	\$ 657,251,941	\$ 645,128,565	\$ 171,075,300	\$ 173,551,263	\$ 828,327,241	\$ 818,679,828	1.2%

Internal Service Fund capital assets, net of accumulated depreciation, of \$264,936, are included in Governmental Activities.

Additional information on the City's Capital Assets can be found in Note 4 of the section titled *Notes to the Basic Financial Statements*.

Long-Term Liabilities

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

- Beginning in fiscal year 2017/2018, GASB 75 was implemented and replaced GASB 45. This change marked a shift in the way OPEB liability is measured and introduced new terminology. GASB 45 measured the *Net OPEB Obligation* by focusing on the cumulative difference between annual City contributions and *the amortized annual OPEB costs accrued*. This resulted in a measurement based on the concept of *pay-as-you-go*. Under GASB 75, *Total OPEB Liability* immediately recognizes all costs associated with the present value of projected benefit payments under OPEB attributable to those employees' past periods of service with *no amortization period*, resulting in a measurement based on *accrued actuarial liability*.
 - As a result of implementing GASB Statement No. 75, a significant increase to recognized OPEB costs was incurred and represented an increase over last year's method of OPEB cost measurement of 195%.
- The City experienced a significant decrease of \$3.9 million in Claims Payable or 26.6%. This decrease reflects prior year first-time recognition of accruals in the amounts of \$8.5 and \$8.1 for general liability and workers' compensation claims, respectively.
- The 2003 Certificates of Participation debt was fully retired.
- The 2012A Wastewater Refunding Revenue Bonds were fully retired.
- In Fiscal Year 2011, 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; at June 30, 2018, the outstanding balance was \$8,568,189.
- Long-term liability for Compensated Absences increased by \$450,619, or 5%.

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)
	2018	2017	2018	2017	2018	2017	% of Change
Capital Lease Obligations	\$ 747,927	\$ 861,169	\$ -	\$ -	\$ 747,927	\$ 861,169	(13.1%)
Taxable Pension Bonds	12,452,070	14,596,411	-	-	12,452,070	14,596,411	(14.7%)
Certificates of Participation	-	595,000	-	-	-	595,000	(100.0%)
Add: Insurance Premium	-	48,006	-	-	-	48,006	(100.0%)
Revenue Bonds	-	-	8,820,000	11,045,000	8,820,000	11,045,000	(20.1%)
Add: Unamortized Premium	-	-	900,331	1,083,322	900,331	1,083,322	(16.9%)
Notes Payable	-	-	19,440,040	20,929,311	19,440,040	20,929,311	(7.1%)
Leases Payable	1,459,437	1,514,962	-	-	1,459,437	1,514,962	(3.7%)
Claims Payable	10,716,466	14,591,560	-	-	10,716,466	14,591,560	(26.6%)
Compensated Absences	8,324,134	7,979,140	1,119,431	1,013,806	9,443,565	8,992,946	5.0%
Landfill Closure Liability	-	-	8,178,007	7,915,480	8,178,007	7,915,480	3.3%
Net OPEB Obligation	-	27,635,116	-	15,278,702	-	42,913,818	195.1%
Total OPEB Liability*	88,951,334	-	37,706,715	-	126,658,049	-	
Net Pension Liability	97,888,051	85,371,170	20,385,113	17,552,765	118,273,164	102,923,935	14.9%
Total	\$ 220,539,419	\$ 153,192,534	\$ 96,549,637	\$ 74,818,386	\$ 317,089,056	\$ 228,010,920	39.1%

Additional information on the City's long-term liabilities can be found in Notes 5, 6, 8, 9 and 12 of the Notes to the Basic Financial Statements.

REQUESTS FOR INFORMATION

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

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

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF NET POSITION
JUNE 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 60,273,090	\$ 82,929,223	\$ 143,202,313
Cash and investments with fiscal agent	2,567,099	1,904,646	4,471,745
Receivables:			
Accounts	401,838	7,686,014	8,087,852
Taxes	4,660,601	21,210	4,681,811
Internal balances	45,361	(45,361)	-
Prepaid costs	215,753	-	215,753
Due from other governments	1,278,516	368,411	1,646,927
Inventory	86,277	-	86,277
Capital assets not being depreciated	497,182,973	40,059,624	537,242,597
Capital assets, net of depreciation	160,068,968	131,015,676	291,084,644
Total Assets	726,780,476	263,939,443	990,719,919
Deferred Outflows of Resources			
Deferred amount related to pensions	25,780,471	5,418,566	31,199,037
Deferred amount related to OPEB	3,212,378	1,168,175	4,380,553
Total Deferred Outflows of Resources	28,992,849	6,586,741	35,579,590
Liabilities			
Accounts payable	1,785,061	2,997,569	4,782,630
Accrued liabilities	2,357,995	207,254	2,565,249
Accrued interest	295,536	220,173	515,709
Unearned revenue	576,623	85,067	661,690
Deposits payable	1,087,619	2,299,532	3,387,151
Noncurrent liabilities:			
Due within one year	12,151,692	2,779,288	14,930,980
Due in more than one year	21,548,342	35,678,521	57,226,863
Net pension liability	97,888,051	20,385,113	118,273,164
Total OPEB liability	88,951,334	37,706,715	126,658,049
Total Liabilities	226,642,253	102,359,232	329,001,485
Deferred Inflows of Resources			
Deferred amount related to pensions	1,958,581	304,089	2,262,670
Net Position			
Net investment in capital assets	655,044,577	150,228,905	805,273,482
Restricted for:			
Quality of life	647,243	-	647,243
PEG fees	410,675	-	410,675
Public safety	2,012,553	-	2,012,553
Highway and streets	11,058,814	-	11,058,814
Capital projects	1,931,689	17,053,741	18,985,430
Debt service	2,575,353	462,600	3,037,953
Endowment - nonexpendable	120,061	-	120,061
Endowment - expendable	1,503,321	-	1,503,321
CFD Assessment	239,642	-	239,642
Unrestricted	(148,371,437)	117,617	(148,253,820)
Total Net Position	\$ 527,172,491	\$ 167,862,863	\$ 695,035,354

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ (12,394,000)	\$ 10,811,937	\$ 132,127	\$ 93,626
Public safety	(32,240,549)	3,076,343	1,217,011	81,466
Culture and recreation	(4,748,841)	303,222	140,030	408,636
Highway and streets	(12,854,490)	1,895,996	2,928,794	3,915,663
Library	(2,000,613)	131,408	52,000	33,901
Interest on long-term debt	(834,297)	-	-	-
Total Governmental Activities	(65,072,790)	16,218,906	4,469,962	4,533,292
Business-Type Activities:				
Water	(20,369,100)	27,030,979	-	-
Disposal	(12,877,703)	15,110,821	-	-
Sewer	(8,851,848)	9,611,197	-	-
Groves	(788,554)	741,397	-	-
Non-potable water	(125,323)	638,313	-	-
Cemetery	(861,109)	745,347	-	-
Aviation	(466,972)	127,233	-	347,871
Total Business-Type Activities	(44,340,609)	54,005,287	-	347,871
Total Primary Government	\$ (109,413,399)	\$ 70,224,193	\$ 4,469,962	\$ 4,881,163

General revenues:

Taxes:

Property taxes, levied for general purpose

Sales taxes

Franchise taxes

Other taxes

Use of money and property

Other

Intergovernmental (unrestricted)

Transfers

Total general revenues and transfers

Change in net position

Net Position at Beginning of Year, as Restated

Net position at End of Year

See accompanying notes to basic financial statements.

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,356,310)	\$ -	\$ (1,356,310)
(27,865,729)	-	(27,865,729)
(3,896,953)	-	(3,896,953)
(4,114,037)	-	(4,114,037)
(1,783,304)	-	(1,783,304)
(834,297)	-	(834,297)
<u>(39,850,630)</u>	<u>-</u>	<u>(39,850,630)</u>
-	6,661,879	6,661,879
-	2,233,118	2,233,118
-	759,349	759,349
-	(47,157)	(47,157)
-	512,990	512,990
-	(115,762)	(115,762)
-	8,132	8,132
-	<u>10,012,549</u>	<u>10,012,549</u>
<u>(39,850,630)</u>	<u>10,012,549</u>	<u>(29,838,081)</u>
30,067,473	66,263	30,133,736
17,177,492	-	17,177,492
3,224,053	-	3,224,053
1,907,344	-	1,907,344
206,304	509,882	716,186
1,689,135	2,457,912	4,147,047
195,866	-	195,866
8,243,110	(8,243,110)	-
<u>62,710,777</u>	<u>(5,209,053)</u>	<u>57,501,724</u>
22,860,147	4,803,496	27,663,643
<u>504,312,344</u>	<u>163,059,367</u>	<u>667,371,711</u>
<u>\$ 527,172,491</u>	<u>\$ 167,862,863</u>	<u>\$ 695,035,354</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General	Special Revenue	Other Governmental Funds	Total Governmental Funds
		Public Facilities Development		
Assets				
Cash and investments	\$ 24,287,894	\$ 566,061	\$ 26,518,149	\$ 51,372,104
Cash and investments with fiscal agent	-	-	2,567,099	2,567,099
Receivables:				
Accounts	313,349	-	74,858	388,207
Taxes	4,186,014	-	474,587	4,660,601
Prepaid costs	192,259	-	3,600	195,859
Due from other governments	683,897	-	594,619	1,278,516
Due from other funds	674,121	-	-	674,121
Advances to other funds	8,542,387	-	335,885	8,878,272
Total Assets	\$ 38,879,921	\$ 566,061	\$ 30,568,797	\$ 70,014,779
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 1,015,952	\$ -	\$ 312,962	\$ 1,328,914
Accrued payroll	611,480	-	85,582	697,062
Unearned revenues	156,513	-	420,110	576,623
Deposits payable	783,692	-	303,927	1,087,619
Due to other funds	-	-	473,029	473,029
Advances from other funds	-	9,034,003	-	9,034,003
Total Liabilities	2,567,637	9,034,003	1,595,610	13,197,250
Deferred Inflows of Resources				
Unavailable revenue	577,654	-	175,160	752,814
Fund Balances				
Nonspendable	8,734,646	-	123,661	8,858,307
Restricted	1,057,918	-	19,321,372	20,379,290
Committed	8,285,676	-	8,441,919	16,727,595
Assigned	4,063,636	-	1,204,854	5,268,490
Unassigned	13,592,754	(8,467,942)	(293,779)	4,831,033
Total Fund Balance	35,734,630	(8,467,942)	28,798,027	56,064,715
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 38,879,921	\$ 566,061	\$ 30,568,797	\$ 70,014,779

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Fund Balances of Governmental Funds	\$ 56,064,715
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.	656,987,005
Long-term debt, net pension liability and compensated absences that have not been included in the governmental fund activity:	
Capital leases payable	\$ (747,927)
Taxable pension funding bonds	(12,452,070)
I-Bank Sports Park lease	(1,459,437)
Net pension liability	(93,304,529)
Total OPEB liability	(81,251,544)
Compensated absences	<u>(7,900,323)</u>
	(197,115,830)
Deferred outflows of resources related to OPEB	2,983,922
Deferred outflows of resources related to pensions	24,597,106
Deferred inflows related to pensions	(1,954,233)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(295,536)
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.	752,814
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>(14,847,472)</u>
Net Position of Governmental Activities	<u>\$ 527,172,491</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2018**

	General Fund	Special Revenue Fund		Total Governmental Funds
		Public Facilities Development	Other Governmental Funds	
Revenues				
Taxes	\$ 51,008,061	\$ -	\$ 2,600,710	\$ 53,608,771
Licenses and permits	7,213,077	204,271	832,174	8,249,522
Intergovernmental	1,020,229	-	3,008,935	4,029,164
Charges for services	7,509,832	-	590,188	8,100,020
Use of money and property	156,872	-	28,738	185,610
Miscellaneous	1,733,447	-	3,133,532	4,866,979
Total Revenues	68,641,518	204,271	10,194,277	79,040,066
Expenditures				
Current:				
General government	12,119,382	-	711,298	12,830,680
Public safety	39,796,236	-	5,449,969	45,246,205
Culture and recreation	2,832,069	-	38,652	2,870,721
Highway and streets	4,579,448	8,745	2,445,624	7,033,817
Library	1,989,717	-	-	1,989,717
Capital outlay	1,813,066	-	4,319,760	6,132,826
Debt service:				
Principal retirement	113,242	-	2,930,525	3,043,767
Interest and fiscal charges	23,682	11,256	777,064	812,002
Total Expenditures	63,266,842	20,001	16,672,892	79,959,735
Excess (deficiency) of revenues over (under) expenditures	5,374,676	184,270	(6,478,615)	(919,669)
Other Financing Sources (Uses)				
Transfers in	2,125,072	-	17,201,742	19,326,814
Transfers out	(6,072,848)	(304,996)	(3,410,360)	(9,788,204)
Proceeds from sale of property	1,974,663	-	540	1,975,203
Total Other Financing Sources (Uses)	(1,973,113)	(304,996)	13,791,922	11,513,813
Net change in fund balances	3,401,563	(120,726)	7,313,307	10,594,144
Fund Balances, Beginning of Year, as Restated	32,333,067	(8,347,216)	21,484,720	45,470,571
Fund Balances, End of Year	\$ 35,734,630	\$ (8,467,942)	\$ 28,798,027	\$ 56,064,715

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ 10,594,144

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

Governmental funds report capital projects (outlays) as expenditures. However, in the statement of activities, the costs of those assets are 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	\$ 6,132,826	
Expenditures classified in various functions are reclassified as capital additions	15,363,287	
Depreciation expense	(7,444,667)	
Disposal of capital assets	<u>(1,341,091)</u>	12,710,355

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

Principal repayments on capital leases	113,242	
Principal repayments on certificates of participation	595,000	
Principal repayment of I-Bank Sports Park lease	55,525	
Amortization of bond premiums/discounts	48,006	
Principal repayments on taxable pension obligation bonds	2,280,000	
Accreted interest on taxable pension obligation bonds	<u>(135,659)</u>	2,956,114

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 65,358

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. (317,999)

OPEB contributions are expenditures in the governmental funds, however OPEB expense is measured as the change in the total OPEB liability and deferred outflows. (3,073,623)

Pension contributions are expenditures in the governmental funds, however pension expense is measured as the change in the net pension liability and amortization of deferred inflows and outflows in the statement of activities. This amount represents the net change in pension related amounts. (4,370,803)

Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. (4,505)

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. 4,301,106

Change in Net Position of Governmental Activities \$ 22,860,147

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds			Other Enterprise Funds
	Water	Disposal	Sewer	
Assets:				
Current:				
Cash and investments	\$ 35,438,063	\$ 16,132,629	\$ 26,761,589	\$ 4,596,942
Receivables:				
Accounts	4,219,693	2,096,567	1,306,407	63,347
Taxes	-	-	-	21,210
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	368,411
Inventory	-	-	-	-
Total Current Assets	39,657,756	18,229,196	28,067,996	5,049,910
Noncurrent:				
Advances to other funds	1,234,851	934,007	-	-
Capital assets - net of accumulated depreciation	109,816,895	7,018,240	34,917,108	19,323,057
Cash and investments with fiscal agent	682,010	1,222,636	-	-
Total Noncurrent Assets	111,733,756	9,174,883	34,917,108	19,323,057
Total Assets	151,391,512	27,404,079	62,985,104	24,372,967
Deferred Outflows of Resources:				
Deferred outflows related to pensions	2,504,601	1,525,967	1,227,282	160,716
Deferred outflows related to OPEB	606,727	298,836	217,335	45,277
Total Deferred Outflows of Resources	3,111,328	1,824,803	1,444,617	205,993
Total Assets and Deferred Outflows of Resources	\$ 154,502,840	\$ 29,228,882	\$ 64,429,721	\$ 24,578,960
Liabilities, Deferred Inflows of Resources, and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 2,048,686	\$ 547,696	\$ 282,837	\$ 118,350
Accrued payroll	92,621	59,326	47,165	8,142
Interest payable	-	220,173	-	-
Unearned revenues	-	84,643	-	424
Deposits payable	1,289,271	46,445	13,680	950,136
Due to other funds	-	-	-	201,092
Accrued compensated absences	261,856	134,166	146,031	17,663
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	376,819	1,535,658	307,095	-
Total Current Liabilities	4,069,253	2,628,107	796,808	1,295,807
Noncurrent:				
Advances from other funds	-	-	-	2,013,127
Accrued compensated absences	261,857	134,165	146,032	17,661
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	11,133,561	13,796,558	2,010,680	-
Total OPEB liability	18,724,991	9,725,863	8,034,511	1,221,350
Net pension liability	9,057,662	5,931,887	4,770,811	624,753
Landfill closure	-	8,178,007	-	-
Total Noncurrent Liabilities	39,178,071	37,766,480	14,962,034	3,876,891
Total Liabilities	43,247,324	40,394,587	15,758,842	5,172,698
Deferred Inflows of Resources:				
Deferred pension related items	157,073	20,435	109,974	16,607
Net Position:				
Net investment in capital assets	98,306,515	-	32,599,333	19,323,057
Restricted for capital projects	3,240,000	6,613,741	7,200,000	-
Restricted for debt service	462,600	-	-	-
Unrestricted	9,089,328	(17,799,881)	8,761,572	66,598
Total Net Position	111,098,443	(11,186,140)	48,560,905	19,389,655
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 154,502,840	\$ 29,228,882	\$ 64,429,721	\$ 24,578,960

See accompanying notes to basic financial statements.

Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Totals	
\$ 82,929,223	\$ 8,900,986
7,686,014	13,631
21,210	-
-	19,894
368,411	-
-	86,277
<u>91,004,858</u>	<u>9,020,788</u>
2,168,858	-
171,075,300	264,936
1,904,646	-
<u>175,148,804</u>	<u>264,936</u>
<u>266,153,662</u>	<u>9,285,724</u>
5,418,566	1,183,365
1,168,175	228,456
<u>6,586,741</u>	<u>1,411,821</u>
<u>\$ 272,740,403</u>	<u>\$ 10,697,545</u>
\$ 2,997,569	\$ 456,147
207,254	1,660,933
220,173	-
85,067	-
2,299,532	-
201,092	-
559,716	211,907
-	5,358,233
2,219,572	-
<u>8,789,975</u>	<u>7,687,220</u>
2,013,127	-
559,715	211,904
-	5,358,233
26,940,799	-
37,706,715	7,699,790
20,385,113	4,583,522
8,178,007	-
<u>95,783,476</u>	<u>17,853,449</u>
<u>104,573,451</u>	<u>25,540,669</u>
304,089	4,348
150,228,905	264,936
17,053,741	-
462,600	-
117,617	(15,112,408)
<u>167,862,863</u>	<u>(14,847,472)</u>
<u>\$ 272,740,403</u>	<u>\$ 10,697,545</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds			Other Enterprise Funds
	Water	Disposal	Sewer	
Operating Revenues:				
Sales and service charges	\$ 27,030,979	\$ 15,110,821	\$ 9,611,197	\$ 2,252,290
Miscellaneous	118,855	6	74	590,626
Total Operating Revenues	<u>27,149,834</u>	<u>15,110,827</u>	<u>9,611,271</u>	<u>2,842,916</u>
Operating Expenses:				
Personnel services	6,807,561	4,621,561	3,544,998	671,860
Administrative and contractual services	8,105,231	5,908,180	2,884,059	1,278,404
Supplies	1,731,436	530,309	845,282	55,989
Premiums paid out	-	-	-	-
Depreciation expense	3,427,956	1,249,520	1,609,079	205,885
Total Operating Expenses	<u>20,072,184</u>	<u>12,309,570</u>	<u>8,883,418</u>	<u>2,212,138</u>
Operating Income (Loss):	<u>7,077,650</u>	<u>2,801,257</u>	<u>727,853</u>	<u>630,778</u>
Nonoperating Revenues (Expenses):				
Interest revenue	58,172	346,544	77,950	27,216
Interest expense	(296,736)	(568,133)	31,570	(29,820)
Miscellaneous income	142,614	169	5	27,398
Miscellaneous expense	(180)	-	-	-
Property taxes	-	-	-	66,263
Grants	-	49,551	-	347,871
Total Nonoperating Revenues (Expenses):	<u>(96,130)</u>	<u>(171,869)</u>	<u>109,525</u>	<u>438,928</u>
Income (Loss) Before Transfers and Contributions	6,981,520	2,629,388	837,378	1,069,706
Transfers in	172,016	-	18,962	667,905
Transfers out	(363,027)	(8,700,405)	(38,561)	-
Contributions	896,469	89,241	514,911	27,993
Change in Net Position	7,686,978	(5,981,776)	1,332,690	1,765,604
Net Position/(Deficit):				
Beginning of Year, as restated	<u>103,411,465</u>	<u>(5,204,364)</u>	<u>47,228,215</u>	<u>17,624,051</u>
End of Year	<u>\$ 111,098,443</u>	<u>\$ (11,186,140)</u>	<u>\$ 48,560,905</u>	<u>\$ 19,389,655</u>

See accompanying notes to basic financial statements.

Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
<u>Totals</u>	
\$ 54,005,287	\$ 15,395,198
709,561	574,767
<u>54,714,848</u>	<u>15,969,965</u>
15,645,980	3,841,574
18,175,874	3,070,469
3,163,016	2,519,047
-	773,356
6,492,440	189,067
<u>43,477,310</u>	<u>10,393,513</u>
<u>11,237,538</u>	<u>5,576,452</u>
509,882	20,154
(863,119)	-
170,186	-
(180)	-
66,263	-
397,422	-
<u>280,454</u>	<u>20,154</u>
11,517,992	5,596,606
858,883	1,845,000
(9,101,993)	(3,140,500)
1,528,614	-
<u>4,803,496</u>	<u>4,301,106</u>
<u>163,059,367</u>	<u>(19,148,578)</u>
\$ <u>167,862,863</u>	\$ <u>(14,847,472)</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds			Other Enterprise Funds
	Water	Disposal	Sewer	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 29,098,324	\$ 20,772,853	\$ 10,329,894	\$ 2,913,943
Cash paid to suppliers for goods and services	(8,621,761)	(5,814,020)	(3,743,863)	(1,574,924)
Cash payments for claims	-	-	-	-
Cash paid to employees for services	(5,475,999)	(3,847,212)	(2,947,208)	(574,801)
Net Cash Provided (Used) by Operating Activities	15,000,564	11,111,621	3,638,823	764,218
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	172,016	-	18,962	667,905
Cash transfers out	(363,027)	(8,700,405)	(38,561)	-
Advances to other funds	97,820	(13,077)	-	-
Advances from other funds	-	-	-	(1,131,742)
Intergovernmental	-	-	-	66,263
Grants received	-	49,551	-	642,310
Net Cash Provided (Used) by Non-Capital Financing Activities	(93,191)	(8,663,931)	(19,599)	244,736
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,751,826)	(557,484)	(85,896)	(348,510)
Principal paid on long term debt	(951,451)	(1,656,208)	(1,289,604)	-
Interest paid on debt	(296,736)	(645,038)	(19,800)	(29,820)
Cash contributions received from developers	896,469	89,241	514,911	27,993
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,103,544)	(2,769,489)	(880,389)	(350,337)
Cash Flows from Investing Activities:				
Interest received	58,172	346,544	77,950	27,216
Net Increase (Decrease) in Cash and Cash Equivalents	11,862,001	24,745	2,816,785	685,833
Cash and Cash Equivalents at Beginning of Year	24,258,072	17,330,520	23,944,804	3,911,109
Cash and Cash Equivalents at End of Year	<u>\$ 36,120,073</u>	<u>\$ 17,355,265</u>	<u>\$ 26,761,589</u>	<u>\$ 4,596,942</u>

See accompanying notes to basic financial statements.

Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
<u>Totals</u>	
\$ 63,115,014	\$ 16,138,857
(19,754,568)	(6,311,188)
-	(3,875,094)
<u>(12,845,220)</u>	<u>(3,281,834)</u>
<u>30,515,226</u>	<u>2,670,741</u>
858,883	1,845,000
(9,101,993)	(3,140,500)
84,743	-
(1,131,742)	-
66,263	-
691,861	-
<u>(8,531,985)</u>	<u>(1,295,500)</u>
(3,743,716)	(50,405)
(3,897,263)	-
(991,394)	-
<u>1,528,614</u>	<u>-</u>
<u>(7,103,759)</u>	<u>(50,405)</u>
<u>509,882</u>	<u>20,154</u>
15,389,364	1,344,990
<u>69,444,505</u>	<u>7,555,996</u>
<u>\$ 84,833,869</u>	<u>\$ 8,900,986</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUNDS
 FOR THE YEAR ENDING JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds			Other Enterprise Funds
	Water	Disposal	Sewer	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 7,077,650	\$ 2,801,257	\$ 727,853	\$ 630,778
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	3,427,956	1,249,520	1,609,079	205,885
(Increase) decrease in accounts receivable	1,849,349	5,702,069	723,908	10,838
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expense	105	-	-	-
(Increase) decrease in deferred outflows	(961,654)	(531,279)	(404,281)	(69,758)
Increase (decrease) in deferred inflows	(242,102)	-	(127,519)	(16,699)
Increase (decrease) in accounts payable	1,214,801	361,942	(14,522)	(219,555)
Increase (decrease) in accrued payroll	11,360	9,657	5,511	849
Increase (decrease) in deposits payable	99,141	(7,795)	(5,285)	40,089
Increase (decrease) in unearned revenue	-	(32,248)	-	(876)
Increase (decrease) in net pension liability	1,258,489	665,634	662,866	86,805
Increase (decrease) in total OPEB liability	1,219,117	600,461	436,699	90,978
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	46,352	29,876	24,514	4,884
Increase (decrease) in landfill closure liability	-	262,527	-	-
Total Adjustments	7,922,914	8,310,364	2,910,970	133,440
Net Cash Provided (Used) by Operating Activities	\$ 15,000,564	\$ 11,111,621	\$ 3,638,823	\$ 764,218
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of premiums on debt	\$ -	\$ 182,991	\$ -	\$ -

See accompanying notes to basic financial statements.

<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
<u>\$ 11,237,538</u>	<u>\$ 5,576,452</u>
6,492,440	189,067
8,286,164	168,892
-	(1,042)
105	(18,531)
(1,966,972)	(408,062)
(386,320)	(122,513)
1,342,666	71,257
27,377	(38,194)
126,150	-
(33,124)	-
2,673,794	636,843
2,347,255	464,670
-	(3,869,358)
105,626	21,260
262,527	-
<u>19,277,688</u>	<u>(2,905,711)</u>
<u>\$ 30,515,226</u>	<u>\$ 2,670,741</u>
<u>\$ 182,991</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	Agency Funds	Private-Purpose Trust Fund <u>Successor Agency of the Former RDA</u>
Assets:		
Cash and investments	\$ 6,382,568	\$ 2,950,263
Cash and investments with fiscal agents	2,856,052	1,625
Receivables:		
Accounts	-	300,000
Note	-	109,652
Accrued interest	540,391	-
Capital assets:		
Capital assets, not being depreciated	-	2,834,569
Total Assets	<u>\$ 9,779,011</u>	<u>6,196,109</u>
Deferred Outflows of Resources:		
Deferred charge on refunding		<u>369,538</u>
Liabilities:		
Accounts payable	\$ 526,850	1,842
Accrued payroll	-	3,218
Accrued interest	-	178,161
Deposits payable	9,252,161	3,000
Long-term liabilities:		
Due within one year	-	2,170,000
Due in more than one year	-	10,269,159
Total Liabilities	<u>\$ 9,779,011</u>	<u>12,625,380</u>
Net Position:		
Held in trust for other purposes		<u>\$ (6,059,733)</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2018**

	Private-Purpose Trust Fund
	Successor Agency of the Former RDA
	<u> </u>
Additions:	
Taxes	\$ 2,713,151
Interest and change in fair value of investments	<u>210,480</u>
Total Additions	<u>2,923,631</u>
Deductions:	
Administrative expenses	250,002
Contractual services	158,129
Interest expense	<u>522,827</u>
Total Deductions	<u>930,958</u>
Change in Net Position	1,992,673
Net Position/(Deficit), Beginning of Year, as Restated	<u>(8,052,406)</u>
Net Position/(Deficit), End of Year	<u><u>\$ (6,059,733)</u></u>

See accompanying notes to basic financial statements.

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CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 former Redevelopment Agency and the City for the primary purpose of assisting the financing of capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits.

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

Related Organizations

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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). Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

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

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

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as 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 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, deferred outflows of resources, 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.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. 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 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.

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.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

When both restricted and unrestricted resources are combined in a fund, expenditures 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 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 proprietary funds are charges to customers for sales and services. Operating expenses for proprietary 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:

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Classification (Continued)

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.

Public Facilities Development

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

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

Water Fund

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

Disposal Fund

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

Sewer Fund

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

Additionally the government reports the following fund types:

Special Revenue

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

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.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Classification (Continued)

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.

Permanent Fund

Permanent funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the fund's designated programs.

Agency Funds

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

Private-Purpose Trust Fund

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

D. Investments

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

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

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

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and 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 is capitalized if it has an expected useful life of three years or more. The cost of 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 acquisition value at the date of contribution.

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

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

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions, which are reported in Note 8, and OPEB, which are reported in Note 9.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to pensions on the Statement of Net Position and unavailable revenues reported on the governmental funds balance sheet. The deferred inflows related to pensions are described in Note 8. In the governmental funds balance sheet, the unavailable revenue category arises only under a modified accrual basis of accounting. When amounts have been earned, but have not been received within the availability period, 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:

Nonspendable includes 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 includes 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 includes 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 a resolution.

Assigned includes amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Pursuant to Resolution 7346, assignments may be made by the City Council or its designee, the Finance Director. Unlike commitments, assignments generally only exist temporarily. Thus, additional action does not normally have to be taken for the removal of an assignment.

Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes. This includes the residual General Fund balance and residual fund deficits of other governmental funds.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Fund Equity (Continued)

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted and unrestricted, 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 assigned and then 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 percent of the sum of the General Fund's operating expenses and operating transfers out. The balance at June 30, 2018, is \$8,285,676 and is included in committed fund balance. These funds may be used only when the City is faced with an unforeseen or uncontrollable event which includes but is not limited to:

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

J. Inventory

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

K. Compensated Absences

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

M. Property Taxes

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

N. Bond Premiums and Discounts

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

O. Use of Estimates

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

P. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees Retirement System (CalPERS) plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF REDLANDS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. New Accounting Standards

Adopted in the Current Year

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The City implemented this statement effective July 1, 2017. The City recognized a restatement to beginning net position on the Statement of Activities. See Note 9 for more information.

Effective in Future Fiscal Years

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to provide financial statement users with information about asset retirement obligations that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations. This Statement is effective for reporting periods beginning after June 15, 2018. The City has not determined the effect on the financial statements.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2018. The City has not determined the effect on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after December 15, 2019. The City has not determined the effect on the financial statements.

GASB Statement No. 88 – In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City has not determined its effect on the financial statements.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City has not determined its effect on the financial statements.

CITY OF REDLANDS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. New Accounting Standards (Continued)

Effective in Future Fiscal Years (Continued)

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City has not determined its effect on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 143,202,313
Cash and investments with fiscal agent	4,471,745

Fiduciary funds:

Cash and investments	9,332,831
Cash and investments with fiscal agent	<u>2,857,677</u>
Total cash and investments	<u><u>\$ 159,864,566</u></u>

Cash and investments as of June 30, 2018, consists of the following:

Cash on hand	\$ 5,500
Investments	<u>159,859,066</u>
Total cash and investments	<u><u>\$ 159,864,566</u></u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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.

Investment Types Authorized by State Law	Authorized By Investment Policy	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. 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%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	30%
Repurchase Agreements	Yes	7 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%
LAIF	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

Investments Authorized by Debt Agreements

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Total	Remaining Maturity (in Months)				
		12 Months Or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	49 to 60 Months
Federal Agency Securities	\$ 67,003,045	\$ 15,260,615	\$ 12,819,250	\$ 16,727,590	\$ 15,270,640	\$ 6,924,950
U.S. Treasury Notes	8,811,220	1,988,520	1,950,240	966,290	1,949,410	1,956,760
Corporate Bonds	20,647,672	6,974,470	6,947,530	2,736,138	3,027,684	961,850
Certificates of Deposit	19,682,104	3,702,887	4,831,376	3,641,497	3,844,791	3,661,553
Mutual Funds	746,997	746,997	-	-	-	-
LAIF	35,566,157	35,566,157	-	-	-	-
Held by Fiscal Agent:						
Money Market Funds	7,401,871	7,401,871	-	-	-	-
Total	159,859,066	\$ 71,641,517	\$ 26,548,396	\$ 24,071,515	\$ 24,092,525	\$ 13,505,113

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 the California Government Code, the City's investment policy, or debt agreements, and the actual Moody's rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rate of Year End	
				AAA/Aa	Not Rated
Federal Agency Securities	\$ 67,003,045	N/A	\$ -	\$ 67,003,045	\$ -
U.S. Treasury Notes	8,811,220	N/A	8,811,220	-	-
Corporate Bonds	20,647,672	A	-	20,647,672	-
Certificates of Deposit	19,682,104	N/A	-	-	19,682,104
Mutual Funds	746,997	A	-	746,997	-
LAIF	35,566,157	N/A	-	-	35,566,157
Held by Fiscal Agent:					
Money Market Funds	7,401,871	A	-	7,401,871	-
Total	\$ 159,859,066		\$ 8,811,220	\$ 95,799,585	\$ 55,248,261

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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 percent or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Freddie Mac	Federal agency securities	\$ 32,233,728
Federal National Mortgage Association (FNMA)	Federal agency securities	12,179,106
Federal Home Loan Bank (FHLB)	Federal agency securities	9,873,780
Federal Farm Credit Bank (FFCB)	Federal agency securities	12,716,430
Fannie Mae	Federal agency securities	11,837,360

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 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, 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 percent 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 percent of the secured public deposits.

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 investments. For investments identified herein as held by fiscal agent, the fiscal agent 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 California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2018, these investments matured in an average of 193 days. LAIF is not registered with the Securities Exchange Commission and is not rated. Deposits and withdrawals from LAIF are made on the basis of \$1 and not fair value. Accordingly, under the fair value hierarchy, the measurement of the City's participation in LAIF is based on uncategorized inputs not defined as Level 1, Level 2, or Level 3.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset as follows:

- Level 1: Investments reflect prices quoted for identical assets in active markets;
- Level 2: Investments reflect prices that are based on a similar observable inputs;
- Level 3: Investments reflect prices based on unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Totals	Level	
		1	2
Federal Agency Securities	\$ 67,003,045	\$ -	\$ 67,003,045
U.S. Treasury Notes	8,811,220	-	8,811,220
Corporate Bonds	20,647,672	-	20,647,672
Certificates of Deposit	19,682,104	-	19,682,104
Mutual Funds	746,997	746,997	-
Total leveled investments		<u>\$ 746,997</u>	<u>\$ 116,144,041</u>
Uncategorized investments			
LAIF	35,566,157		
Money Market Funds	7,401,871		
Total Investments	<u>\$ 159,859,066</u>		

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Due To/From Other Funds

As of June 30, 2018, the City had the following due to/from other funds:

Funds	Due to other funds		Total
	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
Due from other funds:			
General Fund	<u>\$ 473,029</u>	<u>\$ 201,092</u>	<u>\$ 674,121</u>

The due to/from other fund balances reflect short-term borrowings to cover negative cash balances at June 30, 2018.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

B. Advances To/From Other Funds

As of June 30, 2018, advances to/from other funds were as follows:

Funds	Advances from other funds		Total
	Public Facilities Fund	Nonmajor Proprietary Funds	
Advances to other funds:			
General Fund	\$ 8,542,387	\$ -	\$ 8,542,387
Nonmajor governmental funds	335,885	-	335,885
Water fund	155,731	1,079,120	1,234,851
Disposal fund	-	934,007	934,007
Total	\$ 9,034,003	\$ 2,013,127	\$ 11,047,130

The General Fund has advanced the Public Facilities Development Fund \$8,542,387 to provide funding for capital expenditures and debt service coverage on the COP’s issued for capital facilities. The balance will be repaid through future development impact fee collections. Additional advances were made to the Public Facilities Fund to assist in debt service payments on the COP’s. At June 30, 2018, these advances were from the Open Space Fund for \$116,032, the Park and Open Space Fund for \$116,032, the Storm Drain Construction Fund for \$103,821, and the Water Fund for \$155,731.

The Water Fund and Disposal Fund advanced the Cemetery and Aviation Funds a total of \$2,013,127 to provide funding for capital expenditures.

C. Transfers In/Out:

Transfers in and out for the year ended June 30, 2018, were as follows:

Funds	Transfers Out							Total
	General Fund	Public Facilities Development	Nonmajor Governmental Funds	Water	Disposal	Sewer	Internal Service Fund	
Transfers In:								
General Fund	\$ -	\$ -	\$ 1,811,842	\$ 241,653	\$ 50,104	\$ 21,473	\$ -	\$ 2,125,072
Nonmajor Governmental Funds	4,227,848	304,996	758,597	102,412	8,650,301	17,088	3,140,500	17,201,742
Water Fund	-	-	172,016	-	-	-	-	172,016
Sewer Fund	-	-	-	18,962	-	-	-	18,962
Nonmajor Enterprise Funds	-	-	667,905	-	-	-	-	667,905
Internal Service Fund	1,845,000	-	-	-	-	-	-	1,845,000
Total	\$ 6,072,848	\$ 304,996	\$ 3,410,360	\$ 363,027	\$ 8,700,405	\$ 38,561	\$ 3,140,500	\$ 22,030,697

Interfund transfers were used for operations, road impacts, fixed asset transfers, deficit repayment, debt payment, and general administration charges. Additionally, during the fiscal year, the Disposal fund made transfers totaling \$8,650,301, including a one-time transfer of \$6,019,500 of debt proceeds, to various nonmajor governmental funds in order to offset road repair costs incurred by pavement deterioration caused by the solid waste operations.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 – CAPITAL ASSETS

	Beginning Balance, as restated	Additions	Deletions	Ending Balance
Government activities:				
Capital assets not being depreciated:				
Land	\$ 30,538,612	\$ 2,494,033	\$ (174,523)	\$ 32,858,122
Water rights	408,125	-	-	408,125
Rights of way	448,879,490	14,809,784	-	463,689,274
Construction in progress	8,454,766	94,943	(8,322,257)	227,452
Total capital assets not being depreciated	<u>488,280,993</u>	<u>17,398,760</u>	<u>(8,496,780)</u>	<u>497,182,973</u>
Capital assets being depreciated:				
Infrastructure	219,581,617	10,240,258	(806,594)	229,015,281
Buildings and improvements	34,499,854	724,813	(2,041,849)	33,182,818
Machinery, equipment and vehicles	18,083,020	1,504,946	(401,232)	19,186,734
Total capital assets being depreciated	<u>272,164,491</u>	<u>12,470,017</u>	<u>(3,249,675)</u>	<u>281,384,833</u>
Less accumulated depreciation:				
Infrastructure	(86,059,041)	(4,700,921)	252,583	(90,507,379)
Buildings and improvements	(14,757,988)	(1,784,770)	1,429,292	(15,113,466)
Machinery, equipment and vehicles	(14,948,209)	(1,148,043)	401,232	(15,695,020)
Total accumulated depreciation	<u>(115,765,238)</u>	<u>(7,633,734)</u>	<u>2,083,107</u>	<u>(121,315,865)</u>
Total capital assets being depreciated, net	<u>156,399,253</u>	<u>4,836,283</u>	<u>(1,166,568)</u>	<u>160,068,968</u>
Governmental activities:				
Capital Assets, Net	<u>\$ 644,680,246</u>	<u>\$ 22,235,043</u>	<u>\$ (9,663,348)</u>	<u>\$ 657,251,941</u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance, as restated	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 28,326,013	\$ -	\$ -	\$ 28,326,013
Water rights	9,881,460	-	-	9,881,460
Construction in progress	1,272,749	1,814,167	(1,234,765)	1,852,151
Total capital assets not being depreciated	<u>39,480,222</u>	<u>1,814,167</u>	<u>(1,234,765)</u>	<u>40,059,624</u>
Capital assets being depreciated:				
Infrastructure	170,673,828	1,398,513	(209,687)	171,862,654
Buildings and improvements	102,940,070	1,114,009	-	104,054,079
Machinery, equipment and vehicles	17,131,989	738,832	(38,000)	17,832,821
Total capital assets being depreciated	<u>290,745,887</u>	<u>3,251,354</u>	<u>(247,687)</u>	<u>293,749,554</u>
Less accumulated depreciation:				
Infrastructure	(74,277,457)	(3,102,507)	122,650	(77,257,314)
Buildings and improvements	(67,608,460)	(2,114,398)	-	(69,722,858)
Machinery, equipment and vehicles	(14,516,171)	(1,275,535)	38,000	(15,753,706)
Total accumulated depreciation	<u>(156,402,088)</u>	<u>(6,492,440)</u>	<u>160,650</u>	<u>(162,733,878)</u>
Total capital assets being depreciated, net	<u>134,343,799</u>	<u>(3,241,086)</u>	<u>(87,037)</u>	<u>131,015,676</u>
Business-type activities:				
Capital Assets, Net	<u>\$ 173,824,021</u>	<u>\$ (1,426,919)</u>	<u>\$ (1,321,802)</u>	<u>\$ 171,075,300</u>

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

	Governmental Activities	Business-Type Activities
General government	\$ 305,319	\$ -
Public safety	863,593	-
Highway and streets	4,948,297	-
Culture and recreation	1,327,458	-
Water	-	3,427,956
Disposal	-	1,249,520
Sewer	-	1,609,079
Nonmajor proprietary funds	-	205,885
Internal service	189,067	-
Total	<u>\$ 7,633,734</u>	<u>\$ 6,492,440</u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – LONG-TERM LIABILITIES

Governmental Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Amount Due within One year
Compensated absences	\$ 7,979,140	\$ 4,562,648	\$ 4,217,654	\$ 8,324,134	\$ 4,162,067
Claims payable	14,591,560	474,222	4,349,316	10,716,466	5,358,233
2007 Series Taxable Pension					
Funding Bonds	15,230,000	-	2,280,000	12,950,000	2,457,762
Less: (accrued interest)	(633,589)	-	(135,659)	(497,930)	-
Certificate of Participation					
2003 Lease Revenue Refunding	595,000	-	595,000	-	-
Add: unamortized premium	48,006	-	48,006	-	-
Capital leases payable	861,169	-	113,242	747,927	116,356
I-Bank Sports Park Lease	1,514,962	-	55,525	1,459,437	57,274
Total Governmental Activities					
Long-term Liabilities	\$ 40,186,248	\$ 5,036,870	\$ 11,523,084	\$ 33,700,034	\$ 12,151,692

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities of the internal service funds are included in governmental activities in the statement of net position. At year end, \$423,811 in compensated absences are included in governmental activities. For the governmental activities, compensated absences are generally liquidated by the General Fund.

Capital Leases Payable

The City has entered into lease agreements for various equipment purchases. 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 classified as machinery, equipment and vehicles. The total cost was \$3,104,363. The outstanding balance at June 30, 2018, is \$747,927.

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

Year Ending June 30,	
2019	\$ 136,924
2020	136,924
2021	136,924
2022	136,924
2023	136,924
2024	136,924
Total minimum lease payments	821,544
Less: Amount representing interest	(73,617)
Total Minimum Lease Payments	\$ 747,927

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

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 percent with annual principal payments plus accreted value commencing February 1, 2008. The amount outstanding at June 30, 2018, is \$12,950,000.

The annual debt service requirements are as follows:

Year Ending June 30,	2007 Taxable Pension Funding Bonds	
	Principal	Interest
2019	\$ 2,515,000	\$ 646,859
2020	1,220,000	505,506
2021	1,345,000	441,470
2022	1,480,000	370,656
2023	1,620,000	292,739
2024-2028	1,080,000	1,037,277
2029-2033	1,630,000	906,547
2034-2037	2,060,000	318,716
	12,950,000	
Less unaccreted interest	(497,930)	
Totals	\$ 12,452,070	\$ 4,519,770

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. During the year, the City made the final debt service payment on the Certificates.

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 percent with principal and interest payments due every six months starting August 1, 2007, and the final payment to be made on August 1, 2036. The City pledged the Community Center to obtain this loan with I-Bank. At June 30, 2018, the outstanding balance of the I-Bank Sports Park lease payable balance was \$1,459,437.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 57,274
2020	59,079
2021	60,940
2022	62,859
2023	64,839
2024-2028	356,150
2029-2033	415,891
2034-2037	<u>382,405</u>
Total	<u>\$ 1,459,437</u>

Business-Type Activities

The following is a summary of changes in business-type long-term liabilities for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Amount Due within One year
Compensated absences	\$ 1,013,806	\$ 1,396,995	\$ 1,291,370	\$ 1,119,431	\$ 559,716
Landfill closure	7,915,480	262,527	-	8,178,007	-
Revenue Bonds:					
2012A Wastewater Refunding	990,000	-	990,000	-	-
Add: unamortized premium	-	-	-	-	-
2013A Solid Waste Revenue	10,055,000	-	1,235,000	8,820,000	1,290,000
Add: unamortized premium	<u>1,083,322</u>	-	<u>182,991</u>	<u>900,331</u>	-
Total	<u>21,057,608</u>	<u>1,659,522</u>	<u>3,699,361</u>	<u>19,017,769</u>	<u>1,849,716</u>
Notes payable:					
California Recycled Water Project	2,617,379	-	299,604	2,317,775	307,095
Safe Drinking Water Project	3,251,621	-	309,430	2,942,191	157,436
I-Bank Solid Waste	2,819,801	-	120,321	2,699,480	123,943
I-Bank City Streets	3,030,300	-	117,895	2,912,405	121,715
Hinkley Water Treatment Plant Upgrade	<u>9,210,210</u>	-	<u>642,021</u>	<u>8,568,189</u>	<u>219,383</u>
Total notes payable	<u>20,929,311</u>	-	<u>1,489,271</u>	<u>19,440,040</u>	<u>929,572</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 41,986,919</u>	<u>\$ 1,659,522</u>	<u>\$ 5,188,632</u>	<u>\$ 38,457,809</u>	<u>\$ 2,779,288</u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

2012A Wastewater Refunding Revenue Bonds

Wastewater Refunding Revenue Bonds 2012 Series A (issue amount of \$4,655,000), consists of serial bonds with varying interest rates from 2 percent to 4 percent. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually September 1, 2013 through September 1, 2017. The revenues of the Wastewater Fund are pledged as security toward the payment of this debt. The net proceeds were used to refinance the 1999A Wastewater Refunding Revenue Bonds. During the year, the City made the final debt service payment on the Bonds.

2013A Solid Waste Revenue Bonds

The \$13,500,000 of Solid Waste Revenue Bonds, issue of 2013, Series A, consists of serial bonds with varying interest rates from 3 percent to 5 percent. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually September 1, 2014 through September 1, 2023. The revenues of the Disposal Fund are pledged as security toward the payment of this debt. The proceeds were used to finance a portion of the cost of acquisition and construction of street improvements within the City of Redlands. The amount outstanding at June 30, 2018, was \$8,820,000 with an unamortized premium of \$900,331.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>2013A Solid Waste Revenue Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,290,000	\$ 408,750
2020	1,360,000	342,500
2021	1,430,000	272,750
2022	1,500,000	199,500
2023	1,580,000	122,500
2024	1,660,000	41,500
Totals	\$ 8,820,000	\$ 1,387,500

Pledged Revenues

The City has pledged future solid waste revenues, net of specified operating expenses to repay revenue bonds. Net revenues are defined in the 2013A (Solid Waste) bond document as operating income, less specified operating expenses, plus specified non-operating income. The 2013A bonds are payable through 2025. The anticipated percentage of net revenues, current year net revenues, annual debt service requirements, and total remaining debt service follows:

<u>Bond Issuance</u>	<u>Anticipated Net Revenue %</u>	<u>Annual Net Revenues</u>	<u>Annual Debt Service Requirements</u>	<u>Ratio of Net Revenue to Annual Debt Service</u>	<u>Remaining Debt Service Requirements</u>
2013A Solid Waste	110%	\$ 4,397,321	\$ 1,700,700	259%	\$ 10,207,500

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

Notes Payable

California Recycled Water Project

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 percent with principal and interest payments due annually starting November 30, 2005. The amount outstanding at June 30, 2018, was \$2,317,775.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>California Recycled Water Project</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 307,095	\$ 57,944
2020	314,772	5,267
2021	322,641	42,398
2022	330,707	34,332
2023	338,975	26,064
2024-2025	703,585	26,493
Totals	\$ 2,317,775	\$ 192,498

Safe Drinking Water Project

On January 30, 2004, the City entered into a loan agreement with the State of California, Department of Water Resources in the amount of \$1,664,876 to assist in financing construction of a project which will enable the City to meet safe drinking water standards. As of June 30, 2006, the loan had been increased to \$6,100,844. The note carries an annual interest rate of 2.34 percent with principal and interest payments due every six months starting January 1, 2006. At June 30, 2018, the City has \$2,942,191 in outstanding principal.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>Safe Drinking Water Project</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 157,436	\$ 34,424
2020	320,419	63,300
2021	327,960	55,758
2022	335,680	48,039
2023	343,580	40,138
2024-2025	1,457,116	77,758
Totals	\$ 2,942,191	\$ 319,417

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

Hinckley Water Treatment Plant Upgrade

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 percent with maturities through 2034. Principal and interest is due every six months starting January 1, 2011. The outstanding balance at June 30, 2018, is \$8,568,189.

