

City of
REDLANDS
California

*Comprehensive Annual
Financial Report*



*For the year ended
June 30, 2011*

Tina T. Kundig
Finance Director / City Treasurer

N. Enrique Martinez
City Manager



Comprehensive Annual Financial Report
For The Year Ended June 30, 2011

Redlands' City Council Members

Pete Aguilar, Mayor
Paul Foster, Mayor Pro Tempore
Jerry Bean, Council Member
Bob Gardner, Council Member
Jon Harrison, Council Member

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

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CITY OF REDLANDS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR FISCAL YEAR ENDED JUNE 30, 2011

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City of Redlands



December 23, 2011

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, 2011.

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

The City’s financial statements have been audited by Lance, Soll & Lunghard LLP, an independent firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the Fiscal Year ended June 30, 2011, 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 unqualified opinion that the City’s financial statements for the Fiscal Year ended June 30, 2011, 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.

“Preserving the Past, Protecting the Future”

P.O. BOX 3005 • i REDLANDS, CA 92373



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

PROFILE OF THE GOVERNMENT

The City of Redlands, incorporated in 1888, is located 63 miles east of Los Angeles, 110 miles north of San Diego, and 500 miles southeast of San Francisco. It lies within the San Bernardino Valley in the southwestern portion of San Bernardino County, covering an area of 36 square miles, within the heart of the Inland Empire. It serves a population of 69,231 residents.

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

Local economy. City of Redlands' economy is based largely in the service and trade sectors (health care, retail trade, government, and education) and light manufacturing. The region has a varied manufacturing and industrial base that has added to the relative stability of the unemployment rate over the years, although in the current economy the unemployment rate has risen, with the 2011 rate slightly lower, at 9.4%, than the prior year rate. Since 1999, the annual unemployment rate for the City has ranged from a low of 3.4% to a high in the prior year of 10.5%.

The City has significant land still available for industrial/commercial/office use with only a portion of these areas utilized. Major industries with headquarters or divisions located within the City's boundaries or in close proximity include computer hardware and software manufacturers, electrical controls, furniture manufacturing, and automobile component manufacturers, and several financial and insurance institutions. Major employers in the City or within the vicinity include the Redlands Unified School District, the United States Postal Service, Esri (Environmental Systems Research Institute), Redlands Community Hospital, Verizon/GTE, the University of Redlands, the City of Redlands, and Loma Linda University Medical Center, the Jerry L. Pettis Veterans Hospital, and the VA Loma Linda Healthcare System. Several large warehouse distribution centers have been developed over the past few years in the City or within its vicinity, including Bechton-Dickenson, Stater Bros. and Salton, with each having provided additional job opportunities to the community.

The City's property tax base had showed steady growth since Fiscal Year 2000-2001, increasing from \$3.2 billion in Fiscal Year 2000-2001 to \$7.7 billion in Fiscal Year 2008-2009. However, for the 2009-2010 tax roll, the City of Redlands experienced a net taxable value decrease of 1.9% and for the 2010-2011 tax roll, a decrease of 2.5%. The assessed value for the City decreased from the prior year by \$186 million (from \$7,538,540,177 to \$7,352,381,771). The change attributed to the Assessor granted -0.237% CPI adjustment was a decrease of \$15.4 million, which contributed to the overall decline in assessed value this year.

The largest assessed value increase on the secured tax roll was reported on an industrial parcel owned by Prologis Macquarie California Investments at 1901 California Avenue. This property was revalued after the addition of improvements on site for an increase of \$15.6 million. The parcel is under appeal. A commercial site owned by Ayres-Redlands LP (Ayres Hotel) located at 1015 W. Colton Avenue also enrolled new improvement values for an increase of \$7 million.

The largest decline in value, \$690 million, resulted from assets owned by the Mountainview Power Plant being transferred to the unitary rolls as a part of Southern California Edison. Although these values were removed from the local tax rolls at their release in July 2010, the values are being transferred back to the local roll for taxation so the reduction will be reversed. In addition, property purchased from Catellus by Pacgwl LLC at 1895 Marigold Avenue has been reduced to reflect the price paid by the new owner in the transaction for a reduction of \$17 million and Kaiser Foundation Hospitals at 1301 California Avenue was granted a full exemption for a reduction of \$12.9 million.