The annual debt service requirements are as follows:

Year Ending June 30,	Hinckley Water Treatment Plant Upgrade	
	Principal	Interest
2019	\$ 219,383	\$ 107,175
2020	447,033	206,084
2021	458,286	194,830
2022	469,823	183,294
2023	481,650	171,467
2024-2028	2,596,341	669,240
2029-2033	2,940,008	325,573
2034-2035	955,665	24,007
Totals	\$ 8,568,189	\$ 1,881,670

I-Bank Solid Waste

On March 2, 2015, the City entered into an agreement for the purpose of obtaining additional funds to complete the Solid Waste project. The City has agreed to pay the amount over twenty years commencing on the date of the loan, which carries an annual interest rate of 3.01 percent with principal and interest payments due every six months starting August 1, 2015. At June 30, 2018, the outstanding balance of the loan was \$2,699,480.

The annual debt service requirements are as follows:

Year Ending June 30,	I-Bank Solid Waste	
	Principal	Interest
2019	\$ 123,943	\$ 79,389
2020	127,674	75,602
2021	131,517	71,701
2022	135,475	67,683
2023	139,553	63,544
2024-2028	763,361	251,128
2029-2033	885,374	127,288
2034-2035	392,583	11,904
Totals	\$ 2,699,480	\$ 748,239

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

I-Bank City Streets

On July 1, 2016, the City entered into an agreement for the purpose of obtaining funds for the City Streets project. The City has agreed to pay the amount over twenty years commencing on the date of the loan, which carries an annual interest rate of 3.24 percent with principal and interest payments due every six months starting August 1, 2018. At June 30, 2018, the outstanding balance of the loan was \$2,912,405.

The annual debt service requirements are as follows:

Year Ending June 30,	I-Bank City Streets	
	Principal	Interest
2019	\$ 121,715	\$ 92,390
2020	125,659	88,383
2021	129,730	84,245
2022	133,933	79,974
2023	138,273	75,564
2024-2028	761,539	306,509
2029-2033	893,166	172,750
2034-2036	608,390	29,987
Totals	<u>\$ 2,912,405</u>	<u>\$ 929,802</u>

NOTE 6 – CLAIMS PAYABLE

On June 30, 2018, and throughout 2017-2018, the City was self-insured for the first \$1,000,000 per occurrence for commercial general liability and automobile liability. The City purchased excess liability insurance to provide additional coverage of \$10,000,000 per occurrence with a \$10,000,000 aggregate. The City also purchased airport liability insurance including commercial general liability, personal & advertising injury, products completed, and hanger keepers limit in a single limit liability amount of \$10,000,000 per occurrence. For workers’ compensation and employer's liability, the City was self-insured for \$1,000,000 per occurrence with excess coverage of \$25,000,000 for worker's compensation per occurrence with a \$25,000,000 aggregate, and \$1,000,000 for employer's liability per occurrence.

At June 30, 2018, \$1,872,000 and \$8,844,466 have been accrued for general liability and workers’ compensation claims, respectively. All funds of the City participate in the worker's compensation program and make payments to the Workers’ Compensation Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims. The Liability Insurance Internal Service Fund receives an annual operating transfer from the General Fund to cover operating costs including payment of claims. The liability for unpaid claims for general liability and workers’ compensation is discounted to reflect anticipated future investment earnings, assuming a five percent interest rate. Settled claims have not exceeded the commercial coverage in the past three years.

The accruals indicated above represent estimates of amounts to be paid for reported claims and incurred but not reported claims based upon past experience, modified for current trends and information. While the ultimate amounts of losses incurred through June 30, 2018, 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.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 – CLAIMS PAYABLE (CONTINUED)

Reconciliation of the changes in the City’s aggregate liabilities for the year ended June 30, 2018, is as follows:

<u>2017-2018</u>	<u>Beginning of Year</u>	<u>Claims and Changes in Estimate</u>	<u>Claim Payments</u>	<u>End of Year</u>
Liability claims	\$ 6,478,383	\$ (1,124,465)	\$ (3,481,918)	\$ 1,872,000
Workers' compensation	8,113,177	1,598,687	(867,398)	8,844,466
Total	<u>\$ 14,591,560</u>	<u>\$ 474,222</u>	<u>\$ (4,349,316)</u>	<u>\$ 10,716,466</u>
<u>2016-2017</u>	<u>Beginning of Year</u>	<u>Claims and Changes in Estimate</u>	<u>Claim Payments</u>	<u>End of Year</u>
Liability claims	\$ 4,821,559	\$ 2,226,531	\$ (569,707)	\$ 6,478,383
Workers' compensation	7,042,320	2,393,716	(1,322,859)	8,113,177
Total	<u>\$ 11,863,879</u>	<u>\$ 4,620,247</u>	<u>\$ (1,892,566)</u>	<u>\$ 14,591,560</u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 – FUND BALANCE AND NET POSITION

A. Fund Balance Classifications

At June 30, 2018, the City reports the following fund balance classifications:

	<u>General</u>	<u>Public Facilities Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable				
Prepaid costs	\$ 192,259	\$ -	\$ 3,600	\$ 195,859
Corpus of endowment	-	-	120,061	120,061
Advances to other funds	8,542,387	-	-	8,542,387
Restricted				
Quality of life	647,243	-	-	647,243
PEG fees	410,675	-	-	410,675
Public safety	-	-	631,945	631,945
Police programs and equipment	-	-	1,380,608	1,380,608
Street reconstruction/improvement projects	-	-	11,058,814	11,058,814
Debt service	-	-	2,575,353	2,575,353
Storm drain improvements	-	-	1,931,689	1,931,689
Endowment	-	-	1,503,321	1,503,321
CFD assessment	-	-	239,642	239,642
Committed				
Stabilization agreement	8,285,676	-	-	8,285,676
Park and open space acquisition/improvement	-	-	1,433,731	1,433,731
Downtown Redlands Business Association	-	-	113,209	113,209
Street reconstruction/improvement projects	-	-	6,894,979	6,894,979
Assigned				
Public works	869,828	-	-	869,828
Capital projects	3,193,808	-	1,204,854	4,398,662
Unassigned	13,592,754	(8,467,942)	(293,779)	4,831,033
Total Fund Balances	<u>\$ 35,734,630</u>	<u>\$ (8,467,942)</u>	<u>\$ 28,798,027</u>	<u>56,064,715</u>

A net deficit of \$8,467,942 exists in the Public Facilities Development fund due to unpaid advances owed to the General Fund for debt service payments made on the Public Facilities Development fund's behalf. Future revenues will be used to repay this advance and reduce the fund deficit.

CITY OF REDLANDS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – FUND BALANCE AND NET POSITION (CONTINUED)

B. Fund Balance/Net Position Deficits

Refer to Note 1 I for further discussion on fund balance classifications.

At June 30, 2018, the following non-major funds have fund deficits:

	<u>Deficit Amount</u>
Special Revenue Funds:	
General capital Improvement	\$ (173,015)
Community Development Block Grant	(58,198)
Disaster Recovery	(59,110)
Transportation Development Act	(3,456)
Enterprise Fund:	
Cemetery	(1,463,486)
Internal Service Funds:	
Liability Self-Insurance	(418,090)
Information Technology	(2,839,594)
Workers' Compensation Self-Insurance	(7,858,938)
Equipment Maintenance	(1,216,869)
Utility Billing	(2,105,409)
Payroll Clearing	(408,572)

Special Revenue Funds

A net deficit of \$173,015 exists in the General Capital Improvement Fund. This fund deficit is a result of expenditures that have not been submitted for grant reimbursement. This net deficit will be eliminated when the grant funds are received in future years.

A net deficit of \$58,198 exists in the Community Development Block Grant Fund. This fund deficit is a result of expenditures that have not been submitted for grant reimbursement and reimbursements that have not been received. This net deficit will be eliminated when the grant funds are received in future years.

A net deficit of \$59,110 exists in the Disaster Recovery Fund. This fund deficit is a result of grant expenditures in excess of reimbursement. This net deficit will be eliminated when a transfer is made from the General Fund during the upcoming fiscal year.

A net deficit of \$3,456 exists in the Transportation Development Fund. This fund deficit is a result of expenditures that have not been submitted for grant reimbursement. This net deficit will be eliminated when the grant funds are received in future years.

Enterprise Fund

A net deficit of \$1,463,486 exists in the Cemetery Fund. This fund deficit is a result of expenditures exceeding revenues in prior years. The City has implemented the Cemetery Business Plan and has successfully been increasing revenues. Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through increased future user charges and instituting cost containment measures.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 – FUND BALANCE AND NET POSITION (CONTINUED)

B. Fund Balance/Net Position Deficits (Continued)

Internal Service Funds

A net deficit of \$418,090 exists in the Liability Self-Insurance Fund due to new and existing claims. Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through increased transfers from other funds for cost recovery and instituting cost containment measures.

A net deficit of \$2,839,594 exists in the Information Technology Fund. This fund deficit is a result of the City's implementation of GASB Statements No. 68 and 75, which required reporting of the fund's proportionate share of the City's net pension liability and other post-employment benefits, respectively. This net pension liability and other post-employment benefits created the corresponding net deficit, these will be reduced by continued pension contributions in future years.

A net deficit of \$7,858,938 exists in the Workers' Compensation Self-Insurance Fund due to new and existing claims. Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through increased cost recovery charges, instituting cost containment measures.

A net deficit of \$1,216,869 exists in the Equipment Maintenance Fund. This fund deficit is a result of the City's implementation of GASB Statement No. 68 and 75 which required reporting of the fund's proportionate share of the City's net pension liability and other post-employment benefits, respectively. This net pension liability and other post-employment benefits created the corresponding net deficit, these will be reduced by continued pension contributions in future years.

A net deficit of \$2,105,409 exists in the Utility Billing Fund. This fund deficit is a result of the City's implementation of GASB Statement No. 68 and 75 which required reporting of the fund's proportionate share of the City's net pension liability and other post-employment benefits, respectively. This net pension liability and other post-employment benefits created the corresponding net deficit, these will be reduced by continued pension contributions in future years.

A net deficit of \$408,572 exists in the Payroll Clearing Fund. This fund deficit is a result of the City's reconciliation of prior years' employment benefits. This reconciliation created the corresponding net deficit, this deficit will be reduced by cost recovery reimbursement in future years.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – DEFINED BENEFIT PENSION PLAN

The City of Redlands participates in the California Public Employees Retirement System (CalPERS), a pension plan available to all qualified employees. The Safety Plan is a cost-sharing multiple employer defined benefit pension plan. The Miscellaneous Plan is an agent multiple employer defined benefit pension plan. A summary of pension amounts for the City’s plans at June 30, 2018, is presented below:

	Safety Plan	Miscellaneous Plan	Total
Deferred outflows - pensions	\$ 19,782,176	\$ 11,416,861	\$ 31,199,037
Net pension liability	73,979,298	44,293,866	118,273,164
Deferred inflows - pensions	1,879,890	382,780	2,262,670
Pension expense	2,959,523	3,234,681	6,194,204

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City’s Safety (Police and Fire) Employee Pension Plan (Safety Plan), a cost sharing multiple employer defined benefit pension plan, or the City’s Miscellaneous Plan, an agent-multiple-employer defined benefit pension plan, both administered by CalPERS. The CalPERS Safety Plan consists of safety pools (referred to as “risk pools”), which are comprised of individual employer safety rate plans. The risk pools are included within the Public Employees’ Retirement Fund C (PERF C). For the Miscellaneous Plan, CalPERS acts as a common investment and administrative agent for its participating member employers, and are included within Public Employees’ Retirement Fund A (PERF A). Benefit provisions under the Plans are established by State statute and may be amended by City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information. These reports can be found on the CalPERS website.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

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

The Plans’ provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous		
	Tier 1	PEPRA	
Hire Date	Prior to January 1, 2013	January 1, 2013 and after	
Benefit formula	2.0% @ 55	2.0% @ 62	
Benefit vesting schedule	5 years of service	5 years of service	
Benefit payments	monthly for life	monthly for life	
Retirement age	minimum 50 yrs	minimum 52 yrs	
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.000% - 2.500%	
Required employee contribution rates	7.000%	6.500%	
Required employer contribution rates	18.302%	18.302%	
	Safety Cost-Sharing Rate Plans		
	Safety Fire	Safety Police	PEPRA Police
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	3.000%, 50+ yrs	2.000% - 2.700% 50 yrs - 57+ yrs,
Required employee contribution rates	9.000%	9.000%	12.250%
Required employer contribution rates	21.230%	21.230%	12.821%

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees Covered

As of the valuation date of June 30, 2016, the most recent valuation date, the following employees were covered by the benefit terms of the Miscellaneous Plan:

	<u>Miscellaneous</u>
Active members	312
Transferred members	122
Terminated members	129
Retired members and beneficiaries	<u>465</u>
Total	<u><u>1,028</u></u>

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers to be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plans totaled \$6,211,050 for the Safety Plan and \$3,797,896 for the Miscellaneous Pan during the fiscal year.

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

Proportionate Share of the Net Pension Liability – Safety Plan

As of June 30, 2018, the City reported a net pension liability for its proportionate share of the collective net pension liability of the Safety Plan of \$73,979,298.

The City’s net pension liability for the Plan was measured as the proportionate share of the collective net pension liability of the cost-sharing plan. The net pension liability of the Plan was measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers. The City’s proportionate share of the collective net pension liability of the Plan as of June 30, 2016, and 2017, were as follows:

	<u>Safety</u>
Proportion - June 30, 2016	0.74868%
Proportion - June 30, 2017	<u>0.74597%</u>
Change - Increase (Decrease)	<u><u>-0.00271%</u></u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2016, actuarial valuations were determined using the following assumptions for both Plans:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% ⁽¹⁾
Mortality	Derived using CalPERS' membership data for all funds

⁽¹⁾ Net of pension plan investment expenses, including inflation.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016, valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions

The discount rate of 7.15 percent used for the June 30, 2017, measurement date was decreased from 7.65 percent used for the June 30, 2016, measurement date.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for each plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected 7.15 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the pension funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	17.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	70.0%		

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

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

Changes in the Net Pension Liability – Miscellaneous Plan

The City’s net pension liability for the Miscellaneous Plan was measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Miscellaneous Plan was measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017. A summary of principal assumptions and methods used to determine the net pension liability is shown under the section Actuarial Assumptions within this note.

The Net Pension Liability for the City’s Miscellaneous as of June 30, 2018, was \$44,293,866. The changes in the Net Pension Liability for the Plan are as follows:

	<u>Total Pension Liability (a)</u>	<u>Increase (Decrease) Plan Fiduciary Net Position (b)</u>	<u>Net Position Liability/(Assets) (c)=(a)-(b)</u>
Balance at June 30, 2016	\$ 145,739,954	\$ 107,600,365	\$ 38,139,589
Changes Recognized for the Measurement Period			
Service Cost	3,278,844	-	3,278,844
Interest on the Total Pension Liability	10,868,639	-	10,868,639
Difference between Expected and Actual Experience	285,453	-	285,453
Changes of Assumptions	8,600,283	-	8,600,283
Contributions from the Employer	-	3,706,235	(3,706,235)
Contributions from the Employee	-	1,461,526	(1,461,526)
Net Investment Income	-	11,870,046	(11,870,046)
Benefit Payments	(8,512,367)	(8,512,367)	-
Administrative Expense	-	(158,865)	158,865
Net changes	14,520,852	8,366,575	6,154,277
Balance at June 30, 2017	\$ 160,260,806	\$ 115,966,940	\$ 44,293,866

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows and Inflows of Resources

Safety Plan:

For the year ended June 30, 2018, the City recognized pension expense of \$2,959,523 for the Safety Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 6,211,050	\$ -
Change of assumptions	10,012,523	-
Difference between Expected and Actual Experience	552,806	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,364,536	-
Changes in proportion and difference between City's contributions and proportionate share of contributions	641,261	1,879,890
Total	\$ 19,782,176	\$ 1,879,890

\$6,211,050 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 2,446,199
2020	6,620,648
2021	4,007,962
2022	(1,383,573)
Total	\$ 11,691,236

CITY OF REDLANDS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Miscellaneous Plan:

For the year ended June 30, 2018, the City recognized pension expense of \$3,234,681 for the Miscellaneous Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Miscellaneous Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 3,797,896	\$ -
Change of assumptions	5,825,998	-
Difference between Expected and Actual Experience	193,371	382,780
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,599,596	-
Total	\$ 11,416,861	\$ 382,780

\$3,797,896 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 2,424,613
2020	4,717,145
2021	959,084
2022	(864,659)
Total	\$ 7,236,183

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of each of the Plans calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Miscellaneous Plan	\$ 65,087,890	\$ 44,293,866	\$ 27,068,217
Safety Plan's proportionate share of collective net pension liability	109,805,182	73,979,298	44,693,425

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about each pension plans’ fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits, the City’s defined benefit OPEB plan (Plan) provides medical insurance benefits to eligible retirees and their spouses in accordance with applicable Memoranda of Understanding and the California Government Code to all employees who retire from the City. A summary of the OPEB amounts for the City’s plans is shown below:

	<u>Total</u>
Total OPEB liability	\$ 126,658,049
Deferred outflows related to OPEB	4,380,553
OPEB expense	4,488,917

Plan Description

The City’s administers a defined benefit OPEB plan (Plan), which provides medical insurance benefits to eligible retirees and their spouses in accordance with applicable Memoranda of Understanding and the California Government Code to all employees who retire from the City. The Plan is an agent multiple-employer defined benefit OPEB plan administered by the City and is governed by the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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). The City allows retirees to participate in the same medical plan as active employees at the same premium rates. Because the rate is a “blended rate”, payments for the active employees include an implied subsidy of what would normally be a higher rate for retirees if the retirees were in a stand-alone health plan.

For fiscal year ended June 30, 2018, the implied subsidy was determined as part of the June 30, 2017, actuarial valuation. The estimated implied subsidy at June 30, 2018, was \$712,837.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Benefits Provided

After age 65, the City contributes a flat monthly rate of \$397 for those employees who retire under the PERS retirement system, subscribe to the PERS Health Insurance System, and have at least five years of CalPERS service, in accordance with 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 contributes the entire monthly premium for health insurance for all employees who retire with the City and have a minimum of 15 or 20 years of cumulative service with the City, depending on the particular bargaining units. A summary of benefits provided is shown below:

<u>Employee Group Service</u>	<u>Medical</u>	<u>Dental</u>	<u>Vision</u>
Police (RPOA Members) Employees hired on or after November 4, 2014 with at least 5 years of CalPERS service.	\$397 per month maximum	None	None
Employees hired prior to November 4, 2014 with at least 15 years of City service	100% of premium & Medicare Part B for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse
Firefighters (RPFA and RAFME Members) Employees hired on or after October 15, 2012 with at least 5 years of CalPERS service.	\$397 per month maximum	None	None
Employees hired prior to October 16, 2012 with at least 15 years (20 years for RPFA members) of City service	100% of premium & Medicare Part B for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse
Miscellaneous (GEAR, RCSEA, RAMME, and RAME Members) Employees hired on or after March 11, 2010 with at least 5 years of CalPERS service.	\$397 per month maximum	None	None
Employees hired prior to March 11, 2010, with at least 20 years (15 years for RAME members) of City service	100% of premium & Medicare Part B for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse
Miscellaneous (RASME Members) Employees hired on or after June 2, 2015 with at least 5 years of CalPERS service.	\$397 per month maximum	None	None
Employees hired prior to June 2, 2015, with at least 15 years of City service	100% of premium & Medicare Part B for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse
Miscellaneous (RADD Members) Employees hired on or after January 1, 2009 with at least 5 years of CalPERS service.	\$397 per month maximum	None	None
Employees hired prior to January 1, 2009, with at least 15 years of City service	100% of premium & Medicare Part B for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Some retirees are eligible for a medical bridge program, in which the City contributes the amount of the lowest cost single premium rate (\$404.32 in 2017). This amount is reduced back to \$397 after the retiree reaches age 65. Eligibility for the medical bridge program is as follows:

RADD	3 years of service
RAME	10 years of service
RPOA, RAFME, RASME	15 years of service
RAMME, RCSEA, Teamsters	20 years of service

Employees Covered by Benefit Terms

At June 30, 2017, the most recent valuation date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	442
Inactive employees or beneficiaries currently receiving benefits	<u>535</u>
Total	<u><u>977</u></u>

Total OPEB Liability

The City’s total OPEB liability of \$126,658,049 was measured and actuarially valued as of June 30, 2017. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.875%
Discount Rate	3.50%
Healthcare Cost Trend Rate	7.00% in the first year, trending down to 3.84% over 58 years.

The discount rate used to measure the total OPEB liability is 3.50%, which is based on the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

Mortality rates were based on the 2017 CalPERS actuarial experience study, which assumed future mortality improvements using Society of Actuaries (SOA) Scale BB. The Experience Study report can be obtained on the CalPERS website under Forms and Publications.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	<u>\$ 121,839,192</u>
Changes in the year:	
Service Cost	4,517,859
Interest on the total OPEB liability	4,351,611
Benefit payments, including refunds of employee contributions	(3,361,882)
Implicit Rate Subsidy Fulfilled	<u>(688,731)</u>
Net changes	<u>4,818,857</u>
Balance at June 30, 2018	<u>\$ 126,658,049</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB Liability	\$ 148,859,322	\$ 126,658,049	\$ 109,018,177

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00 percent decreasing to 2.84 percent) or 1-percentage-point higher (8.00 percent decreasing to 4.84 percent) than the current healthcare cost trend rates:

	1% Decrease (6.00% Decreasing to 2.84%)	Discount Rate (7.00% Decreasing to 3.84%)	1% Increase (8.00% Decreasing to 4.84%)
Total OPEB Liability	\$ 109,171,568	\$ 126,658,049	\$ 149,361,239

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OEPB

For the year ended June 30, 2018, the City recognized OPEB expense of \$4,488,917. At June 30, 2018, the City reported deferred outflows of resources related to OPEB from contributions subsequent to the measurement date of \$4,380,553.

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 3,667,716	\$ -
Implicit Rate Subsidy	712,837	-
Total	<u>\$ 4,380,553</u>	<u>\$ -</u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – 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 percent) of such sales and use tax revenue being provided to the City and ten percent (10 percent) of such sales and use tax revenue being provided to the County.

NOTE 11 – CONSTRUCTION CONTRACTS AND OTHER COMMITMENTS

The following material construction commitments existed at June 30, 2018:

Project Name	Contract Amount	Expenditures to date as of June 30, 2018	Remaining Commitments
PARIS Resurfacing Project (1491-1740)	\$ 6,855,836	\$ -	\$ 6,855,836
2017 Water CIP	3,876,633	523,906	3,352,727
Redlands Skate Park	1,029,151	109,994	919,157
Local Water Mains	720,000	-	720,000
Redlands Rail Utility Crossings	657,365	-	657,365
Highline/Crafton Pipe Replacement Project	1,472,106	933,104	539,002
Orange Street Signal	292,092	-	292,092

As discussed in Note 1 H, *Encumbrances*, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facility effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 2,732,083
Nonmajor Special Revenue Funds	8,663,924
Nonmajor Capital Project Fund	<u>2,578</u>
Total	<u><u>\$ 11,398,585</u></u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – SOLID WASTE LANDFILL

State and federal laws and regulations require the City to provide financial assurance for closure and post closure 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 post closure 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 post closure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$8,187,007 reported as landfill closure and post closure liability at June 30, 2018, represents the cumulative amount reported to date based on the use of 64.57 percent of the total estimated capacity of the landfill including final covering. The City will recognize the remaining estimated costs of closure and post closure care of \$4,478,683 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform closure and post closure activities in 2018 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 post closure 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 post closure 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, 2018, \$6,461,656 is held for landfill closure. The City expects that future inflation costs will be paid from future annual operating revenues in the enterprise fund. Post closure costs are agreed to be covered by revenue from solid waste customer billings which is deposited directly into the Disposal enterprise fund.

NOTE 13 – 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 percent to 6.45 percent. The outstanding balance at June 30, 2018, was \$4,940,000.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 13 – 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 percent to 5.9 percent. The outstanding balance at June 30, 2018, was \$8,285,000.

NOTE 14 – 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).

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.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY
(CONTINUED)**

A. Cash and Investments

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

Cash and investments pooled with the City	\$ 2,950,263
Cash and investments with fiscal agent	<u>1,625</u>
	<u>\$ 2,951,888</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 percent 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 percent due from inception with annual adjustments to reflect the LAIF rate up to a maximum percentage of 3.17 percent. The note is secured by the deed of trust. The full amount will be due in October 2031. As of June 30, 2018, the notes receivable balance is \$109,652.

C. Capital Assets

An analysis of capital assets as of June 30, 2018, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Fiduciary Activities:				
Capital assets not being depreciated:				
Land	\$ 2,703,143	\$ -	\$ -	\$ 2,703,143
Right of way	100,000	-	-	100,000
Total capital assets not being depreciated	<u>2,803,143</u>	<u>-</u>	<u>-</u>	<u>2,803,143</u>
Capital assets being depreciated:				
Infrastructure	38,092	-	-	38,092
Less accumulated depreciation:				
Infrastructure	(5,714)	(952)	-	(6,666)
Total capital assets being depreciated, net	<u>32,378</u>	<u>(952)</u>	<u>-</u>	<u>31,426</u>
Fiduciary activities:				
Capital Assets, Net	<u>\$ 2,835,521</u>	<u>\$ (952)</u>	<u>\$ -</u>	<u>\$ 2,834,569</u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED)

D. Long-Term Debt

The following is a summary of changes in the long-term liabilities of the Successor Agency as of June 30, 2018:

	Balance June 30, 2017	Additions	Repayments	Balance June 30, 2018	Due within One year
Fiduciary Activities					
2016 Refunding Series A	\$ 11,455,000	\$ -	\$ 1,740,000	\$ 9,715,000	\$ 1,795,000
Add: unamortized premium	993,825	-	195,506	798,319	-
2016 Refunding Series B	2,315,000	-	375,000	1,940,000	375,000
Less: unamortized discount	(17,627)	-	(3,467)	(14,160)	-
Total	\$ 14,746,198	\$ -	\$ 2,307,039	\$ 12,439,159	\$ 2,170,000

2016A & B Tax Allocation Bonds

In March of 2016, the Agency issued \$16,610,000 in 2016 Tax Allocation Bonds, Series A and B, with interest rates ranging from 1.00 percent to 4.00 percent. The proceeds of the bonds were used to refund the 1998A, 2003A and 2007A Tax Allocation Bond, to fund a deposit to a debt service reserve account, and to pay costs incurred in connection with the issuance, sale and delivery of the Series 2016A & B bonds. Interest is payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2016. Principal is payable on August 1 each year, commencing August 1, 2016. As of June 30, 2018, the outstanding principal balance on the bonds is \$11,655,000.

The annual debt service requirements are as follows:

Year Ending June 30,	2016A & B Tax Allocation Bonds	
	Principal	Interest
2019	\$ 2,170,000	\$ 388,875
2020	2,240,000	309,638
2021	2,330,000	226,363
2022	2,435,000	141,063
2023	2,480,000	44,668
Totals	\$ 11,655,000	\$ 1,110,607

NOTE 15 – TAX ABATEMENTS – ECONOMIC DEVELOPMENT INCENTIVES

GASB Statement No. 77 defines tax abatements as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefits the government or its citizens. According to GASB No. 77, the substance of these agreements meet the definition of “tax abatements” as the revenues received were not available for general municipal services purposes, but rather used to effectively reduce the net tax liability of certain taxpayers per the conditions of an agreement.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 15 – TAX ABATEMENTS – ECONOMIC DEVELOPMENT INCENTIVES (CONTINUED)

The City offers an economic development incentive program to the entities that propose to locate or expand already established businesses within the City. This incentive program is expected to provide a stimulus to the City’s economy, increase the tax base and create jobs. Each of the agreements entered into by the City, provides for a rebate of taxes paid to the City according to formulas contained in the agreements. These limited term agreements provide for a sharing of the taxes (percentage rebates) above certain amounts with a maximum rebate not to exceed the cost of a business’ improvements and/or development impact fees. The City generally expects to receive increased revenue as a result of these agreements. These incentive agreements require approval by the City Council.

The City currently has six of these agreements in effect. For the fiscal year ended June 30, 2018, under this program the City had abatements of sales tax totaling \$556,243. Pursuant to the Sales and Use Tax law (chapter 8 – Article 1 – section 7056), in order to protect the confidential information of sales taxes collected and abatements provided to each of the specific agencies, the City has presented the aggregate amount abated during the current fiscal year.

NOTE 16 – RESTATEMENT TO BEGINNING NET POSITION / FUND BALANCE

The City implemented a new accounting standard related to OPEB. The City also analyzed and revised various policies. The impacts to beginning net position/fund balance are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Successor Agency</u>
Beginning of the year, as previously reported			
Net position	\$ 559,848,767	\$ 179,928,567	\$ (8,352,406)
Adjustment to correct Pauline Stancliff Memorial Trust	21,045	-	-
Adjustment to correct receivables	-	-	300,000
Adjustment to correct capital assets not being depreciated	(190,144)	272,759	-
Adjustment to correct capital assets, net of depreciation	(258,175)	-	-
Adjustment to correct deposits payables	(451,157)	2,938,799	-
Adjustment to correct PEG Fees previously recognized as revenues	327,464	-	-
Adjustment to correct code enforcement citations	(191,455)	-	-
Adjustment to correct beginning total OPEB liability (Note 9)	<u>(54,794,001)</u>	<u>(20,080,758)</u>	<u>-</u>
Beginning of the Year, as Restated	<u>\$ 504,312,344</u>	<u>\$ 163,059,367</u>	<u>\$ (8,052,406)</u>

	<u>General Fund</u>	<u>Nonmajor governmental funds</u>	<u>Internal service funds</u>	<u>Water</u>	<u>Disposal</u>	<u>Sewer</u>	<u>Other enterprise funds</u>
Beginning of the year, as previously reported							
Fund balance/net position	\$ 32,698,975	\$ 21,412,915	\$ (15,196,041)	\$ 111,458,957	\$ (67,426)	\$ 50,134,660	\$ 18,402,376
Adjustment to correct Pauline Stancliff Memorial Trust	-	21,045	-	-	-	-	-
Adjustment to correct capital assets not being depreciated	-	-	-	248,667	-	24,092	-
Adjustment to correct capital assets, net of depreciation	-	-	(60,917)	-	-	-	-
Adjustment to correct deposits payables	(501,917)	50,760	-	2,133,382	-	805,417	-
Adjustment to correct PEG fees previously recognized as revenues	327,464	-	-	-	-	-	-
Adjustment to correct code enforcement citations	(191,455)	-	-	-	-	-	-
Adjustment to correct beginning total OPEB liability (Note 9)	<u>-</u>	<u>-</u>	<u>(3,891,620)</u>	<u>(10,429,541)</u>	<u>(5,136,938)</u>	<u>(3,735,954)</u>	<u>(778,325)</u>
Beginning of the Year, as Restated	<u>\$ 32,333,067</u>	<u>\$ 21,484,720</u>	<u>\$ (19,148,578)</u>	<u>\$ 103,411,465</u>	<u>\$ (5,204,364)</u>	<u>\$ 47,228,215</u>	<u>\$ 17,624,051</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULES BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1, as Restated	\$ 32,333,067	\$ 32,333,067	\$ 32,333,067	\$ -
Resources (Inflows):				
Taxes	51,662,750	50,700,237	51,008,061	307,824
Licenses and permits	6,137,730	6,464,244	7,213,077	748,833
Intergovernmental	133,000	1,593,434	1,020,229	(573,205)
Charges for services	6,992,606	7,430,163	7,509,832	79,669
Use of money and property	242,000	277,251	156,872	(120,379)
Miscellaneous	364,507	976,786	1,733,447	756,661
Transfers in	2,639,681	2,572,409	2,125,072	(447,337)
Proceeds from Sale of Property	30,000	1,949,001	1,974,663	25,662
Amounts Available for Appropriations	<u>100,535,341</u>	<u>104,296,592</u>	<u>105,074,320</u>	<u>777,728</u>
Charges to Appropriations (Outflow):				
General Government				
City council	301,978	403,123	431,093	(27,970)
City clerk	238,283	222,794	249,510	(26,716)
City manager	1,393,536	1,380,387	1,384,135	(3,748)
Finance	2,138,200	2,001,412	1,878,923	122,489
City attorney	637,317	574,746	627,077	(52,331)
Human resources	4,030,927	4,014,713	3,651,487	363,226
Building maintenance	1,360,710	1,236,821	1,122,174	114,647
Development services	3,222,945	3,639,266	2,774,983	864,283
Public safety				
Police	25,838,031	26,037,287	25,705,908	331,379
Fire	14,018,541	14,788,840	14,090,328	698,512
Culture and recreation				
Community services	980,461	951,926	1,021,374	(69,448)
Parks	1,681,727	1,860,473	1,810,695	49,778
Highway and streets				
Quality of life	3,731,750	3,924,373	3,923,709	664
Engineering	664,321	1,131,488	655,739	475,749
Library	2,171,130	2,019,786	1,989,717	30,069
Capital outlay	363,512	1,470,570	1,813,066	(342,496)
Debt service	136,924	136,924	136,924	-
Transfers out	5,499,160	6,220,268	6,072,848	147,420
Total Charges to Appropriations	<u>68,409,453</u>	<u>72,015,197</u>	<u>69,339,690</u>	<u>2,675,507</u>
Fund Balance, June 30	<u>\$ 32,125,888</u>	<u>\$ 32,281,395</u>	<u>\$ 35,734,630</u>	<u>\$ 3,453,235</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FACILITIES DEVELOPMENT
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (8,347,216)	\$ (8,347,216)	\$ (8,347,216)	\$ -
Resources:				
Licenses and permits	-	383,000	204,271	(178,729)
Amounts Available for Appropriations	<u>(8,347,216)</u>	<u>(7,964,216)</u>	<u>(8,142,945)</u>	<u>(178,729)</u>
Charges to Appropriations (Outflow):				
Highway and streets	4,769	4,946	8,745	(3,799)
Debt service:				
Interest and fiscal charges	-	-	11,256	(11,256)
Transfers out	-	306,720	304,996	1,724
Total Charges to Appropriations	<u>4,769</u>	<u>311,666</u>	<u>324,997</u>	<u>(13,331)</u>
Fund Balance, June 30	<u>\$ (8,351,985)</u>	<u>\$ (8,275,882)</u>	<u>\$ (8,467,942)</u>	<u>\$ (192,060)</u>

CITY OF REDLANDS, CALIFORNIA

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

	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Service Cost	\$ 2,703,390	\$ 2,735,046	\$ 2,780,753	\$ 3,278,844
Interest	9,786,094	10,224,502	10,539,757	10,868,639
Difference between expected and actual experience	-	334,519	(1,148,342)	285,453
Changes in assumptions	-	(2,403,446)	-	8,600,283
Benefit payments, including refunds of employee contributions	(7,031,419)	(7,496,594)	(7,929,573)	(8,512,367)
Net Change in Total Pension Liability	5,458,065	3,394,027	4,242,595	14,520,852
Total Pension Liability - Beginning	132,645,267	138,103,332	141,497,359	145,739,954
Total Pension Liability - Ending (a)	<u>\$ 138,103,332</u>	<u>\$ 141,497,359</u>	<u>\$ 145,739,954</u>	<u>\$ 160,260,806</u>
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 2,614,893	\$ 2,749,274	\$ 3,297,550	\$ 3,706,235
Contribution - Employee	1,378,971	1,219,187	1,324,766	1,461,526
Net investment income	16,743,903	2,473,614	602,969	11,870,046
Benefit payments, including refunds of employee contributions	(7,031,419)	(7,496,594)	(7,929,573)	(8,512,367)
Administrative expense	-	(121,971)	(67,266)	(158,865)
Net Change in Fiduciary Net Position	13,706,348	(1,176,490)	(2,771,554)	8,366,575
Plan Fiduciary Net Position - Beginning	97,842,061	111,548,409	110,371,919	107,600,365
Plan Fiduciary Net Position - Ending (b)	<u>\$ 111,548,409</u>	<u>\$ 110,371,919</u>	<u>\$ 107,600,365</u>	<u>\$ 115,966,940</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 26,554,923</u>	<u>\$ 31,125,440</u>	<u>\$ 38,139,589</u>	<u>\$ 44,293,866</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.77%	78.00%	73.83%	72.36%
Covered Payroll	\$ 17,019,956	\$ 17,548,793	\$ 18,953,660	\$ 20,199,995
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	156.02%	177.37%	201.23%	219.28%

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

Notes to Schedule:

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

Changes of Assumptions: The discount rate of 7.15 percent used for the June 30, 2017, measurement date was decreased from 7.65 percent used for the June 30, 2016, measurement date.

CITY OF REDLANDS, CALIFORNIA

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

	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 2,749,274	\$ 3,297,550	\$ 3,705,781	\$ 3,797,896
Contribution in Relation to the Actuarially Determined Contribution	<u>(2,749,274)</u>	<u>(3,297,550)</u>	<u>(3,705,781)</u>	<u>(3,797,896)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 17,548,793	\$ 18,953,660	\$ 20,199,995	\$ 19,836,302
Contributions as a Percentage of Covered Payroll	15.67%	17.40%	18.35%	19.15%

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

Note to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percentage of payroll, closed
Assets valuation method	Market value
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the Period from 1997 to 2011.
Mortality	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the Period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF REDLANDS, CALIFORNIA

**SCHEDULE OF THE CITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SAFETY PLAN – COST SHARING EMPLOYER PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Proportion of the collective net pension liability	0.68953%	0.73768%	0.74868%	0.74597%
Proportionate share of the collective net pension liability	\$ 42,905,786	\$ 50,633,826	\$ 64,784,346	\$ 73,979,298
Covered payroll	\$ 14,292,490	\$ 14,342,189	\$ 14,604,289	\$ 14,827,015
Proportionate share of the collective net pension liability as a percentage of covered payroll	300.20%	353.04%	443.60%	498.95%
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	71.74%

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

CITY OF REDLANDS, CALIFORNIA

**SCHEDULE OF PLAN CONTRIBUTIONS
 COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 4,246,980	\$ 5,126,655	\$ 5,886,486	\$ 6,211,050
Contribution in Relation to the Actuarially Determined Contribution	(4,246,980)	(5,126,655)	(5,886,486)	(6,211,050)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 14,342,189	\$ 14,604,289	\$ 14,827,015	\$ 14,894,900
Contributions as a Percentage of Covered Payroll	29.6%	35.1%	39.7%	41.7%

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

CITY OF REDLANDS, CALIFORNIA

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POST EMPLOYMENT BENEFIT PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>
TOTAL OPEB LIABILITY	
Service Cost	\$ 4,517,859
Interest on the total OPEB liability	4,351,611
Benefit payments, including refunds of employee contributions	(3,361,882)
Implicit rate subsidy fulfilled	<u>(688,731)</u>
Net Change in total OPEB liability	4,818,857
Total OPEB Liability - Beginning	<u>121,839,192</u>
Total OPEB Liability - Ending (a)	<u>\$ 126,658,049</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered-Employee Payroll	\$ 32,062,170
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	395.04%

⁽¹⁾ Historical information is required only for measurement for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation; therefore, only one year is shown.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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CITY OF REDLANDS, CALIFORNIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

NOTE 1 – BUDGETARY INFORMATION

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

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

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

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

NOTE 2 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures for the year ended June 30, 2018, exceeded the appropriations of the following major funds/departments:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government			
City council	\$ 403,123	\$ 431,093	\$ (27,970)
City clerk	222,794	249,510	(26,716)
City manager	1,380,387	1,384,135	(3,748)
City attorney	574,746	627,077	(52,331)
Culture and recreation			
Community services	951,926	1,021,374	(69,448)
Capital outlay	1,470,570	1,813,066	(342,496)
Special revenue:			
Public Facilities Development			
Highway and streets	4,946	8,745	(3,799)
Debt service - Interest and fiscal charges	-	11,256	(11,256)

CITY OF REDLANDS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds				
	Emergency Service	Household Hazardous Waste	State Gas Tax	Air Quality Improvement	Traffic Safety
Assets:					
Cash and investments	\$ 164,677	\$ 130,251	\$ -	\$ 446,961	\$ 575
Cash and investments with fiscal agent	-	-	-	-	-
Receivables:					
Accounts	-	8,787	-	-	-
Taxes	14,387	-	148,047	-	-
Prepaid costs	3,600	-	-	-	-
Due from other governments	-	-	-	22,996	35,756
Advances to other funds	-	-	-	-	-
Total Assets	\$ 182,664	\$ 139,038	\$ 148,047	\$ 469,957	\$ 36,331
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	93,552	2,419	-	-	9,630
Accrued payroll	60,307	154	-	-	-
Unearned revenue	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	153,859	2,573	-	-	9,630
Deferred Inflow of Resources:					
Unavailable revenue	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Nonspendable	3,600	-	-	-	-
Restricted	25,205	136,465	148,047	469,957	26,701
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance	28,805	136,465	148,047	469,957	26,701
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 182,664	\$ 139,038	\$ 148,047	\$ 469,957	\$ 36,331

Special Revenue Funds

Measure I	Open Space	Downtown Redlands Business Area	Parking Authority	General Capital Improvement	Community Development Block Grant	Asset Forfeiture
\$ 2,064,821	\$ 505,630	\$ 128,085	\$ 11,565	\$ -	\$ -	\$ 1,163,398
-	-	-	-	-	-	-
-	-	4,250	-	-	-	-
310,358	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	4,607	-	312,452	111,149	76,379
-	116,032	-	-	-	-	-
<u>\$ 2,375,179</u>	<u>\$ 621,662</u>	<u>\$ 136,942</u>	<u>\$ 11,565</u>	<u>\$ 312,452</u>	<u>\$ 111,149</u>	<u>\$ 1,239,777</u>
-	-	13,608	1,044	33,635	6,820	65,861
125	-	2,080	-	470	1,490	-
-	-	4,740	-	33,633	-	-
-	-	-	10,262	-	-	-
-	-	-	-	302,013	108,448	-
<u>125</u>	<u>-</u>	<u>20,428</u>	<u>11,306</u>	<u>369,751</u>	<u>116,758</u>	<u>65,861</u>
-	-	3,305	-	115,716	52,589	-
-	-	3,305	-	115,716	52,589	-
-	-	-	-	-	-	-
2,375,054	-	-	259	-	-	1,173,916
-	621,662	113,209	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(173,015)	(58,198)	-
<u>2,375,054</u>	<u>621,662</u>	<u>113,209</u>	<u>259</u>	<u>(173,015)</u>	<u>(58,198)</u>	<u>1,173,916</u>
<u>\$ 2,375,179</u>	<u>\$ 621,662</u>	<u>\$ 136,942</u>	<u>\$ 11,565</u>	<u>\$ 312,452</u>	<u>\$ 111,149</u>	<u>\$ 1,239,777</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Special Revenue Funds				
	Police Grants	Supplemental Law Enforcement	Park and Open Space	Arterial Street Construction	Traffic Signals
Assets:					
Cash and investments	\$ 185,985	\$ 360,087	\$ 708,482	\$ 3,141,990	\$ 1,223,302
Cash and investments with fiscal agent	-	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Prepaid costs	-	-	-	-	-
Due from other governments	27,728	-	-	-	-
Advances to other funds	-	-	116,032	-	-
Total Assets	\$ 213,713	\$ 360,087	\$ 824,514	\$ 3,141,990	\$ 1,223,302
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	114	-	12,445	-	1,478
Accrued payroll	10,739	1,219	-	-	-
Unearned revenue	101,305	280,432	-	-	-
Deposits payable	-	-	-	28,554	210,037
Due to other funds	-	-	-	-	-
Total Liabilities	112,158	281,651	12,445	28,554	211,515
Deferred Inflow of Resources:					
Unavailable revenue	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	101,555	78,436	-	-	-
Committed	-	-	812,069	3,113,436	1,011,787
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance	101,555	78,436	812,069	3,113,436	1,011,787
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 213,713	\$ 360,087	\$ 824,514	\$ 3,141,990	\$ 1,223,302

Special Revenue Funds

Freeway Interchanges	Street Lighting District #1	CFD 2004-1 Assessment	Landscape Maintenance District	Disaster Recovery	Local Transportation	PARIS
\$ 2,766,084	\$ -	\$ 265,099	\$ 1,199	\$ -	\$ 718,138	\$ 7,866,073
-	-	-	-	-	-	-
59,897	-	-	-	-	-	-
-	214	400	86	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 2,825,981</u>	<u>\$ 214</u>	<u>\$ 265,499</u>	<u>\$ 1,285</u>	<u>\$ -</u>	<u>\$ 718,138</u>	<u>\$ 7,866,073</u>
56,225	-	4,779	999	-	5,764	271
-	189	1,078	252	-	1,053	6,336
-	-	-	-	-	-	-
-	-	20,000	-	-	35,074	-
-	-	-	-	59,110	-	-
<u>56,225</u>	<u>189</u>	<u>25,857</u>	<u>1,251</u>	<u>59,110</u>	<u>41,891</u>	<u>6,607</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,769,756	25	239,642	34	-	676,247	7,859,466
-	-	-	-	-	-	-
-	-	-	-	(59,110)	-	-
<u>2,769,756</u>	<u>25</u>	<u>239,642</u>	<u>34</u>	<u>(59,110)</u>	<u>676,247</u>	<u>7,859,466</u>
<u>\$ 2,825,981</u>	<u>\$ 214</u>	<u>\$ 265,499</u>	<u>\$ 1,285</u>	<u>\$ -</u>	<u>\$ 718,138</u>	<u>\$ 7,866,073</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Special Revenue				
	Funds	Capital Projects Funds		Debt Service Funds	
	Transportation Development Act	Storm Drain	Safety Hall Replacement	General Debt Service	Redlands Public Improvement Corporation
Assets:					
Cash and investments	\$ -	\$ 1,832,238	\$ 1,203,468	\$ 7,159	\$ -
Cash and investments with fiscal agent	-	-	-	2,567,099	-
Receivables:					
Accounts	-	-	1,424	-	-
Taxes	-	-	-	1,095	-
Prepaid costs	-	-	-	-	-
Due from other governments	3,552	-	-	-	-
Advances to other funds	-	103,821	-	-	-
Total Assets	\$ 3,552	\$ 1,936,059	\$ 1,204,892	\$ 2,575,353	\$ -
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	-	4,280	38	-	-
Accrued payroll	-	90	-	-	-
Unearned revenue	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	3,458	-	-	-	-
Total Liabilities	3,458	4,370	38	-	-
Deferred Inflow of Resources:					
Unavailable revenue	3,550	-	-	-	-
Total Deferred Inflows of Resources	3,550	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	1,931,689	-	2,575,353	-
Committed	-	-	-	-	-
Assigned	-	-	1,204,854	-	-
Unassigned	(3,456)	-	-	-	-
Total Fund Balance	(3,456)	1,931,689	1,204,854	2,575,353	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 3,552	\$ 1,936,059	\$ 1,204,892	\$ 2,575,353	\$ -