The taxable value of residential property in the City decreased by \$167 million, or 3.7%, commercial property increased by \$33 million, or 3.7%, and industrial property increased by \$19

million, or 2.6%. Since Fiscal Year 2001-2002 assessed valuation for the City of Redlands, net of exemptions and excluding RDA, rose by 116% and reached \$6.5 billion as of Fiscal Year 2010-2011, down from the 10-year high of \$7.1 billion in Fiscal Year 2008-2009. When combined with RDA, assessed value grew 121% from Fiscal Year 2001-2002 to \$7.3 billion, down from \$7.6 billion in Fiscal Year 2008-2009.

The median sale price of a single family home in Redlands from January through December 2010 was \$219,500, a \$5,500 or 2.4% decrease in median sale price from 2009.

Development activity occurring in Fiscal Year 2010-2011 has continued to decline due to the downturn in the economy. Residential growth experienced some improvement, with approximately 49 dwelling units permitted, 34 units more than in prior year, representing an increase of 227%. Prior to the downturn in the economy, the City averaged approximately 225 dwelling units per year for the last 15 years. There were no developments relative to industrial parks and warehouses during the year.

Approximately 110,243 square feet of office buildings was permitted in Fiscal Year 2009-2010 for administrative, professional, and medical uses. No office buildings were permitted in Fiscal Year 2010-2011.

In Fiscal Year 2009-2010, retail development activity was reduced to less than 5,000 square feet of new retail buildings permitted. This year there was no retail or warehouse activity.

Overall, projects that have received entitlements, but are not permitted, consist of approximately 1,005 residential dwelling units, approximately 552,062 square feet of commercial buildings, approximately 137,736 square feet of office buildings, and approximately 953,453 square feet of industrial buildings. Development of these is dependent on how quickly the economy recovers.

The Municipal Utilities and Engineering Department (MUED) embarked on a number of street projects during Fiscal Year 2010-2011. These projects and contract amounts include the following: Redlands & Orange Resurfacing Project, \$1,806,000; Church Street, Center Street and Alessandro Road, \$919,000; 2010 Resurfacing Project, \$1,224,482; and 2011 Resurfacing Project Phase II, \$765,305. In addition to the street resurfacing projects, MUED was also involved with many projects related to constructing and renovating sidewalk and ADA ramps. These projects include CDBG 9/10, \$260,340; CDBG 10/11, \$271,272; CDBG-R, \$113,763; and pavement patch repair for water projects, \$190,200.

MUED Park Projects during Fiscal Year 2010-2011 included the Terrace Park Project for \$299,305 and the State Street Landscaping Project for \$77,128.

MUED has also embarked on a number of utility related projects during Fiscal Year 2010-2011. Water related projects and contract amounts include the following: Water Pipeline CIP, \$2,431,612; Country Club Reservoir Replacement Project, \$85,820; Airport Well #2 Rehabilitation Project, \$97,305; Mentone Acres #2 Rehabilitation Project, \$289,744; Texas Street Booster Station Rehabilitation Project, \$71,189; and Agate Blending Plan Project, \$92,395. Wastewater related projects and contract amounts include the 2010 Sewer Main CIP for \$931,487 and the Photovoltaic Panel Project for \$674,000, which was paid for with grant funds.

In addition to City projects, the Redevelopment Agency's activities included the approval of improvements for the Recreation Center. Sidewalk and street improvements have been completed within the North Redlands Redevelopment Project Area.

The RDA continued the Downtown Storefront Improvement Program to include all commercial buildings located in the Downtown Redlands Redevelopment Project Area and developed incentives to encourage restaurant recruitment and expansion in the downtown. The seasonal Saturday Morning farmers' Market was expanded to year-round. A formal contract was extended with the Redlands Chamber of Commerce to assist with Economic Development activities.