Permanent Funds			
Cemetery Endowment	Simonds Endowment	Pauline Stancliff Memorial Trust	Total Governmental Funds
\$ 1,565,986	\$ 35,759	\$ 21,137	\$ 26,518,149
-	-	-	2,567,099
500	-	-	74,858
-	-	-	474,587
-	-	-	3,600
-	-	-	594,619
-	-	-	335,885
<u>\$ 1,566,486</u>	<u>\$ 35,759</u>	<u>\$ 21,137</u>	<u>\$ 30,568,797</u>
-	-	-	312,962
-	-	-	85,582
-	-	-	420,110
-	-	-	303,927
-	-	-	473,029
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,595,610</u>
-	-	-	175,160
<u>-</u>	<u>-</u>	<u>-</u>	<u>175,160</u>
89,861	10,000	20,200	123,661
1,476,625	25,759	937	19,321,372
-	-	-	8,441,919
-	-	-	1,204,854
-	-	-	(293,779)
<u>1,566,486</u>	<u>35,759</u>	<u>21,137</u>	<u>28,798,027</u>
<u>\$ 1,566,486</u>	<u>\$ 35,759</u>	<u>\$ 21,137</u>	<u>\$ 30,568,797</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds				
	Emergency Service	Household Hazardous Waste	State Gas Tax	Air Quality Improvement	Traffic Safety
Revenues:					
Taxes	\$ 1,107,061	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	246,335
Intergovernmental	-	1,469	1,882,821	89,568	-
Charges for services	2,007	126,857	-	-	-
Use of money and property	-	-	-	2,532	-
Miscellaneous	20,015	-	-	49,844	-
Total Revenues	1,129,083	128,326	1,882,821	141,944	246,335
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	4,981,882	130,957	-	-	-
Culture and recreation	-	-	-	-	-
Highway and streets	-	-	-	18,789	-
Capital outlay	-	-	-	74,010	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	4,981,882	130,957	-	92,799	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,852,799)	(2,631)	1,882,821	49,145	246,335
Other Financing Sources (Uses):					
Transfers in	3,852,801	-	-	-	-
Transfers out	-	-	(1,734,774)	-	(235,792)
Proceeds from sale of property	-	-	-	-	-
Total Other Financings Sources (Uses)	3,852,801	-	(1,734,774)	-	(235,792)
Net changes in fund balances	2	(2,631)	148,047	49,145	10,543
Fund Balances, Beginning of Year, as Restated	28,803	139,096	-	420,812	16,158
Fund Balances, End of Year	\$ 28,805	\$ 136,465	\$ 148,047	\$ 469,957	\$ 26,701

Special Revenue Funds

Measure I	Open Space	Downtown Redlands Business Area	Parking Authority	General Capital Improvement	Community Development Block Grant	Asset Forfeiture
\$ 1,232,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	74,794	-	-	-	-	-
-	-	7,568	-	501,911	248,813	-
-	2,143	313,998	-	-	-	-
15,536	3,086	717	10,369	-	-	5,765
-	-	15,574	-	-	-	355,343
<u>1,247,945</u>	<u>80,023</u>	<u>337,857</u>	<u>10,369</u>	<u>501,911</u>	<u>248,813</u>	<u>361,108</u>
-	-	363,606	16,740	-	-	-
-	-	-	-	-	-	153,704
-	1,496	-	-	-	-	-
712,230	-	-	-	268,451	93,702	-
1,195,526	-	-	-	271,971	133,207	337,026
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,907,756</u>	<u>1,496</u>	<u>363,606</u>	<u>16,740</u>	<u>540,422</u>	<u>226,909</u>	<u>490,730</u>
<u>(659,811)</u>	<u>78,527</u>	<u>(25,749)</u>	<u>(6,371)</u>	<u>(38,511)</u>	<u>21,904</u>	<u>(129,622)</u>
-	-	-	-	84,041	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	84,041	-	-
(659,811)	78,527	(25,749)	(6,371)	45,530	21,904	(129,622)
<u>3,034,865</u>	<u>543,135</u>	<u>138,958</u>	<u>6,630</u>	<u>(218,545)</u>	<u>(80,102)</u>	<u>1,303,538</u>
<u>\$ 2,375,054</u>	<u>\$ 621,662</u>	<u>\$ 113,209</u>	<u>\$ 259</u>	<u>\$ (173,015)</u>	<u>\$ (58,198)</u>	<u>\$ 1,173,916</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds				
	Police Grants	Supplemental Law Enforcement	Park and Open Space	Arterial Street Construction	Traffic Signals
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	224,384	103,960	9,395
Intergovernmental	92,704	136,135	-	-	-
Charges for services	-	-	-	-	-
Use of money and property	-	1,134	2,187	623	494
Miscellaneous	-	-	196,837	-	-
Total Revenues	92,704	137,269	423,408	104,583	9,889
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	84,574	98,852	-	-	-
Culture and recreation	-	-	37,136	-	-
Highway and streets	-	-	-	6,739	5,700
Capital outlay	-	-	57,593	-	-
Debt service:					
Principal retirement	-	-	55,525	-	-
Interest and fiscal charges	-	-	46,847	-	-
Total Expenditures	84,574	98,852	197,101	6,739	5,700
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,130	38,417	226,307	97,844	4,189
Other Financing Sources (Uses):					
Transfers in	53	-	5,000	-	-
Transfers out	-	-	(100,307)	-	-
Proceeds from sale of property	-	540	-	-	-
Total Other Financings Sources (Uses)	53	540	(95,307)	-	-
Net changes in fund balances	8,183	38,957	131,000	97,844	4,189
Fund Balances, Beginning of Year, as Restated	93,372	39,479	681,069	3,015,592	1,007,598
Fund Balances, End of Year	\$ 101,555	\$ 78,436	\$ 812,069	\$ 3,113,436	\$ 1,011,787

Special Revenue Funds

Freeway Interchanges	Street Lighting District #1	CFD 2004-1 Assessment	Landscape Maintenance District	Disaster Recovery	Local Transportation	PARIS
\$ -	\$ 24,845	\$ 197,211	\$ 28,550	\$ -	\$ -	\$ -
69,396	-	-	-	-	-	-
-	-	-	-	-	29,115	-
145,183	-	-	-	-	-	-
1,687	-	1,677	-	-	17,664	(77,919)
-	-	171,933	-	-	2,294,366	-
<u>216,266</u>	<u>24,845</u>	<u>370,821</u>	<u>28,550</u>	<u>-</u>	<u>2,341,145</u>	<u>(77,919)</u>
-	-	191,450	57,943	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
302,220	25,025	-	-	-	332,609	545,725
-	-	-	-	-	86,874	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>302,220</u>	<u>25,025</u>	<u>191,450</u>	<u>57,943</u>	<u>-</u>	<u>419,483</u>	<u>545,725</u>
<u>(85,954)</u>	<u>(180)</u>	<u>179,371</u>	<u>(29,393)</u>	<u>-</u>	<u>1,921,662</u>	<u>(623,644)</u>
-	-	-	29,393	-	961,248	8,483,110
-	-	(181,933)	-	-	(485,017)	-
-	-	-	-	-	-	-
-	-	(181,933)	29,393	-	476,231	8,483,110
(85,954)	(180)	(2,562)	-	-	2,397,893	7,859,466
<u>2,855,710</u>	<u>205</u>	<u>242,204</u>	<u>34</u>	<u>(59,110)</u>	<u>(1,721,646)</u>	<u>-</u>
<u>\$ 2,769,756</u>	<u>\$ 25</u>	<u>\$ 239,642</u>	<u>\$ 34</u>	<u>\$ (59,110)</u>	<u>\$ 676,247</u>	<u>\$ 7,859,466</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Special Revenue				
	Special Revenue Funds	Capital Projects Funds		Debt Service Funds	
	Transportation Development Act	Storm Drain	Safety Hall Replacement	General Debt Service	Redlands Public Improvement Corporation
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 10,634	\$ -
Licenses and permits	-	103,910	-	-	-
Intergovernmental	18,831	-	-	-	-
Charges for services	-	-	-	-	-
Use of money and property	93	9,947	29,888	2,996	15
Miscellaneous	-	-	100	-	-
Total Revenues	18,924	113,857	29,988	13,630	15
Expenditures:					
Current:					
General government	-	-	81,559	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	20
Highway and streets	17,748	116,686	-	-	-
Capital outlay	-	-	2,163,553	-	-
Debt service:					
Principal retirement	-	-	-	2,280,000	595,000
Interest and fiscal charges	-	-	-	715,230	14,987
Total Expenditures	17,748	116,686	2,245,112	2,995,230	610,007
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,176	(2,829)	(2,215,124)	(2,981,600)	(609,992)
Other Financing Sources (Uses):					
Transfers in	-	-	-	3,140,500	609,992
Transfers out	(4,632)	-	-	-	-
Proceeds from sale of property	-	-	-	-	-
Total Other Financings Sources (Uses)	(4,632)	-	-	3,140,500	609,992
Net changes in fund balances	(3,456)	(2,829)	(2,215,124)	158,900	-
Fund Balances, Beginning of Year, as Restated	-	1,934,518	3,419,978	2,416,453	-
Fund Balances, End of Year	\$ (3,456)	\$ 1,931,689	\$ 1,204,854	\$ 2,575,353	\$ -

Permanent Funds			Total
Cemetery Endowment	Simonds Endowment	Pauline Stancliff Memorial Trust	Governmental Funds
\$ -	\$ -	\$ -	\$ 2,600,710
-	-	-	832,174
-	-	-	3,008,935
-	-	-	590,188
-	155	92	28,738
29,520	-	-	3,133,532
29,520	155	92	10,194,277
-	-	-	711,298
-	-	-	5,449,969
-	-	-	38,652
-	-	-	2,445,624
-	-	-	4,319,760
-	-	-	2,930,525
-	-	-	777,064
-	-	-	16,672,892
29,520	155	92	(6,478,615)
-	35,604	-	17,201,742
(667,905)	-	-	(3,410,360)
-	-	-	540
(667,905)	35,604	-	13,791,922
(638,385)	35,759	92	7,313,307
2,204,871	-	21,045	21,484,720
\$ 1,566,486	\$ 35,759	\$ 21,137	\$ 28,798,027

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICE
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ 28,803	\$ 28,803	\$ 28,803	\$ -
Resources:				
Taxes	1,100,000	1,100,000	1,107,061	7,061
Charges for services	6,000	5,000	2,007	(2,993)
Miscellaneous	500	-	20,015	20,015
Transfers in	-	4,022,849	3,852,801	(170,048)
Amounts Available for Appropriations	<u>1,135,303</u>	<u>5,156,652</u>	<u>5,010,687</u>	<u>(145,965)</u>
Charges to Appropriations (Outflow):				
Public safety	<u>4,932,712</u>	<u>5,127,849</u>	<u>4,981,882</u>	<u>145,967</u>
Total Charges to Appropriations	<u>4,932,712</u>	<u>5,127,849</u>	<u>4,981,882</u>	<u>145,967</u>
Fund Balance, June 30	<u>\$ (3,797,409)</u>	<u>\$ 28,803</u>	<u>\$ 28,805</u>	<u>\$ 2</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
HOUSEHOLD HAZARDOUS WASTE
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Fund Balance, July 1	\$ 139,096	\$ 139,096	\$ 139,096	\$ -
Resources:				
Intergovernmental	6,000	-	1,469	1,469
Charges for services	107,000	103,500	126,857	23,357
Amounts Available for Appropriations	<u>252,096</u>	<u>242,596</u>	<u>267,422</u>	<u>24,826</u>
Charges to Appropriations (Outflow):				
Public safety	<u>201,235</u>	<u>142,255</u>	<u>130,957</u>	<u>11,298</u>
Total Charges to Appropriations	<u>201,235</u>	<u>142,255</u>	<u>130,957</u>	<u>11,298</u>
Fund Balance, June 30	<u>\$ 50,861</u>	<u>\$ 100,341</u>	<u>\$ 136,465</u>	<u>\$ 36,124</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STATE GAS TAX
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources:				
Intergovernmental	1,841,092	1,939,288	1,882,821	(56,467)
Amounts Available for Appropriations	1,841,092	1,939,288	1,882,821	(56,467)
Charges to Appropriations (Outflow):				
Transfers out	-	1,929,789	1,734,774	195,015
Total Charges to Appropriations	-	1,929,789	1,734,774	195,015
Fund Balance, June 30	\$ 1,841,092	\$ 9,499	\$ 148,047	\$ 138,548

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ 420,812	\$ 420,812	\$ 420,812	\$ -
Resources:				
Intergovernmental	81,000	87,200	89,568	2,368
Use of money and property	-	2,350	2,532	182
Amounts Available for Appropriations	<u>501,812</u>	<u>460,518</u>	<u>562,756</u>	<u>102,238</u>
Charges to Appropriations (Outflow):				
Highway and streets	100,000	-	18,789	(18,789)
Capital outlay	<u>50,000</u>	<u>191,804</u>	<u>74,010</u>	<u>117,794</u>
Total Charges to Appropriations	<u>150,000</u>	<u>191,804</u>	<u>92,799</u>	<u>99,005</u>
Fund Balance, June 30	<u>\$ 351,812</u>	<u>\$ 268,714</u>	<u>\$ 469,957</u>	<u>\$ 201,243</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 16,158	\$ 16,158	\$ 16,158	\$ -
Resources:				
Licenses and permits	157,000	133,350	246,335	112,985
Amounts Available for Appropriations	173,158	149,508	262,493	112,985
Charges to Appropriations (Outflow):				
Transfers out	-	135,000	235,792	(100,792)
Total Charges to Appropriations	-	135,000	235,792	(100,792)
Fund Balance, June 30	\$ 173,158	\$ 14,508	\$ 26,701	\$ 12,193

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MEASURE I (2010)
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 3,034,865	\$ 3,034,865	\$ 3,034,865	\$ -
Resources:				
Taxes	1,100,000	1,100,000	1,232,409	132,409
Use of money and property	20,000	20,000	15,536	(4,464)
Amounts Available for Appropriations	<u>4,154,865</u>	<u>4,154,865</u>	<u>4,282,810</u>	<u>127,945</u>
Charges to Appropriations (Outflow):				
Highway and streets	318,239	14,716	712,230	(697,514)
Capital outlay	<u>5,000,000</u>	<u>1,895,777</u>	<u>1,195,526</u>	<u>700,251</u>
Total Charges to Appropriations	<u>5,318,239</u>	<u>1,910,493</u>	<u>1,907,756</u>	<u>2,737</u>
Fund Balance, June 30	<u>\$ (1,163,374)</u>	<u>\$ 2,244,372</u>	<u>\$ 2,375,054</u>	<u>\$ 130,682</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
OPEN SPACE
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ 543,135	\$ 543,135	\$ 543,135	\$ -
Resources:				
Licenses and permits	46,200	65,000	74,794	9,794
Charges for services	-	2,200	2,143	(57)
Use of money and property	-	1,900	3,086	1,186
Amounts Available for Appropriations	<u>589,335</u>	<u>612,235</u>	<u>623,158</u>	<u>10,923</u>
Charges to Appropriations (Outflow):				
Culture and recreation	-	-	1,496	(1,496)
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>1,496</u>	<u>(1,496)</u>
Fund Balance, June 30	<u>\$ 589,335</u>	<u>\$ 612,235</u>	<u>\$ 621,662</u>	<u>\$ 9,427</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DOWNTOWN REDLANDS BUSINESS AREA
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 138,958	\$ 138,958	\$ 138,958	\$ -
Resources:				
Intergovernmental	-	10,000	7,568	(2,432)
Charges for services	270,000	290,000	313,998	23,998
Use of money and property	2,000	750	717	(33)
Miscellaneous	25,000	17,000	15,574	(1,426)
Amounts Available for Appropriations	<u>435,958</u>	<u>456,708</u>	<u>476,815</u>	<u>20,107</u>
Charges to Appropriations (Outflow):				
General government	<u>315,319</u>	<u>354,783</u>	<u>363,606</u>	<u>(8,823)</u>
Total Charges to Appropriations	<u>315,319</u>	<u>354,783</u>	<u>363,606</u>	<u>(8,823)</u>
Fund Balance, June 30	<u>\$ 120,639</u>	<u>\$ 101,925</u>	<u>\$ 113,209</u>	<u>\$ 11,284</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PARKING AUTHORITY
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Fund Balance, July 1, as Restated	\$ 6,630	\$ 6,630	\$ 6,630	\$ -
Resources:				
Use of money and property	8,000	12,480	10,369	(2,111)
Amounts Available for Appropriations	14,630	19,110	16,999	(2,111)
Charges to Appropriations (Outflow):				
General government	20,470	20,210	16,740	3,470
Total Charges to Appropriations	20,470	20,210	16,740	3,470
Fund Balance, June 30	\$ (5,840)	\$ (1,100)	\$ 259	\$ 1,359

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL CAPITAL IMPROVEMENT
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (218,545)	\$ (218,545)	\$ (218,545)	\$ -
Resources:				
Intergovernmental	-	6,259,363	501,911	(5,757,452)
Transfers in	-	79,409	84,041	4,632
Amounts Available for Appropriations	<u>(218,545)</u>	<u>6,120,227</u>	<u>367,407</u>	<u>(5,752,820)</u>
Charges to Appropriations (Outflow):				
Highway and streets	224,997	525,223	268,451	256,772
Capital outlay	<u>7,718,208</u>	<u>5,647,382</u>	<u>271,971</u>	<u>5,375,411</u>
Total Charges to Appropriations	<u>7,943,205</u>	<u>6,172,605</u>	<u>540,422</u>	<u>5,632,183</u>
Fund Balance, June 30	<u><u>\$ (8,161,750)</u></u>	<u><u>\$ (52,378)</u></u>	<u><u>\$ (173,015)</u></u>	<u><u>\$ (120,637)</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ (80,102)	\$ (80,102)	\$ (80,102)	\$ -
Resources:				
Intergovernmental	-	655,704	248,813	(406,891)
Amounts Available for Appropriations	<u>(80,102)</u>	<u>575,602</u>	<u>168,711</u>	<u>(406,891)</u>
Charges to Appropriations (Outflow):				
Highway and streets	112,057	121,475	93,702	27,773
Capital outlay	<u>232,873</u>	<u>459,735</u>	<u>133,207</u>	<u>326,528</u>
Total Charges to Appropriations	<u>344,930</u>	<u>581,210</u>	<u>226,909</u>	<u>354,301</u>
Fund Balance, June 30	<u>\$ (425,032)</u>	<u>\$ (5,608)</u>	<u>\$ (58,198)</u>	<u>\$ (52,590)</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
ASSET FORFEITURE
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,303,538	\$ 1,303,538	\$ 1,303,538	\$ -
Resources:				
Use of money and property	500	5,167	5,765	598
Miscellaneous	-	56,129	355,343	299,214
Amounts Available for Appropriations	<u>1,304,038</u>	<u>1,364,834</u>	<u>1,664,646</u>	<u>299,812</u>
Charges to Appropriations (Outflow):				
Public safety	257,913	212,383	153,704	58,679
Capital outlay	<u>197,669</u>	<u>383,004</u>	<u>337,026</u>	<u>45,978</u>
Total Charges to Appropriations	<u>455,582</u>	<u>595,387</u>	<u>490,730</u>	<u>104,657</u>
Fund Balance, June 30	<u>\$ 848,456</u>	<u>\$ 769,447</u>	<u>\$ 1,173,916</u>	<u>\$ 404,469</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
POLICE GRANTS
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 93,372	\$ 93,372	\$ 93,372	\$ -
Resources:				
Intergovernmental	136,190	238,671	92,704	(145,967)
Transfers in	-	-	53	53
Amounts Available for Appropriations	<u>229,562</u>	<u>332,043</u>	<u>186,129</u>	<u>(145,914)</u>
Charges to Appropriations (Outflow):				
Public safety	129,597	196,867	84,574	112,293
Capital outlay	-	37,790	-	37,790
Total Charges to Appropriations	<u>129,597</u>	<u>234,657</u>	<u>84,574</u>	<u>150,083</u>
Fund Balance, June 30	<u>\$ 99,965</u>	<u>\$ 97,386</u>	<u>\$ 101,555</u>	<u>\$ 4,169</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ 39,479	\$ 39,479	\$ 39,479	\$ -
Resources:				
Intergovernmental	114,000	114,000	136,135	22,135
Use of money and property	6,500	6,500	1,134	(5,366)
Proceeds from sale of property	-	-	540	540
Amounts Available for Appropriations	<u>159,979</u>	<u>159,979</u>	<u>177,288</u>	<u>17,309</u>
Charges to Appropriations (Outflow):				
Public safety	<u>120,217</u>	<u>151,008</u>	<u>98,852</u>	<u>52,156</u>
Total Charges to Appropriations	<u>120,217</u>	<u>151,008</u>	<u>98,852</u>	<u>52,156</u>
Fund Balance, June 30	<u><u>\$ 39,762</u></u>	<u><u>\$ 8,971</u></u>	<u><u>\$ 78,436</u></u>	<u><u>\$ 69,465</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PARK AND OPEN SPACE
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ 681,069	\$ 681,069	\$ 681,069	\$ -
Resources:				
Licenses and permits	-	174,398	224,384	49,986
Use of money and property	-	2,000	2,187	187
Miscellaneous	-	776,286	196,837	(579,449)
Transfers in	-	-	5,000	5,000
Amounts Available for Appropriations	<u>681,069</u>	<u>1,633,753</u>	<u>1,109,477</u>	<u>(524,276)</u>
Charges to Appropriations (Outflow):				
Culture and recreation	31,720	145,257	37,136	108,121
Capital outlay	-	1,200,623	57,593	1,143,030
Debt service:				
Principal retirement	55,525	55,525	55,525	-
Interest and fiscal charges	46,847	46,847	46,847	-
Transfers out	-	-	100,307	(100,307)
Total Charges to Appropriations	<u>134,092</u>	<u>1,448,252</u>	<u>297,408</u>	<u>1,150,844</u>
Fund Balance, June 30	<u>\$ 546,977</u>	<u>\$ 185,501</u>	<u>\$ 812,069</u>	<u>\$ 626,568</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
ARTERIAL STREET CONSTRUCTION
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 3,015,592	\$ 3,015,592	\$ 3,015,592	\$ -
Resources:				
Licenses and permits	138,600	62,057	103,960	41,903
Use of money and property	10,181	-	623	623
Amounts Available for Appropriations	<u>3,164,373</u>	<u>3,077,649</u>	<u>3,120,175</u>	<u>42,526</u>
Charges to Appropriations (Outflow):				
Highway and streets	<u>1,513</u>	<u>4,946</u>	<u>6,739</u>	<u>(1,793)</u>
Total Charges to Appropriations	<u>1,513</u>	<u>4,946</u>	<u>6,739</u>	<u>(1,793)</u>
Fund Balance, June 30	<u>\$ 3,162,860</u>	<u>\$ 3,072,703</u>	<u>\$ 3,113,436</u>	<u>\$ 40,733</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SIGNALS
YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund Balance, July 1	\$ 1,007,598	\$ 1,007,598	\$ 1,007,598	\$ -
Resources:				
Licenses and permits	-	15,000	9,395	(5,605)
Use of money and property	4,929	4,929	494	(4,435)
Amounts Available for Appropriations	<u>1,012,527</u>	<u>1,027,527</u>	<u>1,017,487</u>	<u>(10,040)</u>
Charges to Appropriations (Outflow):				
Highway and streets	-	162,326	5,700	156,626
Total Charges to Appropriations	<u>-</u>	<u>162,326</u>	<u>5,700</u>	<u>156,626</u>
Fund Balance, June 30	<u>\$ 1,012,527</u>	<u>\$ 865,201</u>	<u>\$ 1,011,787</u>	<u>\$ 146,586</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 FREEWAY INTERCHANGES
 YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,007,598	\$ 1,007,598	\$ 2,855,710	\$ 1,848,112
Resources:				
Licenses and permits	-	200,000	69,396	(130,604)
Charges for services	-	85,285	145,183	59,898
Use of money and property	10,625	10,625	1,687	(8,938)
Amounts Available for Appropriations	<u>1,018,223</u>	<u>1,303,508</u>	<u>3,071,976</u>	<u>1,768,468</u>
Charges to Appropriations (Outflow):				
Highway and streets	141,302	154,416	302,220	(147,804)
Capital outlay	<u>1,032,589</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>1,173,891</u>	<u>154,416</u>	<u>302,220</u>	<u>(147,804)</u>
Fund Balance, June 30	<u>\$ (155,668)</u>	<u>\$ 1,149,092</u>	<u>\$ 2,769,756</u>	<u>\$ 1,620,664</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING DISTRICT #1
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ 205	\$ 205	\$ 205	\$ -
Resources:				
Taxes	25,500	25,428	24,845	(583)
Transfers in	-	5,700	-	(5,700)
Amounts Available for Appropriations	<u>25,705</u>	<u>31,333</u>	<u>25,050</u>	<u>(6,283)</u>
Charges to Appropriations (Outflow):				
Highway and streets	<u>29,181</u>	<u>28,298</u>	<u>25,025</u>	<u>3,273</u>
Total Charges to Appropriations	<u>29,181</u>	<u>28,298</u>	<u>25,025</u>	<u>3,273</u>
Fund Balance, June 30	<u>\$ (3,476)</u>	<u>\$ 3,035</u>	<u>\$ 25</u>	<u>\$ (3,010)</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CFD 2004-1 ASSESSMENT
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 242,204	\$ 242,204	\$ 242,204	\$ -
Resources:				
Taxes	180,000	185,000	197,211	12,211
Charges for services	-	171,933	-	(171,933)
Use of money and property	4,000	-	1,677	1,677
Miscellaneous	-	-	171,933	171,933
Amounts Available for Appropriations	<u>426,204</u>	<u>599,137</u>	<u>613,025</u>	<u>13,888</u>
Charges to Appropriations (Outflow):				
General government	189,690	225,211	191,450	33,761
Transfers out	-	181,933	181,933	-
Total Charges to Appropriations	<u>189,690</u>	<u>407,144</u>	<u>373,383</u>	<u>33,761</u>
Fund Balance, June 30	<u>\$ 236,514</u>	<u>\$ 191,993</u>	<u>\$ 239,642</u>	<u>\$ 47,649</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
LANDSCAPE MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund Balance, July 1	\$ 34	\$ 34	\$ 34	\$ -
Resources:				
Taxes	28,000	29,308	28,550	(758)
Transfers in	-	40,000	29,393	(10,607)
Amounts Available for Appropriations	<u>28,034</u>	<u>69,342</u>	<u>57,977</u>	<u>(11,365)</u>
Charges to Appropriations (Outflow):				
General government	<u>41,387</u>	<u>56,307</u>	<u>57,943</u>	<u>(1,636)</u>
Total Charges to Appropriations	<u>41,387</u>	<u>56,307</u>	<u>57,943</u>	<u>(1,636)</u>
Fund Balance, June 30	<u>\$ (13,353)</u>	<u>\$ 13,035</u>	<u>\$ 34</u>	<u>\$ (13,001)</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DISASTER RECOVERY
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ (59,110)	\$ (59,110)	\$ (59,110)	\$ -
Resources:				
Intergovernmental	-	-	-	-
Amounts Available for Appropriations	(59,110)	(59,110)	(59,110)	-
Charges to Appropriations (Outflow):				
General government	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Fund Balance, June 30	\$ (59,110)	\$ (59,110)	\$ (59,110)	\$ -

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
LOCAL TRANSPORTATION
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fund Balance, July 1	\$ (1,721,646)	\$ (1,721,646)	\$ (1,721,646)	\$ -
Resources:				
Intergovernmental	3,001,720	292,455	29,115	(263,340)
Use of money and property	-	10,758	17,664	6,906
Miscellaneous	-	2,197,138	2,294,366	97,228
Transfers in	-	1,081,374	961,248	(120,126)
Amounts Available for Appropriations	<u>1,280,074</u>	<u>1,860,079</u>	<u>1,580,747</u>	<u>(279,332)</u>
Charges to Appropriations (Outflow):				
Highway and streets	481,861	1,104,775	332,609	772,166
Capital outlay	763,922	458,882	86,874	372,008
Transfers out	-	413,309	485,017	(71,708)
Total Charges to Appropriations	<u>1,245,783</u>	<u>1,976,966</u>	<u>904,500</u>	<u>1,072,466</u>
Fund Balance, June 30	<u>\$ 34,291</u>	<u>\$ (116,887)</u>	<u>\$ 676,247</u>	<u>\$ 793,134</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PARIS
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources:				
Use of money and property	-	-	(77,919)	(77,919)
Transfers in	-	8,423,206	8,483,110	59,904
Amounts Available for Appropriations	-	8,423,206	8,405,191	(18,015)
Charges to Appropriations (Outflow):				
Highway and streets	-	533,985	545,725	(11,740)
Capital outlay	-	7,500,000	-	7,500,000
Total Charges to Appropriations	-	8,033,985	545,725	7,488,260
Fund Balance, June 30	\$ -	\$ 389,221	\$ 7,859,466	\$ 7,470,245

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION DEVELOPMENT ACT
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources:				
Intergovernmental	-	1,348,728	18,831	(1,329,897)
Use of money and property	-	-	93	93
Amounts Available for Appropriations	-	1,348,728	18,924	(1,329,804)
Charges to Appropriations (Outflow):				
Highway and streets	-	1,344,095	17,748	1,326,347
Transfers out	-	-	4,632	(4,632)
Total Charges to Appropriations	-	1,344,095	22,380	1,321,715
Fund Balance, June 30	\$ -	\$ 4,633	\$ (3,456)	\$ (8,089)

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STORM DRAIN
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ 1,934,518	\$ 1,934,518	\$ 1,934,518	\$ -
Resources:				
Licenses and permits	-	91,307	103,910	12,603
Use of money and property	-	15,000	9,947	(5,053)
Amounts Available for Appropriations	<u>1,934,518</u>	<u>2,040,825</u>	<u>2,048,375</u>	<u>7,550</u>
Charges to Appropriations (Outflow):				
Highway and streets	58,009	29,114	116,686	(87,572)
Capital outlay	-	92,254	-	92,254
Total Charges to Appropriations	<u>58,009</u>	<u>121,368</u>	<u>116,686</u>	<u>4,682</u>
Fund Balance, June 30	<u>\$ 1,876,509</u>	<u>\$ 1,919,457</u>	<u>\$ 1,931,689</u>	<u>\$ 12,232</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SAFETY HALL REPLACEMENT
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 3,419,978	\$ 3,419,978	\$ 3,419,978	\$ -
Resources:				
Use of money and property	1,000	13,367	29,888	16,521
Miscellaneous	-	-	100	100
Amounts Available for Appropriations	<u>3,420,978</u>	<u>3,433,345</u>	<u>3,449,966</u>	<u>16,621</u>
Charges to Appropriations (Outflow):				
General government	-	43,300	81,559	(38,259)
Capital outlay	<u>750,000</u>	<u>2,201,534</u>	<u>2,163,553</u>	<u>37,981</u>
Total Charges to Appropriations	<u>750,000</u>	<u>2,244,834</u>	<u>2,245,112</u>	<u>(278)</u>
Fund Balance, June 30	<u>\$ 2,670,978</u>	<u>\$ 1,188,511</u>	<u>\$ 1,204,854</u>	<u>\$ 16,343</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 2,416,453	\$ 2,416,453	\$ 2,416,453	\$ -
Resources:				
Taxes	-	6,800	10,634	3,834
Use of money and property	-	1,000	2,996	1,996
Transfers in	-	2,996,375	3,140,500	144,125
Amounts Available for Appropriations	<u>2,416,453</u>	<u>5,420,628</u>	<u>5,570,583</u>	<u>149,955</u>
Charges to Appropriations (Outflow):				
Debt service:				
Principal retirement	2,280,000	2,280,000	2,280,000	-
Interest and fiscal charges	<u>716,375</u>	<u>716,375</u>	<u>715,230</u>	<u>1,145</u>
Total Charges to Appropriations	<u>2,996,375</u>	<u>2,996,375</u>	<u>2,995,230</u>	<u>1,145</u>
Fund Balance, June 30	<u>\$ (579,922)</u>	<u>\$ 2,424,253</u>	<u>\$ 2,575,353</u>	<u>\$ 151,100</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 REDLANDS PUBLIC IMPROVEMENT CORPORATION
 YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources:				
Use of money and property	-	19	15	(4)
Transfers in	-	613,438	609,992	(3,446)
Amounts Available for Appropriations	-	613,457	610,007	(3,450)
Charges to Appropriations (Outflow):				
Culture and recreation	-	20	20	-
Debt service:				
Principal retirement	595,000	595,000	595,000	-
Interest and fiscal charges	18,437	18,437	14,987	3,450
Total Charges to Appropriations	613,437	613,457	610,007	3,450
Fund Balance, June 30	\$ (613,437)	\$ -	\$ -	\$ -

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CEMETERY ENDOWMENT
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ 2,204,871	\$ 2,204,871	\$ 2,204,871	\$ -
Resources:				
Use of money and property	-	300	-	(300)
Miscellaneous	-	65,000	29,520	(35,480)
Amounts Available for Appropriations	<u>2,204,871</u>	<u>2,270,171</u>	<u>2,234,391</u>	<u>(35,780)</u>
Charges to Appropriations (Outflow):				
Transfers out	-	-	667,905	(667,905)
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>667,905</u>	<u>(667,905)</u>
Fund Balance, June 30	<u>\$ 2,204,871</u>	<u>\$ 2,270,171</u>	<u>\$ 1,566,486</u>	<u>\$ (703,685)</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SIMONDS ENDOWMENT
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources:				
Use of money and property	-	-	155	155
Transfers in	-	-	35,604	35,604
Amounts Available for Appropriations	-	-	35,759	35,759
Fund Balance, June 30	\$ -	\$ -	\$ 35,759	\$ 35,759

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PAULINE STANCLIFF TRUST
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1, as Restated	\$ 21,045	\$ 21,045	\$ 21,045	\$ -
Resources:				
Use of money and property	-	-	92	92
Amounts Available for Appropriations	21,045	21,045	21,137	92
Fund Balance, June 30	<u>\$ 21,045</u>	<u>\$ 21,045</u>	<u>\$ 21,137</u>	<u>\$ 92</u>

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CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF NET POSITON
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Assets:					
Current:					
Cash and investments	\$ 53,147	\$ 3,457,901	\$ 1,085,894	\$ -	\$ 4,596,942
Receivables:					
Accounts	-	-	62,603	744	63,347
Taxes	-	-	-	21,210	21,210
Due from other governments	-	-	-	368,411	368,411
Total Current Assets	53,147	3,457,901	1,148,497	390,365	5,049,910
Noncurrent:					
Capital assets - net of accumulated depreciation	13,901,910	-	753,909	4,667,238	19,323,057
Total Noncurrent Assets	13,901,910	-	753,909	4,667,238	19,323,057
Total Assets	13,955,057	3,457,901	1,902,406	5,057,603	24,372,967
Deferred Outflows of Resources					
Deferred pension related items	8,161	12,989	104,086	35,480	160,716
Deferred OPEB related items	-	-	36,222	9,055	45,277
Total Deferred Outflows of Resources	8,161	12,989	140,308	44,535	205,993
Total Assets and Deferred Outflows of Resources	\$ 13,963,218	\$ 3,470,890	\$ 2,042,714	\$ 5,102,138	\$ 24,578,960
Liabilities, Deferred Inflows of Resources, and Net Position:					
Liabilities:					
Current:					
Accounts payable	\$ 68,258	\$ 1,393	\$ 19,089	\$ 29,610	\$ 118,350
Accrued payroll	-	1,503	6,533	106	8,142
Unearned revenue	-	-	-	424	424
Deposits payable	-	-	948,705	1,431	950,136
Due to other funds	-	-	-	201,092	201,092
Accrued compensated absences	42	369	16,810	442	17,663
Total Current Liabilities	68,300	3,265	991,137	233,105	1,295,807
Noncurrent:					
Advances from other funds	-	-	1,079,120	934,007	2,013,127
Accrued compensated absences	41	368	16,810	442	17,661
Total OPEB liability	-	-	1,008,322	213,028	1,221,350
Net pension liability	31,722	50,496	404,615	137,920	624,753
Total Noncurrent Liabilities	31,763	50,864	2,508,867	1,285,397	3,876,891
Total Liabilities	100,063	54,129	3,500,004	1,518,502	5,172,698
Deferred Inflow of Resources:					
Deferred pension related items	2,407	1,438	6,196	6,566	16,607
Net Position:					
Net investment in capital assets	13,901,910	-	753,909	4,667,238	19,323,057
Unrestricted	(41,162)	3,415,323	(2,217,395)	(1,090,168)	66,598
Total Net Position	13,860,748	3,415,323	(1,463,486)	3,577,070	19,389,655
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,963,218	\$ 3,470,890	\$ 2,042,714	\$ 5,102,138	\$ 24,578,960

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds				
	Groves	Non-Potable Water	Cemetery	Aviation	Totals
Operating Revenues:					
Sales and services charges	\$ 741,397	\$ 638,313	\$ 745,347	\$ 127,233	\$ 2,252,290
Miscellaneous	214,708	-	214,588	161,330	590,626
Total Operating Revenues	956,105	638,313	959,935	288,563	2,842,916
Operating Expenses:					
Personnel services	2,317	90,927	483,893	94,723	671,860
Administrative and contractual services	765,284	34,396	310,853	167,871	1,278,404
Supplies	5,000	-	35,000	15,989	55,989
Depreciation expense	15,953	-	14,620	175,312	205,885
Total Operating Expenses	788,554	125,323	844,366	453,895	2,212,138
Operating Income (Loss)	167,551	512,990	115,569	(165,332)	630,778
Nonoperating Revenues (Expenses):					
Interest revenue	(3,490)	14,002	16,498	206	27,216
Interest expense	-	-	(16,743)	(13,077)	(29,820)
Miscellaneous income	-	-	26,805	593	27,398
Property taxes	-	-	-	66,263	66,263
Grants	-	-	-	347,871	347,871
Total Nonoperating Revenue (Expenses)	(3,490)	14,002	26,560	401,856	438,928
Income (Loss) Before Transfers and Contributions	164,061	526,992	142,129	236,524	1,069,706
Transfers in	-	-	667,905	-	667,905
Contributions	-	27,993	-	-	27,993
Changes in Net Position	164,061	554,985	810,034	236,524	1,765,604
Net Position:					
Beginning of Year, as Restated	13,696,687	2,860,338	(2,273,520)	3,340,546	17,624,051
End of Year	\$ 13,860,748	\$ 3,415,323	\$ (1,463,486)	\$ 3,577,070	\$ 19,389,655

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Cash Flows from Operating Activities:					
Cash received from customers	\$ 992,804	\$ 638,313	\$ 993,419	\$ 289,407	\$ 2,913,943
Cash paid to suppliers for goods and services	(719,105)	(35,180)	(375,662)	(444,977)	(1,574,924)
Cash paid to employees for services	(1,018)	(85,631)	(413,610)	(74,542)	(574,801)
Net Cash Provided (Used) by Operating Activities	272,681	517,502	204,147	(230,112)	764,218
Cash Flows from Non-Capital Financing Activities:					
Cash transfers in	-	-	667,905	-	667,905
Cash transfers out	-	-	-	-	-
Advances from other funds	(216,044)	-	(767,905)	(147,793)	(1,131,742)
Intergovernmental	-	-	-	66,263	66,263
Grants received	-	-	-	642,310	642,310
Net Cash Provided (Used) by Non-Capital Financing Activities	(216,044)	-	(100,000)	560,780	244,736
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	-	(30,713)	(317,797)	(348,510)
Interest paid on long-term debt	-	-	(16,743)	(13,077)	(29,820)
Cash contributions received from developers	-	27,993	-	-	27,993
Net Cash Provided (Used) by Capital and Related Financing Activities	-	27,993	(47,456)	(330,874)	(350,337)
Cash Flows from Investing Activities:					
Interest received	(3,490)	14,002	16,498	206	27,216
Net Cash Provided (Used) by Investing Activities	(3,490)	14,002	16,498	206	27,216
Net Increase (Decrease) in Cash and Cash Equivalents	53,147	559,497	73,189	-	685,833
Cash and Cash Equivalents at Beginning of Year	-	2,898,404	1,012,705	-	3,911,109
Cash and Cash Equivalents at End of Year	\$ 53,147	\$ 3,457,901	\$ 1,085,894	\$ -	\$ 4,596,942
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 167,551	\$ 512,990	\$ 115,569	\$ (165,332)	\$ 630,778
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	15,953	-	14,620	175,312	205,885
(Increase) decrease in accounts receivable	36,699	-	(6,605)	(19,256)	10,838
(Increase) decrease in prepaid expense	-	-	-	-	-
(Increase) decrease in deferred outflows	(1,243)	(1,978)	(52,077)	(14,460)	(69,758)
Increase (decrease) in deferred inflows	(848)	(1,350)	(10,815)	(3,686)	(16,699)
Increase (decrease) in accounts payable	51,179	(784)	(29,809)	(240,141)	(219,555)
Increase (decrease) in accrued payroll	(1,018)	946	701	220	849
Increase (decrease) in deposits payable	-	-	40,089	-	40,089
Increase (decrease) in unearned revenue	-	-	-	(876)	(876)
Increase (decrease) in net pension liability	4,408	7,016	56,218	19,163	86,805
Increase (decrease) in total OPEB liability	-	-	72,782	18,196	90,978
Increase (decrease) in compensated absences	-	662	3,474	748	4,884
Total Adjustments	105,130	4,512	88,578	(64,780)	133,440
Net Cash Provided (Used) by Operating Activities	\$ 272,681	\$ 517,502	\$ 204,147	\$ (230,112)	\$ 764,218

Non-Cash Investing, Capital and Financing Activities:

During fiscal year 2017-2018, there were no non-cash investing, capital and financing activities.

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018**

	Governmental Activities - Internal Service Funds			
	Liability Self-Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance
Assets:				
Current:				
Cash and investments	\$ 1,988,319	\$ 1,313,348	\$ 1,469,168	\$ 1,263,662
Receivables:				
Accounts	-	-	-	6,236
Prepaid costs	-	17,773	-	-
Inventory	-	-	-	86,277
Total Current Assets	1,988,319	1,331,121	1,469,168	1,356,175
Noncurrent:				
Capital assets - net of accumulated depreciation	-	159,572	-	105,364
Total Assets	1,988,319	1,490,693	1,469,168	1,461,539
Deferred Outflows of Resources:				
Deferred pension related items	76,249	410,704	103,145	266,035
Deferred OPEB related items	9,055	83,567	9,055	45,279
Total Deferred Outflows of Resources	85,304	494,271	112,200	311,314
Total Assets and Deferred Outflows of Resources	\$ 2,073,623	\$ 1,984,964	\$ 1,581,368	\$ 1,772,853
Liabilities, Deferred Inflows of Resources and Net Position:				
Liabilities				
Current:				
Accounts payable	\$ 41,981	\$ 55,456	\$ 1,120	\$ 340,646
Accrued payroll	1,996	17,019	4,417	10,374
Accrued compensated absences	817	90,795	3,800	34,706
Accrued claims and judgements	936,000	-	4,422,233	-
Total Current Liabilities	980,794	163,270	4,431,570	385,726
Noncurrent:				
Accrued compensated absences	818	90,793	3,800	34,705
Accrued claims and judgements	936,000	-	4,422,233	-
Total OPEB liability	292,083	2,972,275	202,136	1,523,730
Net pension liability	289,763	1,596,533	391,018	1,034,158
Total Noncurrent Liabilities	1,518,664	4,659,601	5,019,187	2,592,593
Total Liabilities	2,499,458	4,822,871	9,450,757	2,978,319
Deferred Inflows of Resources:				
Deferred pension related items	(7,745)	1,687	(10,451)	11,403
Net Position:				
Net investment in capital assets	-	159,572	-	105,364
Unrestricted	(418,090)	(2,999,166)	(7,858,938)	(1,322,233)
Total Net Position	(418,090)	(2,839,594)	(7,858,938)	(1,216,869)
Total Liabilities, Deferred Inflows of Resources and Net Position:	\$ 2,073,623	\$ 1,984,964	\$ 1,581,368	\$ 1,772,853

Governmental Activities - Internal Service Funds

<u>Utility Billing</u>	<u>Payroll Clearing</u>	<u>Total</u>
\$ 1,665,009	\$ 1,201,480	\$ 8,900,986
3,487	3,908	13,631
-	2,121	19,894
-	-	86,277
<u>1,668,496</u>	<u>1,207,509</u>	<u>9,020,788</u>
-	-	264,936
<u>1,668,496</u>	<u>1,207,509</u>	<u>9,285,724</u>
327,232	-	1,183,365
81,500	-	228,456
<u>408,732</u>	<u>-</u>	<u>1,411,821</u>
<u>\$ 2,077,228</u>	<u>\$ 1,207,509</u>	<u>\$ 10,697,545</u>
\$ 15,182	\$ 1,762	\$ 456,147
12,808	1,614,319	1,660,933
81,789	-	211,907
-	-	5,358,233
<u>109,779</u>	<u>1,616,081</u>	<u>7,687,220</u>
81,788	-	211,904
-	-	5,358,233
2,709,566	-	7,699,790
<u>1,272,050</u>	<u>-</u>	<u>4,583,522</u>
<u>4,063,404</u>	<u>-</u>	<u>17,853,449</u>
<u>4,173,183</u>	<u>1,616,081</u>	<u>25,540,669</u>
9,454	-	4,348
-	-	264,936
<u>(2,105,409)</u>	<u>(408,572)</u>	<u>(15,112,408)</u>
<u>(2,105,409)</u>	<u>(408,572)</u>	<u>(14,847,472)</u>
<u>\$ 2,077,228</u>	<u>\$ 1,207,509</u>	<u>\$ 10,697,545</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	Governmental Activities - Internal Service Funds			
	Liability Self-Insurance	Information Technology	Workers'	
			Compensation Self-Insurance	Equipment Maintenance
Operating Revenues:				
Sales and service charges	\$ -	\$ 3,718,851	\$ 2,209,914	\$ 5,385,615
Miscellaneous	26,780	-	-	-
Total Operating Revenues	26,780	3,718,851	2,209,914	5,385,615
Operating Expenses:				
Personnel services	220,575	1,369,983	482,409	803,368
Administrative and contractual services	(3,272,989)	1,817,229	2,010,008	1,583,885
Supplies	100	118,772	2,947	2,392,574
Premiums paid out	613,609	-	159,747	-
Depreciation expense	-	157,036	-	32,031
Total Operating Expenses	(2,438,705)	3,463,020	2,655,111	4,811,858
Operating Income (Loss)	2,465,485	255,831	(445,197)	573,757
Nonoperating Revenues (Expenses):				
Interest revenue	15,279	107	2,100	(7,329)
Total Nonoperating Revenues (Expenses)	15,279	107	2,100	(7,329)
Income (Loss) Before Transfers	2,480,764	255,938	(443,097)	566,428
Transfers in	1,845,000	-	-	-
Transfers out	-	-	-	-
Changes in Net Position	4,325,764	255,938	(443,097)	566,428
Net Position:				
Beginning of Year, as Restated	(4,743,854)	(3,095,532)	(7,415,841)	(1,783,297)
End of Fiscal Year	\$ (418,090)	\$ (2,839,594)	\$ (7,858,938)	\$ (1,216,869)

Governmental Activities - Internal Service Funds

	<u>Utility Billing</u>	<u>Payroll Clearing</u>	<u>Total</u>
\$	940,318	\$ 3,140,500	\$ 15,395,198
	547,987	-	574,767
	<u>1,488,305</u>	<u>3,140,500</u>	<u>15,969,965</u>
	965,239	-	3,841,574
	932,336	-	3,070,469
	4,654	-	2,519,047
	-	-	773,356
	-	-	189,067
	<u>1,902,229</u>	<u>-</u>	<u>10,393,513</u>
	<u>(413,924)</u>	<u>3,140,500</u>	<u>5,576,452</u>
	9,997	-	20,154
	<u>9,997</u>	<u>-</u>	<u>20,154</u>
	<u>(403,927)</u>	<u>3,140,500</u>	<u>5,596,606</u>
	-	-	1,845,000
	-	(3,140,500)	(3,140,500)
	(403,927)	-	4,301,106
	<u>(1,701,482)</u>	<u>(408,572)</u>	<u>(19,148,578)</u>
\$	<u>(2,105,409)</u>	<u>\$ (408,572)</u>	<u>\$ (14,847,472)</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	Governmental Activities - Internal Service Funds			
	Liability Self-Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 26,780	\$ 3,718,851	\$ 2,209,914	\$ 5,557,822
Cash paid to suppliers for goods and services	2,568,521	(1,986,861)	(2,188,594)	(3,773,516)
Cash payments for claims	(4,606,383)	-	731,289	-
Cash paid to employees for services	(189,254)	(1,154,750)	(441,796)	(674,210)
Net Cash Provided (Used) by Operating Activities	(2,200,336)	577,240	310,813	1,110,096
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	1,845,000	-	-	-
Cash transfers out	-	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	1,845,000	-	-	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(50,405)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(50,405)	-	-
Cash Flows from Investing Activities:				
Interest received	15,279	107	2,100	(7,329)
Net Cash Provided (Used) by Investing Activities	15,279	107	2,100	(7,329)
Net Increase (Decrease) in Cash and Cash Equivalents	(340,057)	526,942	312,913	1,102,767
Cash and Cash Equivalents at Beginning of Year	2,328,376	786,406	1,156,255	160,895
Cash and Cash Equivalents at End of Year	\$ 1,988,319	\$ 1,313,348	\$ 1,469,168	\$ 1,263,662
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 2,465,485	\$ 255,831	\$ (445,197)	\$ 573,757
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	-	157,036	-	32,031
(Increase) decrease in accounts receivable	-	-	-	172,207
(Increase) decrease in prepaids	-	(17,773)	-	-
(Increase) decrease in inventory	-	-	-	(1,042)
(Increase) decrease in deferred outflows	(20,409)	(146,127)	(24,378)	(85,803)
Increase (decrease) in deferred inflows	(7,745)	(42,674)	(10,451)	(27,642)
Increase (decrease) in accounts payable	(90,759)	(33,087)	(15,892)	203,985
Increase (decrease) in accrued payroll	(345)	(1,221)	(117)	2,200
Increase (decrease) in net pension liability	40,260	221,825	54,329	143,688
Increase (decrease) in total OPEB liability	18,196	173,537	18,196	90,979
Increase (decrease) in claims and judgments	(4,606,383)	-	731,289	5,736
Increase (decrease) in compensated absences	1,364	9,893	3,034	-
Total Adjustments	(4,665,821)	321,409	756,010	536,339
Net Cash Provided (Used) by Operating Activities	\$ (2,200,336)	\$ 577,240	\$ 310,813	\$ 1,110,096

Non-Cash Investing, Capital and Financing Activities:

During fiscal year 2017-2018, there were no non-cash investing, capital and financing activities.