New security cameras were installed in the Downtown Project Area, a beautification/graffiti eradication program was funded, and landscaping improvements were completed on State Street from Orange Avenue to Redlands Boulevard. The RDA also assisted with preparation of the Downtown Specific Plan to stimulate development within the project area.

In the area of Low and Moderate Income Housing, the RDA completed exterior renovations for 25 single-family homes for eligible homeowners and helped create local jobs by using only Redlands-based contractors to perform housing renovation improvements.

Long-term financial outlook/planning. In recent years the City has faced financial challenges as a result of the State Budget crisis, increases in PERS rates, increases in employee contracts, and employee retirements, and is continuing to face impacts associated with the greatest downturn in our economy that has been seen in many years. For many years during this decade, despite growth in property taxes, sales taxes, and development, the City's General Fund expenditures and uses exceeded its revenues and sources, thereby causing a decline in the General Fund's Unreserved Fund Balance. As a result, the City began to focus on financial policy decisions to balance the budget, establish minimum reserve levels, as well as to review service levels, enhance revenue opportunities, evaluate reorganizations and develop capital improvement plans. These actions helped the City's General Fund achieve net increases in its fund balance in Fiscal Year 2006-2007, with its fund balance increasing by \$1.4 million, and again in Fiscal Year 2007-2008, with its fund balance increasing by \$1.9 million. These actions over the two years proved invaluable to the City as the downturn in the economy hit in Fiscal Year 2008-2009. In the fall of Fiscal Year 2008-2009, the City Council, the City Manager and the executive staff examined the potential impacts to the City of the downturn in the economy, particularly as a result of the significant decline in sales tax revenue and a slowdown in development activity. Departmental budgets were reduced wherever possible and an early retirement incentive program was established, along with a furlough program for all employees that began during the second half of Fiscal Year 2008-2009. As a result of the team effort on the part of all City staff to reduce expenditures, and as a result of improvement in certain revenue categories that resulted in an additional \$870,000 in revenues over adjusted budget, the fund balance of the City's General Fund increased by \$3.7 million during that year. Despite the positive outcome to Fiscal Year 2008-2009, the City continued to face challenges in Fiscal Year 2009-2010 as a result of the poor economic climate and continued declines in sales taxes and development revenues. Adding to the decline during Fiscal Year 2009-2010 in these revenue

categories, the City realized declines in property taxes, franchise fees, and in other taxes. Although revenues declined, the City ended Fiscal Year 2009-2010 with a General Fund Unreserved Fund Balance of \$5,802,815, which exceeded projections by \$1.25 million, as a result of the City tightening its belt and reducing expenditures, as well as realizing higher revenues in a number of categories. Additionally, City employees continued the furlough program during Fiscal Year 2009-2010.

The City continued its efforts to reduce expenditures during Fiscal Year 2010-2011, continuing the furlough program and leaving vacancies in place, primarily in the Police department. Expenditures came in slightly under budget, by \$6,026, while revenues exceeded budget by \$1,245,754. Total financing sources exceeded uses by \$1,626,640, after taking into account a deficit of \$83,825 from the Designated Receipts Fund that previously was included in a separate Special Revenue Fund, but which has been included in the General Fund in accordance with the requirements of GASB 54. A further review of the General Fund is included within the Management Discussion and Analysis which follows.

Pension and other postemployment benefits. The City contributes to the California Public Employees Retirement System, an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by this funding policy. A discussion of the amortization of the unfunded actuarial liability associated with employee services rendered to date is discussed in Note 11 of the Notes to the Basic Financial Statements.

The City also provides post-retirement health care benefits, in accordance with applicable Memoranda of Understanding and the California Government Code, to all employees who retire from the City of Redlands. In accordance with GASB Statement 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions", the City of Redlands hired an actuary to determine its annual other postemployment benefit (OPEB) cost based on the annual required contribution (ARC). At June 30, 2011, the City's OPEB obligation was \$10,313,612 and is more fully discussed in Note 12 of the Notes to the Basic Financial Statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Redlands for its comprehensive annual financial reports for the Fiscal Years ended June 30, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance department. Special recognition is due to the Assistant Finance Director, Tom Steele, Revenue Manager, Karin Grance, Senior Accountant, Jacquelyn Guest, and Accountant, Denise Camarillo for their extraordinary effort in overseeing the compilation of the accounting data and interfacing with our auditors, to the accounting firm of Lance, Soll & Lunghard, LLP and to Tricia Swope, Senior Administrative Assistant, and Janice McConnell, Executive Assistant.

Respectfully submitted,



Tina T. Kundig
Finance Director/City Treasurer

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

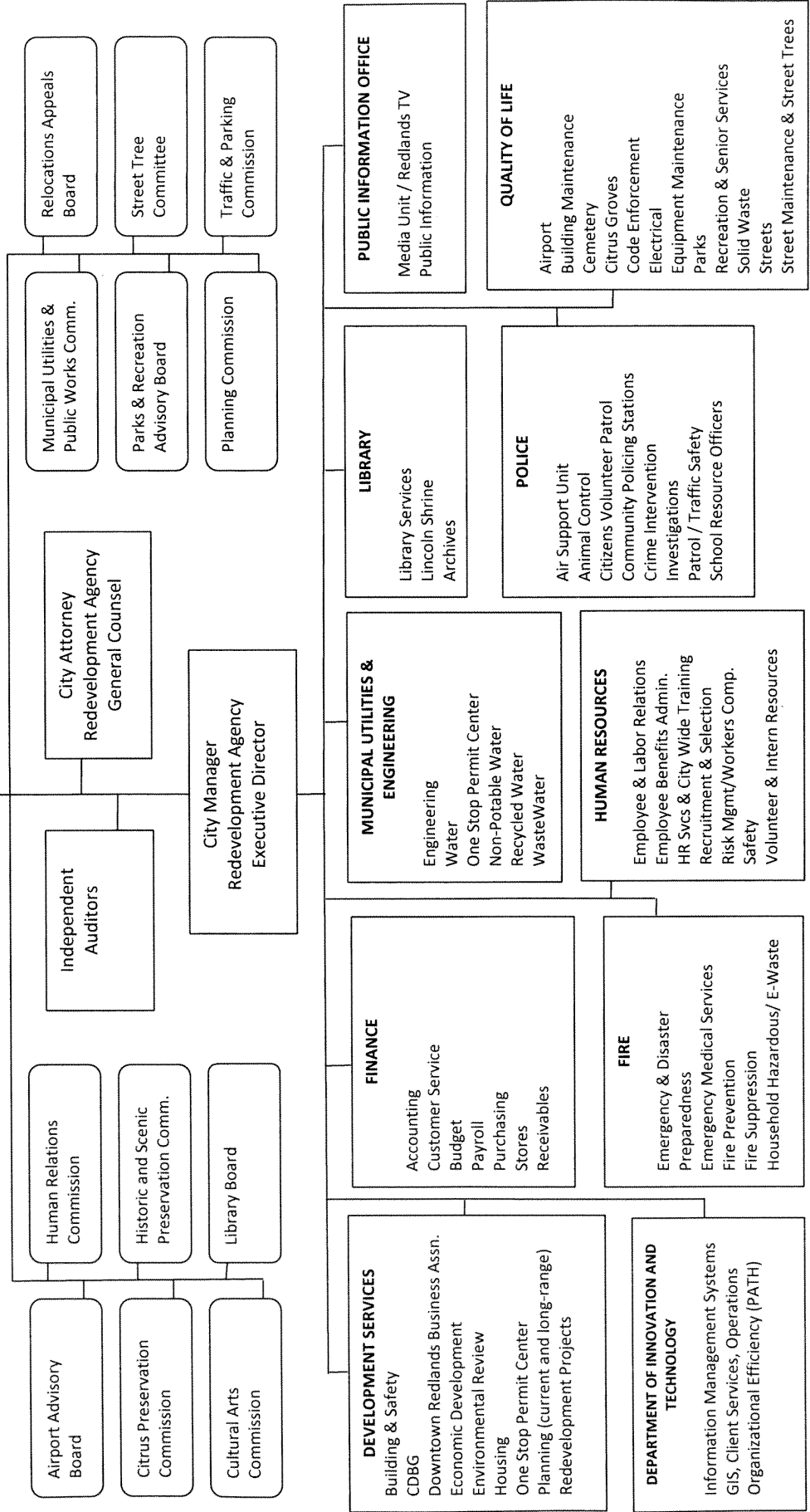
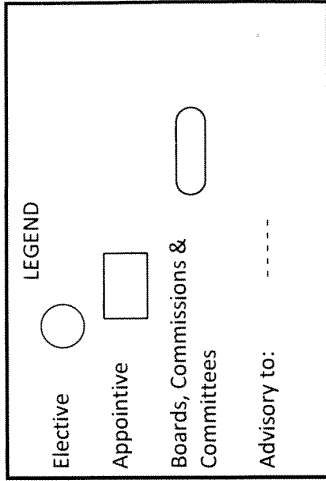
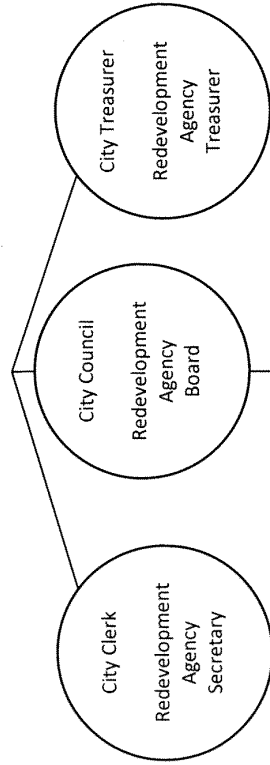
President