Governmental Activities - Internal Service Funds

	Utility Billing	Payroll Clearing	Total
\$	1,488,898	\$ 3,136,592	\$ 16,138,857
	(926,331)	(4,407)	(6,311,188)
	-	-	(3,875,094)
	(782,780)	(39,044)	(3,281,834)
	(220,213)	3,093,141	2,670,741
	-	-	1,845,000
	-	(3,140,500)	(3,140,500)
	-	(3,140,500)	(1,295,500)
	-	-	(50,405)
	-	-	(50,405)
	9,997	-	20,154
	9,997	-	20,154
	(210,216)	(47,359)	1,344,990
	1,875,225	1,248,839	7,555,996
\$	1,665,009	\$ 1,201,480	\$ 8,900,986
\$	(413,924)	\$ 3,140,500	\$ 5,576,452
	-	-	189,067
	593	(3,908)	168,892
	-	(758)	(18,531)
	-	-	(1,042)
	(131,345)	-	(408,062)
	(34,001)	-	(122,513)
	10,659	(3,649)	71,257
	333	(39,044)	(38,194)
	176,741	-	636,843
	163,762	-	464,670
	-	-	(3,869,358)
	6,969	-	21,260
	193,711	(47,359)	(2,905,711)
\$	(220,213)	\$ 3,093,141	\$ 2,670,741

CITY OF REDLANDS, CALIFORNIA

**COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2018**

	Special Deposits	Community Facilities District Trust	Totals
Assets:			
Cash and investments	\$ 6,382,568	\$ -	\$ 6,382,568
Cash and investments with fiscal agents	-	2,856,052	2,856,052
Receivables:			
Accrued interest	540,391	-	540,391
Total Assets	<u>\$ 6,922,959</u>	<u>\$ 2,856,052</u>	<u>\$ 9,779,011</u>
Liabilities:			
Accounts payable	\$ 524,356	\$ 2,494	\$ 526,850
Deposits payable	6,398,603	2,853,558	9,252,161
Total Liabilities	<u>\$ 6,922,959</u>	<u>\$ 2,856,052</u>	<u>\$ 9,779,011</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 4,635,205	\$ 10,054,307	\$ 8,306,944	\$ 6,382,568
Receivables:				
Accrued interest	381,277	553,100	393,986	540,391
Total Assets	\$ 5,016,482	\$ 10,607,407	\$ 8,700,930	\$ 6,922,959
Liabilities:				
Accounts payable	\$ 333,231	\$ 8,475,838	\$ 8,284,713	\$ 524,356
Deposits payable	4,683,251	6,945,422	5,230,070	6,398,603
Total Liabilities	\$ 5,016,482	\$ 15,421,260	\$ 13,514,783	\$ 6,922,959
 <u>Community Facilities District Trust</u>				
Assets:				
Cash and investments with fiscal agents	\$ 2,807,857	\$ 1,493,093	\$ 1,444,898	\$ 2,856,052
Liabilities:				
Deposits payable	\$ 2,807,857	\$ 1,551,476	\$ 1,505,775	\$ 2,853,558
 <u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 4,635,205	\$ 10,054,307	\$ 8,306,944	\$ 6,382,568
Cash and investments with fiscal agents	2,807,857	1,493,093	1,444,898	2,856,052
Receivables:				
Accrued interest	381,277	553,100	393,986	540,391
Total Assets	\$ 7,824,339	\$ 12,100,500	\$ 10,145,828	\$ 9,779,011
Liabilities:				
Accounts payable	\$ 333,231	\$ 8,475,838	\$ 8,284,713	\$ 524,356
Deposits payable	7,491,108	8,496,898	6,735,845	9,252,161
Total Liabilities	\$ 7,824,339	\$ 16,972,736	\$ 15,020,558	\$ 9,776,517

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STATISTICAL SECTION

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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.

Contents	Page
Financial Trends	157
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	163
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	168
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	174
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	173
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.

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

	2009	2010	2011	2012	2013	2014	2015 ²	2016	2017	2018 ³
Governmental activities:										
Invested in capital assets	538,505,009	552,406,654	568,588,535	592,254,886	594,654,756	609,555,372	625,683,667	622,119,006	642,109,428	655,044,577
Restricted	30,310,832	28,304,090	24,855,791	19,135,526	20,158,877	18,466,430	15,584,054	15,258,535	11,100,669	20,499,351
Unrestricted	9,510,396	(2,664,585)	(8,498,201)	(28,840,249)	(26,982,114)	(21,119,030)	(81,181,952)	(81,795,361)	(93,361,330)	(148,371,437)
Total governmental activities	578,326,237	578,046,159	584,946,125	582,550,163	587,831,519	606,902,772	560,085,769	555,582,180	559,848,767	527,172,491
Business-type activities:										
Invested in capital assets	126,384,905	131,748,403	130,856,115	132,535,317	146,926,486	157,413,884	154,904,203	163,565,980	149,771,777	150,228,905
Restricted	4,120,375	4,166,635	4,212,895	4,259,155	416,340	3,702,600	4,671,097	3,702,600	17,399,398	17,516,341
Unrestricted	47,119,032	45,773,154	53,408,410	61,219,702	52,104,617	41,100,249	22,953,122	13,253,120	12,757,392	117,617
Total business-type activities	177,624,312	181,688,192	188,477,420	198,014,174	199,447,443	202,216,733	182,528,422	180,521,700	179,928,567	167,862,863
Primary government:										
Invested in capital assets	664,889,914	684,155,057	699,444,650	724,790,203	741,581,242	766,969,256	780,587,870	785,684,986	791,881,205	805,273,482
Restricted	34,431,207	32,470,725	29,068,686	23,394,681	20,575,217	22,169,030	20,255,151	18,961,135	28,500,067	38,015,692
Unrestricted	56,629,428	43,108,569	44,910,209	32,379,453	25,122,503	19,981,219	(58,228,830)	(68,542,241)	(80,603,938)	(148,253,820)
Total primary government	755,950,549	759,734,351	773,423,545	780,564,337	787,278,962	809,119,505	742,614,191	736,103,880	739,777,334	695,035,354

NOTE:

- (1) 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.
- (2) The City of Redlands implemented GASB 68 for the fiscal year ended June 30, 2015. The Unrestricted Fund Balance was affected adversely by this Statement in order to reflect net pension liability.
- (3) The City of Redlands implemented GASB 75 for the fiscal year ended June 30, 2018. The Unrestricted Fund Balance was affected adversely by this Statement in order to reflect unamortized OPEB Liability. It is anticipated that GASB 75 will expose this fund balance category to more fluctuations in the future as a result of immediate recognition of certain items (e.g. plan changes).

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government	19,973,152	15,277,666	11,803,705	9,468,848	9,883,877	10,423,298	10,229,535	16,235,478	14,391,456	12,394,000
Public safety	38,005,815	40,002,463	38,587,942	39,036,010	40,027,122	40,235,772	40,920,668	42,097,211	43,263,363	32,240,549
Culture and recreation	4,021,267	3,610,031	3,349,080	2,810,345	2,997,538	3,041,620	3,554,720	3,542,242	4,086,880	4,748,841
Highway and streets	8,648,714	8,391,171	9,380,254	8,465,455	6,839,184	4,002,946	12,043,276	15,594,075	11,271,259	12,854,490
Library	2,082,948	2,167,109	1,964,269	1,820,554	1,968,343	1,913,756	1,929,752	2,304,552	2,304,552	2,000,613
Interest and fiscal charges	4,335,844	6,957,598	3,456,262	2,120,151	1,589,928	1,447,056	1,297,837	1,123,871	936,132	834,297
Total governmental activities expenses:	77,067,740	76,406,038	68,541,512	63,721,363	63,306,012	61,064,448	69,975,788	80,616,849	76,253,642	65,072,790
Business-type activities:										
Water	15,666,955	15,813,173	16,211,193	15,328,398	20,139,662	19,437,970	19,556,198	21,635,151	20,514,340	20,369,100
Disposal	10,446,326	9,344,247	9,217,359	8,925,740	10,313,939	11,131,004	12,201,957	12,172,640	12,274,583	12,877,703
Sewer	8,021,053	7,888,041	7,882,670	7,643,531	8,080,035	8,505,197	8,030,897	8,956,871	8,979,254	8,851,848
Aviation	370,715	250,732	287,854	335,501	317,970	421,012	333,061	609,088	785,348	788,554
Cemetery	522,045	494,949	503,445	522,711	555,402	493,616	681,223	1,304,891	75,761	125,323
Groves	725,163	717,394	656,608	941,578	12,006,971	630,488	689,839	841,529	742,740	861,109
NP Water	-	411,980	142,541	203,890	197,393	81,897	73,383	81,152	434,912	466,972
Total business-type activities expense:	35,752,257	34,920,516	34,901,670	33,901,349	51,611,372	40,701,184	41,566,558	45,601,322	43,806,938	44,340,609
Total primary government expense:	112,819,997	111,326,554	103,443,182	97,622,712	114,917,384	101,765,632	111,542,346	126,218,171	120,060,580	109,413,399
Program revenues:										
Governmental activities:										
Charges for services:										
General government	5,290,837	5,112,805	8,562,031	8,654,843	9,181,388	10,286,376	10,625,356	9,270,657	10,144,231	10,811,937
Public safety	1,390,380	1,330,555	1,711,440	1,394,932	1,407,921	1,916,750	1,975,667	3,403,559	2,696,810	3,076,343
Culture and recreation	277,167	222,454	293,028	220,020	343,620	296,386	295,199	286,315	719,642	303,222
Highway and streets	1,286,006	1,159,894	909,511	1,123,342	1,169,364	1,716,965	1,681,146	1,205,141	1,361,187	1,895,996
Library	47,282	44,333	34,456	35,086	34,312	35,200	33,270	33,098	125,052	131,408
Operating grants and contributions	10,058,173	10,048,934	5,883,602	6,160,827	4,032,286	7,195,092	8,607,394	5,596,864	2,911,259	4,469,962
Capital grants and contributions	29,395,240	11,513,845	8,488,204	1,146,004	987,916	2,117,482	4,666,849	1,346,021	2,257,370	4,533,292
Total governmental activities program revenues	47,745,085	29,432,820	25,882,272	18,735,054	17,156,807	23,564,251	27,884,881	21,141,655	20,215,551	25,222,160
Business-type activities:										
Charges for services:										
Water	18,132,373	17,918,992	18,666,325	20,319,999	22,350,078	23,453,512	22,217,588	18,873,106	22,479,655	27,030,979
Disposal	9,631,846	8,893,718	10,013,969	10,079,232	10,669,471	11,623,769	12,887,067	13,504,267	13,657,953	15,110,821
Sewer	7,077,737	7,650,779	8,200,777	8,653,651	9,092,431	9,576,740	9,688,884	9,531,484	9,340,274	9,611,197
Aviation	254,398	292,300	21,015	11,721	18,592	16,704	16,472	15,214	575,846	741,397
Cemetery	308,923	419,284	360,923	311,420	341,950	371,968	349,472	461,997	514,015	638,313
Groves	439,670	551,266	432,136	778,378	471,150	740,707	798,577	507,914	700,334	745,347
NP Water	-	529,891	570,107	474,349	513,722	554,914	499,211	508,556	83,905	127,233
Operating grants and contributions	702,524	186,999	871,940	1,301	24,285	180,000	180,000	-	-	-
Capital grants and contributions	5,729,189	960,605	531,096	1,821,907	2,233,877	3,433,586	4,593,429	392,189	816,777	347,871
Total business-type activities program revenues	42,276,660	37,403,834	39,668,288	42,451,958	45,715,556	49,951,900	51,230,700	43,794,727	48,168,759	54,353,158
Total primary government program revenues	90,021,745	66,836,654	65,550,560	61,187,012	62,872,363	73,516,151	79,115,581	64,936,382	68,384,310	79,575,318

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net revenues (expenses):										
Governmental activities	(29,322,655)	(46,973,218)	(42,659,240)	(44,986,309)	(46,149,205)	(37,500,197)	(42,090,907)	(59,475,194)	(56,038,091)	(39,850,630)
Business-type activities	6,524,403	2,483,318	4,766,618	8,550,609	(5,895,816)	9,250,716	9,664,142	(1,806,595)	4,361,821	10,012,549
Total net revenues (expenses)	(22,798,252)	(44,489,900)	(37,892,622)	(36,435,700)	(52,045,021)	(28,249,481)	(32,426,765)	(61,281,789)	(51,676,270)	(29,838,081)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	30,626,167	29,907,393	30,098,303	26,741,406	23,536,133	24,650,592	25,157,824	26,424,395	28,173,741	30,067,473
Sales taxes	11,862,852	11,669,250	12,090,894	12,903,249	15,049,517	15,219,210	16,040,049	18,344,596	16,843,090	17,177,492
Franchise taxes	5,476,066	2,886,836	3,227,606	2,826,459	2,853,021	3,235,114	3,735,682	3,079,571	3,035,317	3,224,053
Other taxes	1,354,067	1,167,543	1,065,671	1,198,772	1,313,022	1,473,576	1,681,618	1,792,527	1,977,985	1,907,344
Use of money & property	2,384,773	746,194	647,310	665,553	58,972	517,169	467,427	800,889	212,991	206,304
Intergovernmental (unrestricted)	436,414	370,373	480,868	165,876	153,836	165,974	424,385	234,787	196,602	195,866
Other	-	-	642,842	273,246	2,496,060	689,160	1,035,134	1,105,258	7,331,734	1,689,135
Gain/(loss) on sale of capital assets	-	-	-	-	151,116	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of Redevelopment agency (Note 18)	-	-	-	21,444,268	-	-	-	-	-	-
Transfers	(50,568)	(54,449)	573,115	856,972	5,841,908	10,654,350	16,113,690	4,486,199	2,500,914	8,243,110
Total governmental activities	52,089,771	46,693,140	48,826,609	67,075,801	51,453,585	56,605,145	64,655,809	56,268,222	60,272,374	62,710,777
Business-type activities:										
Property taxes	45,221	38,082	68,098	37,808	41,673	34,597	35,225	38,109	40,199	66,263
Use of money & property	2,029,765	1,488,031	610,787	757,749	185,475	1,053,356	921,859	1,335,997	500,783	509,882
Other	-	-	922,642	914,887	3,686,367	1,032,469	1,152,177	2,911,966	4,627,943	2,457,912
Gain on sale of capital assets	-	-	516,500	34,949	9,736,268	28,334	4,840	-	-	-
Extraordinary gain	-	-	-	-	-	2,024,168	-	-	-	-
Transfers	50,568	54,449	(573,115)	(856,972)	(5,841,908)	(10,654,350)	(16,113,690)	(4,486,199)	(2,500,914)	(8,243,110)
Total business-type activities	2,125,554	1,580,562	1,544,912	888,421	7,807,875	(6,481,426)	(13,999,589)	(2,001,277)	2,668,011	(5,209,053)
Total primary government	54,215,325	48,273,702	50,371,521	67,964,222	59,261,460	50,123,719	50,656,220	56,068,095	62,940,385	57,501,724
Changes in net position										
Governmental activities	22,767,116	(280,078)	6,167,369	22,089,492	5,304,380	19,104,948	22,564,902	(3,206,972)	4,234,283	22,860,147
Business-type activities	8,649,957	4,063,880	6,311,530	9,439,030	1,912,059	2,769,290	(4,335,447)	(2,006,722)	7,029,832	4,803,496
Total primary government	31,417,073	3,783,802	12,478,899	31,528,522	7,216,439	21,874,238	18,229,455	(5,213,694)	11,264,115	27,663,643

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.

(1) The City of Redlands implemented GASB 68 for the fiscal year ended June 30, 2015.

The Unrestricted Fund Balance was affected adversely by this Statement in order to reflect net pension liability.

(2) The City of Redlands implemented GASB 75 for the fiscal year ended June 30, 2018.

The Unrestricted Fund Balance was affected adversely by this Statement in order to reflect unamortized OPEB Liability.

It is anticipated that GASB 75 will expose this fund balance category to more fluctuations in the future as a result of

immediate recognition of certain items (e.g. plan changes).

CITY OF REDLANDS

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund:										
Reserved	10,972,417	11,947,625	-	-	-	-	-	-	-	-
Unreserved	7,889,723	5,802,815	-	-	-	-	-	-	-	-
Nonspendable	-	-	6,046,174	6,598,127	7,717,839	7,857,633	7,481,159	8,324,472	8,517,994	8,734,646
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	6,605,311	6,855,311	7,644,141	7,903,654	7,935,152	8,122,332	8,122,332	8,285,676
Assigned	-	-	-	-	-	-	1,883,794	2,267,840	2,130,916	4,063,636
Unassigned	-	-	8,767,650	9,773,767	10,116,118	12,586,391	14,510,450	13,454,147	13,927,733	13,592,754
Total general fund	18,862,140	17,750,440	21,419,135	23,227,205	25,478,098	28,347,678	31,810,555	32,168,791	32,698,975	35,734,630
All other governmental funds:										
Reserved	10,888,944	10,779,313	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	19,904,622	15,648,593	-	-	-	-	-	-	-	-
Debt service fund	3,518,914	977,863	-	-	-	-	-	-	-	-
Capital projects fund	1,772,665	2,272,252	-	-	-	-	-	-	-	-
Nonspendable	-	-	548,166	361,351	384,997	384,873	327,340	-	2,539,567	123,661
Restricted	-	-	19,604,935	19,035,151	20,058,201	18,365,510	15,584,054	15,258,535	9,563,703	19,321,372
Committed	-	-	6,193,677	5,609,361	5,921,050	6,816,041	6,698,593	7,212,199	8,013,248	8,441,919
Assigned	-	-	-	-	-	-	-	-	3,419,978	1,204,854
Unassigned	-	-	(1,399,875)	(7,711,358)	(8,801,461)	(8,787,268)	(7,849,278)	(9,553,680)	(10,470,797)	(8,761,721)
Total all other governmental funds	36,085,145	29,678,021	24,946,903	17,294,505	17,562,787	16,779,156	14,760,709	12,917,054	13,065,699	20,330,085

NOTE:

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

(1) The City of Redlands implemented GASB 68 for the fiscal year ended June 30, 2015.

The Unrestricted Fund Balance was affected adversely by this Statement in order to reflect net pension liability.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	49,319,152	45,816,050	46,974,366	43,669,886	42,751,693	44,578,492	46,615,173	49,641,089	51,196,332	53,608,771
Licenses and permits	7,422,024	5,216,551	4,760,789	5,628,860	6,090,892	8,668,245	11,582,473	7,321,567	8,482,996	8,249,522
Intergovernmental	6,261,983	5,219,602	7,030,818	5,947,380	4,455,718	6,305,374	5,602,252	3,637,854	4,266,267	4,029,164
Charges for services	4,946,435	6,433,198	7,043,801	6,934,677	6,711,043	7,186,570	7,283,095	7,469,738	7,484,890	8,100,020
Use of money and property	2,559,089	1,497,930	647,310	626,072	52,596	491,377	431,301	717,504	191,541	185,610
Other	2,214,972	1,132,620	1,226,613	632,943	2,974,531	1,472,348	1,900,979	3,785,796	3,958,621	4,866,979
Total revenues	72,723,655	65,315,951	67,683,697	63,439,818	63,036,473	68,702,406	73,415,273	72,573,548	75,580,647	79,040,066
Expenditures										
Current:										
General government	19,663,593	14,533,699	11,506,994	9,788,982	10,080,042	10,562,420	11,041,353	12,915,590	12,351,772	12,830,680
Public safety	35,519,554	35,576,831	34,796,584	35,502,542	36,619,437	37,633,605	37,891,668	40,337,356	42,755,811	45,246,205
Highway and streets	4,844,425	4,131,236	4,651,164	4,250,686	4,122,692	5,913,207	6,107,137	5,034,090	5,695,084	2,870,721
Culture and recreation	3,534,250	2,940,479	2,701,864	2,121,891	2,400,303	2,631,892	2,791,661	2,481,223	2,611,210	7,033,817
Library	2,028,917	1,986,391	1,853,094	1,722,370	1,762,796	1,762,608	1,824,593	1,909,442	1,942,607	1,989,717
SERAF Obligation	-	2,389,188	491,892	-	-	-	-	-	-	-
Other pass-through payments	-	424,628	777,095	524,481	-	-	-	-	-	-
Capital outlay	5,817,816	3,650,267	5,403,411	3,176,270	7,470,985	13,431,527	23,146,625	11,481,823	15,476,158	6,132,826
Debt service:										
Principal	4,541,378	5,192,896	5,400,124	5,636,144	3,771,848	3,948,940	3,701,474	3,947,223	3,115,653	3,043,767
Interest and fiscal charges	4,337,676	3,834,596	3,783,017	2,717,604	1,672,907	1,489,466	1,343,002	1,158,384	976,711	812,002
Total expenditures	80,287,609	74,660,211	71,365,239	65,440,970	67,901,010	77,373,665	87,847,513	79,265,131	84,925,006	79,959,735
Excess (deficiency) of revenues over (under) expenditures	(7,563,954)	(9,344,260)	(3,681,542)	(2,001,152)	(4,864,537)	(8,671,259)	(14,432,240)	(6,691,583)	(9,344,359)	(919,669)
Other financing sources (uses):										
Transfers in	21,658,490	14,225,197	14,749,386	13,566,661	18,682,589	20,792,923	29,941,931	15,911,839	15,430,085	19,326,814
Transfers out	(20,346,648)	(12,514,759)	(13,065,366)	(10,990,445)	(11,307,814)	(10,187,645)	(13,980,425)	(9,720,247)	(11,558,209)	(9,788,204)
Proceeds from sale of capital assets of Redevelopment agency (Note 18)	-	-	-	-	350	185,625	16,083	311,189	6,272,810	1,975,203
Restatements	-	-	-	(5,453,452)	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	(30,841)	8,587	(33,695)	-	-	-	-
Contributions to other Governments	-	114,998	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	(100,919)	-	-	-
Total other financing sources (uses)	1,311,842	1,825,436	1,684,020	(2,908,077)	7,383,712	10,757,208	15,876,670	6,502,781	10,144,686	11,513,813
Net change in fund balances	(6,252,112)	(7,518,824)	(1,997,522)	(4,909,229)	2,519,175	2,085,949	1,444,430	(188,802)	800,327	10,594,144
Debt service as a percentage of noncapital expenditures ¹	11.9%	12.7%	14.1%	13.5%	9.3%	9.5%	8.1%	7.5%	5.9%	5.2%

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.
¹ 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
2009	6,935,648	231,948	(79,734)	7,087,862	456,545	58,275	(764)	514,056	7,601,918	0.27448
2010	6,518,846	232,468	(79,791)	6,671,523	705,249	81,977	(5,199)	782,027	7,453,550	0.27641
2011	6,348,706	200,425	(80,197)	6,468,934	704,031	99,220	(5,168)	798,083	7,267,017	0.28110
2012	6,214,264	189,324	(79,239)	6,324,349	702,581	98,928	(5,052)	796,457	7,120,806	0.28343
2013	7,127,034	301,158	(78,056)	7,350,136	-	-	-	-	7,350,136	0.28450
2014	7,311,929	313,408	(76,552)	7,548,785	-	-	-	-	7,548,785	0.22927
2015	7,725,648	316,364	(75,033)	7,966,979	-	-	-	-	7,966,979	0.21913
2016	8,112,897	337,359	(74,030)	8,376,226	-	-	-	-	8,376,226	0.21877
2017	8,616,414	309,224	(76,808)	8,848,830	-	-	-	-	8,848,830	0.21877
2018	9,090,915	328,121	(76,265)	9,342,771	-	-	-	-	9,342,771	0.21877