Jeffrey R. Emer

Executive Director

CITY OF REDLANDS, CA
 ORGANIZATIONAL CHART
 Approved By
[Signature]
 N. Enrique Martinez, City Manager
 Effective July, 2011

VOTERS



CITY OF REDLANDS
PRINCIPAL OFFICERS

CITY COUNCIL (Elected)	Peter R. Aguilar, Mayor Paul Foster, Mayor Pro Tem Jerry Bean, Councilmember Bob Gardner, Councilmember Jon P. Harrison, Councilmember
CITY MANAGER	N. Enrique Martinez
CITY CLERK (Elected)	A. Samuel Irwin
CITY ATTORNEY	Daniel J. McHugh
CHIEF INFORMATION OFFICER	David Hexem
DEVELOPMENT SERVICES DIRECTOR	Oscar W. Orci
FINANCE DIRECTOR / CITY TREASURER	Tina T. Kundig
FIRE CHIEF	Jeff L. Frazier
HUMAN RESOURCES DIRECTOR	Deborah K. Scott-Leistra
LIBRARY DIRECTOR	Larry E. Burgess
MUNICIPAL UTILITIES & ENGINEERING DIRECTOR	Rosemary Hoerning
POLICE CHIEF	Mark Garcia
QUALITY OF LIFE DIRECTOR	Alfredo Cardenas



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

INDEPENDENT AUDITOR'S REPORT

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

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 (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Public Facilities Development Special Revenue Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 19 – "California Redevelopment Agency Uncertainty". The note provides information on two bills passed, AB1X26 and 27 which dissolve redevelopment agencies effective October 1, 2011 and provide an option to avoid dissolution by making certain defined payments.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Lance, Soll & Loughard, LLP

Brea, California
December 19, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of Redlands provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual CAFR consists of a series of financial statements. The Statement of Net Assets 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 three parts – *management's discussion and analysis* (this section), the *basic financial statements*, 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 *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			
	<u>Government-wide Statements</u>	<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 assets • 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 assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City’s fiduciary funds do not currently contain capital assets, although they can
Type of inflow/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 Assets 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 assets and changes in them. You can think of the City's net assets – the difference between assets 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 assets are 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 Assets and the Statement of Activities, we divide the City services into two kinds of activities:

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

Reporting the City's Most Significant Funds

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

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

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

Reporting the City's Fiduciary Responsibilities

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

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

CITY OF REDLANDS Statement of Net Assets June 30, 2011

Table 1

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other Assets	\$ 80,712,376	\$ 80,821,599	\$ 70,918,019	\$ 70,248,449	\$ 151,630,395	\$ 151,070,048
Capital Assets	599,002,722	593,338,222	158,568,855	156,375,855	757,571,577	749,714,077
Total Assets	679,715,098	674,159,821	229,486,874	226,624,304	909,201,972	900,784,125
Long-term Debt Outstanding	87,961,587	90,639,984	37,635,432	39,661,180	125,597,019	130,301,164
Other Liabilities	6,807,386	5,473,678	3,374,022	5,274,932	10,181,408	10,748,610
Total Liabilities	94,768,973	96,113,662	41,009,454	44,936,112	135,778,427	141,049,774
Net Assets:	584,946,125	578,046,159	188,477,420	181,688,192	773,423,545	759,734,351
Invested in Capital Assets, Net of Debt	568,588,535	552,406,654	130,856,115	131,748,406	699,444,650	684,155,060
Restricted	24,855,791	28,304,090	4,212,895	4,166,635	29,068,686	32,470,725
Unrestricted	(8,498,201)	(2,664,585)	53,408,410	45,773,151	44,910,209	43,108,566
Total Net Assets	\$ 584,946,125	\$ 578,046,159	\$ 188,477,420	\$ 181,688,192	\$ 773,423,545	\$ 759,734,351

The increase in net assets can provide an indication that the overall financial position of the City improved during the year, by a total of \$12,478,899 as indicated in the Changes in Net Assets Table 2 below. Table 1 shows that net assets of the government-wide activities increased by 1.8%, from \$759,734,351 in 2010 to \$773,423,545 in 2011. Governmental Activities net assets increased by 1.19%, from \$578,046,159 at June 30, 2010 to \$584,946,125 at June 2011. The City's net assets of business-type activities increased by 3.7% from \$181,688,192 in 2010 to \$188,477,420 in 2011.

The increase in the net assets of the Governmental Activities during 2011 of \$6.9 million was primarily the result of an increase in capital assets of \$5.7 million and a reduction in liabilities of \$1.3 million. The increase in capital assets included \$6.9 million in Rights of Way and a net reduction in Machinery, Equipment and Vehicles of \$1.1 million. Rights of Way increases included 140,642 square feet at South Church Street, 15,342 square feet at Park Avenue, 3,890 square feet at Texas Street and 3,408 square feet at State Street. The overall reduction in

Machinery, Equipment and Vehicles was the result of \$1,009,903 in retirements of vehicles, with \$604,425 from Public Safety and \$259,674 from Highways and Streets and a prior period adjustment that decreased vehicles by \$64,381. These decreases were partially offset by increases due to the addition of \$618,667 in Machinery and Equipment, the majority of which was \$405,000 for video surveillance equipment for the Police Department and \$184,000 in the Fire Department for defibrillators. A prior period adjustment of \$478,957 was made to add to depreciation, primarily for Public Safety Machinery and Equipment in the amount of \$252,157 Vehicles in Highways and Streets in the amount of \$170,909. The latter adjustment contributed to the overall reduction in this category.

The overall reduction in liabilities of \$1.3 million occurred as a result reductions in Long-Term Debt of approximately \$4.9 million, primarily from debt service payments and a net increase in the OPEB Obligation of the Governmental Activities of approximately \$2.2 million. In addition, an increase of \$1.3 million occurred in Other Liabilities.