NOTE:
In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total minimum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is re-assessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available, with respect to the actual market value of taxable property, and is subject to the limitations described above.
With the approval of ABX 126, 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential	4,866,787	4,511,071	4,344,036	4,375,904	4,603,792	4,781,493	5,102,276	5,355,614	5,643,230	5,935,215
Commercial	828,697	905,533	939,004	909,737	919,179	920,337	941,128	959,063	988,145	1,040,344
Industrial	682,669	732,243	751,264	649,237	641,987	675,107	774,960	790,087	1,035,053	1,160,879
Dry Farm	714	-	-	-	-	-	-	-	-	-
Government	1,380	471	470	2,499	488	498	1,478	505	513	522
Institutional	14,604	14,399	13,898	13,890	14,083	15,906	15,809	16,172	16,293	17,188
Irrigated	40,045	32,307	30,874	26,967	27,292	41,179	30,844	26,691	26,750	26,471
Miscellaneous	17,869	14,379	14,718	16,123	19,068	20,217	22,390	23,785	26,495	27,016
Recreational	30,591	31,864	32,472	32,453	34,762	31,852	31,962	32,520	32,808	49,678
Vacant Land	313,328	307,578	269,144	249,102	249,220	234,071	231,763	277,305	209,375	200,329
SBE Nonunitary	595,509	664,832	647,926	629,042	610,154	591,269	573,038	631,155	637,752	633,273
Unsecured	290,223	323,863	308,576	297,334	301,158	313,408	316,364	337,359	309,224	328,121
Unknown	-	-	-	2,809	7,009	-	-	-	-	-
Total Assessed Value	7,682,416	7,538,540	7,352,382	7,205,097	7,428,192	7,625,337	8,042,012	8,450,256	8,925,638	9,419,036
Less: Exemptions	(80,498)	(84,990)	(85,365)	(84,291)	(78,056)	(76,552)	(75,033)	(74,030)	(76,808)	(76,265)
Taxable Assessed Value	7,601,918	7,453,550	7,267,017	7,120,806	7,350,136	7,548,785	7,966,979	8,376,226	8,848,830	9,342,771
Total Direct Rate	0.27448	0.27641	0.28110	0.28343	0.28450	0.22927	0.21913	0.21877	0.21877	0.21877

NOTE:

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Share of Basic Levy ⁽¹⁾	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878
Overlapping Rates: ⁽²⁾										
County General Fund	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600
County Superintendent	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750
Inland Empire Joint Resource Conservation District	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050
Educational Revenue Augmentation Fund	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110
Flood Control Zone 3	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560
Flood Control Zone 8	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088
Redlands Unified	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160
San Bernardino Community College	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130
San Bernardino Valley Municipal Water	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02640	0.02640	0.02640
San Bernardino Valley Water Conservation District	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044
Total Proposition 13 Rate	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00010</u>	<u>1.00010</u>	<u>1.00010</u>
Redlands Debt Service	0.00990	0.01060	0.01080	0.01110	0.01090	0.01050	-	-	-	-
Redlands Unified	0.05190	0.05410	0.06170	0.05820	0.06410	0.06290	0.05940	0.05670	0.05240	0.04940
San Bernardino Community College	0.03930	0.02800	0.04670	0.03730	0.04590	0.04190	0.03930	0.04030	0.03500	0.03760
San Bernardino Unified	0.06780	0.07470	0.08840	0.09780	0.09980	0.13500	0.10810	0.11820	0.07950	0.10070
San Bernardino Valley Municipal Water	<u>0.16500</u>	<u>0.16500</u>	<u>0.16500</u>	<u>0.16500</u>	<u>0.16250</u>	<u>0.16250</u>	<u>0.16250</u>	<u>0.16250</u>	<u>0.16250</u>	<u>0.15250</u>
Total Voter Approved Rate	<u>0.33390</u>	<u>0.33240</u>	<u>0.37260</u>	<u>0.36940</u>	<u>0.38320</u>	<u>0.41280</u>	<u>0.36930</u>	<u>0.37770</u>	<u>0.32940</u>	<u>0.34020</u>
Total Direct and Overlapping Rate	<u>1.33390</u>	<u>1.33240</u>	<u>1.37260</u>	<u>1.36940</u>	<u>1.38320</u>	<u>1.41280</u>	<u>1.36930</u>	<u>1.37780</u>	<u>1.32950</u>	<u>1.34020</u>
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	0.00990	0.01060	0.01080	0.01110	0.01090	0.01050	-	-	-	-
RDA Incremental Rate ⁽⁴⁾	1.17490	1.17560	1.17580	1.17610	-	-	-	-	-	-
City Direct Rate ⁽⁵⁾	0.27448	0.27641	0.28110	0.28343	0.28450	0.22927	0.21913	0.21877	0.21877	0.21877

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

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	2018		2009	
	Total Net Taxable Assessed Value	Percentage of Total City Net Taxable Assessed Value	Total Net Taxable Assessed Value	Percentage of Total City Net Taxable Assessed Value
Southern California Edison Company	\$ 632,939	6.77%	-	N/A
Prologis LP*	\$ 193,099	2.07%	\$ 92,900	1.21%
Ashley Furniture Industries Inc	\$ 107,831	1.15%		
NYS New LLC	\$ 94,695	1.01%	-	N/A
IIT Redlands DC LP	\$ 93,359	1.00%		
Bre Piper MF Parkview Terrace	\$ 89,472	0.96%		
Teachers Insurance and Annuity Assoc**	\$ 86,967	0.93%	-	N/A
AMB Institutional Alliance Fund III	\$ 86,547	0.93%	\$ 87,398	1.14%
BRE California Redlands LLC	\$ 72,433	0.78%	-	N/A
2301 W. San Bernardino Ave Invest Group	\$ 58,371	0.62%	\$ 51,999	0.68%
Mountainview Power Company	-	N/A	\$ 593,500	7.72%
Evans Withycombe Residential	-	N/A	\$ 70,596	0.92%
Catellus Operating LP	-	N/A	\$ 52,020	0.68%
NYS, LLC	-	N/A	\$ 46,351	0.60%
Redlands Business Center LLC	-	N/A	\$ 45,820	0.60%
US Industrial REIT II	-	N/A	\$ 40,800	0.53%
Mountainview Industrial Center LLC	-	N/A	\$ 36,143	0.47%
Top Ten Total	\$ 1,515,713	16.22%	\$ 1,117,527	14.54%
City Total Net Taxable Assessed Value	\$ 9,342,770		\$ 7,683,409	

* Formerly known as Prologis-A4 CA ILLP

** Pending appeals on parcels

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

CITY OF REDLANDS
Property Tax Levies and Collections¹
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy ²		Subsequent Years Collections of Prior Years	Total Collections to Date ²	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	26,404,200	25,513,769	96.63%	1,292,499	26,806,268	101.52%
2009	29,041,866	27,732,874	95.49%	1,820,062	29,552,936	101.76%
2010	27,857,389	27,284,416	97.94%	1,625,142	28,909,558	103.78%
2011	29,341,082	27,744,927	94.56%	1,437,741	29,182,668	99.46%
2012	28,198,322	26,757,388	94.89%	722,821	27,480,209	97.45%
2013	29,365,178	28,237,555	96.16%	725,114	28,962,669	98.63%
2014	29,697,798	29,620,584	99.74%	834,306	30,454,890	102.55%
2015	30,236,660	30,224,565	99.96%	618,909	30,843,474	102.01%
2016	31,245,233	31,220,237	99.92%	593,784	31,814,021	101.82%
2017	33,814,971	33,547,833	99.21%	561,371	34,109,204	100.87%
2018	35,648,742	35,417,025	99.35%	585,973	36,002,998	100.99%

NOTE:

¹ 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.

² 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.

Source: City of Redlands, San Bernardino County Auditor-Controller/Treasurer/Tax Collector

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					Tax Allocation Bonds					Certificates of Participation					Loans / Capital Lease Obligations								Total Governmental Activities				
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Participation	Certificates of Participation	Loans / Capital Lease Obligations	Total Governmental Activities	Water Revenue Bonds	Wastewater Revenue Bonds	Solid Waste Revenue Bonds	Certificates of Participation	Loans / Capital Lease Obligations	Total Business-type Activities	Water Revenue Bonds	Wastewater Revenue Bonds	Solid Waste Revenue Bonds	Certificates of Participation	Loans / Capital Lease Obligations	Total Business-type Activities									
2009	2,695,000	25,626,705	36,080,000	13,007,038	3,458,089	80,866,832	12,250,000	10,635,000	-	-	11,256,422	34,141,422	115,008,254	5.53%	1,612													
2010	2,195,000	24,773,830	34,185,000	11,544,034	3,095,191	75,793,055	10,730,000	9,660,000	-	-	10,598,668	30,988,668	106,781,723	5.24%	1,493													
2011	1,680,000	23,789,186	32,210,000	10,021,030	2,884,385	70,584,601	9,145,000	8,645,000	-	-	9,922,740	27,712,740	98,297,341	4.47%	1,367													
2012	1,145,000	22,667,969	-	8,448,026	2,548,241	34,809,236	7,485,000	7,580,000	-	-	10,347,274	25,412,274	60,221,510	2.78%	867													
2013	585,000	21,400,395	-	6,800,022	2,266,391	31,051,808	3,579,945	4,959,409	-	-	14,909,475	23,448,829	54,500,637	2.42%	781													
2014	-	19,966,684	-	5,077,018	2,077,451	27,121,153	2,402,890	4,001,754	15,132,303	-	17,496,799	39,033,746	66,154,899	2.92%	947													
2015	-	18,367,081	-	3,299,014	2,959,007	24,625,102	1,195,000	3,024,098	13,834,309	-	16,429,544	34,482,951	59,108,053	2.63%	847													
2016	-	16,581,841	-	1,466,010	2,656,784	20,704,635	-	2,021,443	12,506,313	-	18,819,314	33,347,070	54,051,705	2.41%	774													
2017	-	14,596,411	-	643,006	2,376,131	17,615,548	-	990,000	11,138,322	-	20,929,311	33,057,633	50,673,181	2.31%	732													
2018	-	12,452,070	-	-	2,207,364	14,659,434	-	-	9,720,331	-	19,440,040	29,160,371	43,819,805	1.76%	618													

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 ¹	Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Total		
2009	2,695	25,627	36,080	13,007	77,409	1.01%	1,085
2010	2,195	24,774	34,185	11,544	72,698	0.96%	1,016
2011	1,680	23,789	32,210	10,021	67,700	0.92%	941
2012	1,145	22,668	-	8,448	32,261	0.45%	464
2013	585	21,400	-	6,800	28,785	0.39%	412
2014	-	19,967	-	5,077	25,044	0.28%	358
2015	-	18,367	-	3,299	21,666	0.27%	310
2016	-	16,582	-	1,466	18,048	0.15%	265
2017	-	14,596	-	643	15,239	0.17%	220
2018	-	12,452	-	-	12,452	0.13%	176

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.

¹ 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, 2018

Net Taxable 2017-2018 Assessed Valuation \$ 9,342,770,314

	Percentage Applicable ¹	Outstanding Debt 06/30/18	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
San Bernardino Community College District	14.164%	\$ 440,458,530	\$ 62,386,546
Redlands Unified School District	57.478%	77,808,830	44,722,959
San Bernardino City Unified School District	0.021%	249,489,446	52,393
City of Redlands Community Facilities District No. 2001-1	100.000%	4,940,000	4,940,000
City of Redlands Community Facilities District No. 2003-1	100.000%	8,285,000	8,285,000
Total Overlapping Tax and Assessment Debt		780,981,806	120,386,898
Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	4.502%	\$ 368,015,000	\$ 16,568,035
San Bernardino County Pension Obligations	4.502%	336,106,248	15,131,503
San Bernardino County Flood Control District General Fund Obligations	4.502%	68,325,000	3,075,992
Redlands Unified School District Certificates of Participation	57.478%	5,000,000	2,873,900
San Bernardino City Unified School District	0.021%	47,750,000	10,028
Yucaipa-Calimesa Joint Unified School District Authority	0.703%	8,025,000	56,416
Total Overlapping General Fund Debt		833,221,248	37,715,874
Overlapping Tax Increment Debt			
City of Redlands Tax Allocation Bonds	100%	\$ 11,655,000	\$ 11,655,000
San Bernardino County Inland Valley Tax Allocation Bonds	9.103%	239,870,000	21,835,366
Total Overlapping Tax Increment Debt		251,525,000	33,490,366
Total Gross Overlapping General Fund Debt		1,084,746,248	71,206,240
Less: Redlands Unified School District Self-Supporting Qualified Zone Academy Bonds ²			(1,332,730)
Total Net Overlapping General Fund Debt			69,873,510
Total Gross Overlapping Debt			\$ 191,593,138
Total Net Overlapping Debt			\$ 190,260,408
Direct Tax and Assessment Debt:			
City of Redlands	100.000%	\$ -	\$ -
Direct General Fund Debt:			
City of Redlands General Fund Obligations	100.000%	-	\$ -
City of Redlands Pension Obligations	100.000%	12,452,070	12,452,070
Total Direct General Fund Debt			12,452,070
Direct Loan/Capital Lease Debt:			
I-Bank Sports Park Lease	100.000%	\$ 1,459,437	\$ 1,459,437
Capital Leases -Equipment	100.000%	747,927	747,927
Total Direct General Fund Debt		2,207,364	2,207,364
Total Direct Debt			\$ 14,659,434
Total Gross Direct and Overlapping Debt ³			\$ 206,252,572
Total Net Direct and Overlapping Debt ³			\$ 204,919,842

¹ 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.

² Academy Bond Annual Payment of \$276,888 is subtracted from balance originally \$5 million issued 2004

³ 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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed valuation	7,682,415,838	7,538,540,177	7,352,381,771	7,205,098,137	7,428,192,465	7,625,337,937	8,042,012,336	8,450,256,632	8,925,637,991	9,342,770,314
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,920,603,960	1,884,635,044	1,838,095,443	1,801,274,534	1,857,048,116	1,906,334,484	2,010,503,084	2,112,564,158	2,231,409,498	2,335,692,579
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	288,090,594	282,695,257	275,714,316	270,191,180	278,557,217	285,950,173	301,575,463	316,884,624	334,711,425	350,353,887
Total net debt applicable to limit: General obligation bonds	2,695,000	2,195,000	1,680,000	1,145,000	585,000	-	-	-	-	-
Legal debt margin	285,395,594	280,500,257	274,034,316	269,046,180	277,972,217	285,950,173	301,575,463	316,884,624	334,711,425	350,353,887
Total debt applicable to the limit as a percentage of debt limit	0.9%	0.8%	0.6%	0.4%	0.2%	0.0%	0.00%	0.00%	0.00%	0.00%

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

Source: San Bernardino County Assessor (via HdL, Coren & Cone)
City of Redlands
California Municipal Statistics, Inc.

CITY OF REDLANDS
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds					Wastewater Revenue Bonds					Solid Waste Revenue Bonds					
	Water Revenue	Less Operating Expenses	Net Available Revenue		Coverage	Wastewater Revenue	Less Operating Expenses	Net Available Revenue		Coverage	Solid Waste Revenue	Less Operating Expenses	Net Available Revenue		Coverage	
			Principal	Interest				Principal	Interest				Principal	Interest		
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	-	-	-	-	-	-
2010	18,925,773	12,560,995	6,364,778	1,520,000	538,035	8,079,798	5,718,330	2,361,468	975,000	496,821	-	-	-	-	-	-
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	-	-	-	-	-	-
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	6,244,232	3,425,705	1,115,000	244,767	-	-	-	-	-	-
2014	25,638,627	16,837,289	8,801,338	1,125,000	81,900	11,290,716	6,917,341	4,373,375	880,000	141,550	10,130,417	10,130,417	2,430,192	213,642	11.38	
2015	23,236,963	16,684,682	6,552,281	1,160,000	53,250	9,932,156	6,483,856	3,448,300	900,000	119,250	13,442,842	10,341,915	3,100,927	1,115,000	516,422	1.90
2016*	19,566,403	18,802,920	763,483	1,195,000	17,925	9,981,677	7,319,389	2,662,288	925,000	91,875	13,974,604	10,437,524	3,537,080	1,145,000	572,150	2.06
2017	-	-	-	-	-	9,483,891	7,207,159	2,276,732	960,000	58,800	13,899,757	9,911,432	3,988,325	1,185,000	537,800	2.32
2018	-	-	-	-	-	-	-	-	-	-	15,507,091	11,060,050	4,447,041	1,235,000	465,700	2.05

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.

* In 2016, existing Water Revenue Bonds were fully defeased.

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)
2008	71,339	2,078,671	29,138	5.8%
2009	71,532	2,039,266	28,508	9.6%
2010	71,926	2,198,418	30,565	10.5%
2011	69,498	2,167,990	31,195	9.7%
2012	69,813	2,248,258	32,204	7.0%
2013	69,882	2,265,714	32,422	6.0%
2014	69,814	2,243,752	32,139	4.7%
2015	68,040	2,192,657	32,226	3.0%
2016	69,211	2,195,442	31,721	3.3%
2017	70,851	2,494,168	35,203	3.1%

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	2018		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
ESRI	2,525	7.05%	1,300	3.92%
Redlands Unified School District*	2,006	5.60%	1,820	5.48%
Redlands Community Hospital	1,635	4.57%	1,300	3.92%
Beaver Medical Group (aka Epic Mgmt)	995	2.78%	420	1.27%
Amazon Fulfillment Center (Redlands)**	600	1.68%		0.00%
University of Redlands	584	1.63%	560	1.69%
City of Redlands	569		558	1.68%
Loma Linda University BMC	364	1.02%		
La-Z-Boy, Inc	363		400	1.20%
Wal-Mart Stores, Inc.	247	0.69%	470	1.42%
United States Postal Service			1,400	4.22%
Verizon/GTE			570	1.72%
Total of Top Employers	9,888	27.62%	8,798	26.50%
Total Employees in City(1)	35,800		33,200	
County Pocket Employers (2):				
Burlington Coat Factory Distribution Center	699	1.95%		
Amazon Fulfillment Center	600	1.68%		
Superior Buidling Products	410	1.15%		
Caddo Hardware	375	1.05%		
Target	280	0.78%		
Kohls Retail Store	166	0.46%		
JCPenney	155	0.43%		
Becton Dickinson Distribution	100	0.28%		
Total Employees	2,785	7.78%		

*Count includes PT/FT, classified, certificated, admin.

**Previous year combined County and City totals

NOTES:

(1) The City of Redlands fully encapsulates a county pocket containing Citrus Plaza and a significant industrial area which is home to a number of distribution centers and logistics companies.

The City of Redlands has chosen to list some of the significant employers within this area as it is believed that it employs Redlands residents and contributes to the financial well being of the city.

(2) "Total Employment" as used above represents the total employment of all employers located within City limits. These are estimates based on the response received from the employer.

CITY OF REDLANDS

City Employees
by Function

Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Full-time employees:										
City clerk's office	-	-	-	-	-	1	1	1	1	1
City manager's office	6	5	5	6	6	7	7	9	11	12
City treasurer's office	-	-	-	-	-	-	-	-	-	-
Development services	17	15	16	20	20	19	21	22	22	21
Finance	24	21	21	21	22	24	25	26	27	24
Fire	64	61	60	60	61	58	60	60	60	61
Human resources	4	4	5	5	5	7	7	8	10	9
Library	20	17	15	15	16	16	16	17	17	18
Management information systems	14	11	8	9	9	9	9	-	-	-
Department of Innovation & Tech								10	9	10
Municipal utilities and engineering:										
Administration	26	23	23	24	28	28	34	34	34	33
Water	45	48	47	47	49	49	50	49	49	50
Wastewater	24	24	23	24	24	24	24	24	24	24
Police	159	133	129	131	111	113	121	122	122	126
Quality of life										
Administration, parks & streets	47	37	39	42	46	48	52	56	56	62
Equipment maintenance	11	11	9	7	6	6	6	5	5	5
Solid waste	37	38	34	33	33	32	32	33	33	33
Cemetery	3	3	3	3	3	3	4	4	4	4
Redevelopment	10	5	4	-	-	-	-	-	-	-
	<u>511</u>	<u>456</u>	<u>441</u>	<u>447</u>	<u>439</u>	<u>444</u>	<u>469</u>	<u>480</u>	<u>484</u>	<u>493</u>
Part-time employees	45	40	47	64	81	81	88	87	87	90
At-will employees	-	-	-	-	-	-	-	-	-	-
Grant-funded employees ¹	3	11	7	12	12	10	10	10	10	7
Limited Term Position	-	-	-	-	-	-	-	1	1	4
Total	<u>559</u>	<u>507</u>	<u>495</u>	<u>523</u>	<u>532</u>	<u>535</u>	<u>567</u>	<u>578</u>	<u>582</u>	<u>594</u>

¹ Includes both full & part time positions.

Reorganizations in 2008 and 2016 created new departments, moved divisions and transferred employees. Historical data has been changed to reflect some but not all of these reorganizations.

Source: City of Redlands Budget

CITY OF REDLANDS
Operating Indicators
by Function
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Calls for service ¹	58,702	54,725	52,611	51,248	52,349	54,529	55,972	47,488	40,159	54,370
Emergency calls for service ¹	2,730	3,091	2,333	1,167	592	504	538	578	517	708
Citations issued ¹	7,639	6,516	5,688	5,803	7,617	6,571	6,733	7,062	5,299	7,347
Fire:										
Number of incidents	8,113	8,239	8,470	8,323	8,946	8,980	9,354	10,169	10,484	10,684
Inspections performed ¹	3,145	2,794	2,247	2,994	2,208	2,234	1,974	2,186	2,827	4,075
Building and safety:										
Permits issued	1,453	1,721	1,647	1,536	1,600	2,150	1,932	1,947	2,110	2,408
Inspections performed	12,543	7,920	8,506	7,358	7,717	7,839	4,486	8,293	10,015	9,381
Parks and recreation:										
Community center attendance	68,093	37,973	22,398	18,000	21,084	19,100	31,238	42,625	44,725	51,000
Senior center attendance	34,899	43,706	29,008	20,668	24,897	27,891	29,415	28,675	24,415	24,970
Joslyn center attendance	43,989	37,477	26,707	13,016	19,934	16,932	21,846	23,795	21,554	20,498
Youth sports attendance	10,991	6,787	1,538	3,566	5,677	2,100	21,102	11,521	12,271	12,870
Adult sports attendance	10,259	10,260	4,735	7,780	6,534	20,340	7,200	5,760	2,830	1,800
Water:										
Number of services	21,667	21,534	22,487	23,075	23,845	21,732	21,842	21,842	22,378	22,113
Average daily consumption (thousands of gallons)	22,346	29,960	26,960	23,362	28,375	29,900	24,631	18,679	20,989	30,328
Solid waste:										
Recycled materials (tons)	37,334	28,329	25,194	24,183	25,756	26,570	20,611	22,805	22,287	23,758
Refuse disposed (tons)	54,171	78,832	81,428	71,441	65,887	72,228	49,416	52,826	52,527	51,798
Library:										
Number of volumes	142,050	142,945	144,229	143,622	143,436	142,989	140,667	144,122	144,887	144,173

¹ 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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	2	2	2	2	2	2	2	2	2	2
Fire:										
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	315	315	315	315	315	315	316	316	319	368
Traffic signals (city-owned)	68	68	68	68	68	68	68	68	68	69
Parks and recreation:										
Parks (acreage)	260	260	260	260	279	295	295	295	295	295
Groves (acreage)	204	204	195	195	159	159	159	159	164	164
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	404	386	386	386	386	390	386	386	385	388
Maximum daily production capacity (thousands of gallons)	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Non Potable Water *										
Water mains (miles)	28	28	29	27	29	30	32	33	34	34
Maximum daily production capacity (thousands of gallons)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Wastewater:										
Sewers (miles)	241	239	242	240	242	243	245	245	245	245
Daily capacity of wastewater plant (thousands of gallons)	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Solid waste:										
Landfill (city-owned)	1	1	1	1	1	1	1	1	1	1
Library:										
Public library	1	1	1	1	1	1	1	1	1	1

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

Source: City of Redlands