The increase in net assets of \$6.8 million for the Business Activities resulted, in part, from a net increase in capital assets of approximately \$2.2 million primarily as a result of a net increase in Construction in Progress of approximately \$2.3 million. Additions to Construction in Progress were \$6.1 million with \$4.5 million in the Water Fund and \$1.6 million in the Sewer Fund. The Water Fund spent \$1.4 million for the Pipeline Replacement Project, \$1.1 million for the Highline Relocation (PH 2 &3), and \$783,000 for the Country Club Reservoir 1 Replacement, with additional monies spent on various other improvements to the City's Water system. The major project expenditures in the Sewer Fund included \$764,000 on the Local Collection Mains 2010 Project, \$674,000 on the Solar Project, and \$145,000 on Solids Handling. Construction completed and transferred to Infrastructure included \$2,155,474 in water lines and \$864,000 in reservoirs in the Water Fund and \$780,009 in sewer lines in the Sewer Fund.

Also contributing to the increase in net assets is a reduction of \$3.9 million in liabilities due to debt service payments of \$3.9 million and an increase in Compensated Absences of \$678,000. Other Liabilities decreased by \$1.9 million which included a reduction in Accounts Payable.

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

CITY OF REDLANDS
Change in Net Assets – Year Ended June 30, 2011

Table 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Program Revenues:						
Charges for Services	\$ 11,510,466	\$ 7,870,041	\$ 38,244,076	\$ 36,256,230	\$ 49,754,542	\$ 44,126,271
Operating Grants & Contributions	5,883,602	10,048,934	871,940	186,999	6,755,542	10,235,933
Capital Grants & Contributions	8,488,204	11,513,845	552,272	960,605	9,040,476	12,474,450
General Revenues:						
Property Taxes	30,098,303	29,907,393	68,098	38,082	30,166,401	29,945,475
Sales Taxes	12,090,894	11,669,250	-	-	12,090,894	11,669,250
Franchises	3,227,606	2,886,836	-	-	3,227,606	2,886,836
Other Taxes	1,065,671	1,167,543	-	-	1,065,671	1,167,543
Use of Money and Property	647,310	746,194	610,787	1,488,031	1,258,097	2,234,225
Other	642,842	-	922,642	-	1,565,484	-
Gain on Sale of Capital Asset	-	-	516,500	-	516,500	-
Intergovernmental	480,868	370,373	-	-	480,868	370,373
Total Revenues	74,135,766	76,180,409	41,786,315	38,929,947	115,922,081	115,110,356
Program Expenses:						
General Government	11,803,705	15,277,666	-	-	11,803,705	15,277,666
Public Safety	38,587,942	40,002,463	-	-	38,587,942	40,002,463
Highways and Streets	9,380,254	8,391,171	-	-	9,380,254	8,391,171
Culture and Recreation	3,349,080	3,610,031	-	-	3,349,080	3,610,031
Library	1,964,269	2,167,109	-	-	1,964,269	2,167,109
Interest on Long-term Debt	3,456,262	6,957,598	-	-	3,456,262	6,957,598
Water	-	-	16,211,193	15,813,173	16,211,193	15,813,173
Disposal	-	-	9,217,359	9,344,247	9,217,359	9,344,247
Sewer	-	-	7,882,670	7,888,041	7,882,670	7,888,041
Aviation	-	-	287,854	250,732	287,854	250,732
Cemetery	-	-	503,445	494,949	503,445	494,949
Groves	-	-	656,608	717,394	656,608	717,394
Non-Potable Water	-	-	142,541	411,980	142,541	411,980
Total Expenses	68,541,512	76,406,038	34,901,670	34,920,516	103,443,182	111,326,554
Increase in Net Assets before Transfers	5,594,254	(225,629)	6,884,645	4,009,431	12,478,899	3,783,802
Transfers	573,115	(54,449)	(573,115)	54,449	-	-
Increase (decrease) Net Assets	6,167,369	(280,078)	6,311,530	4,063,880	12,478,899	3,783,802
Beginning Net Assets	578,046,159	578,326,237	181,688,192	177,624,312	759,734,351	755,950,549
Restatement of Net Assets	732,597	-	477,698	-	1,210,295	-
Ending Net Assets	\$ 584,946,125	\$ 578,046,159	\$ 188,477,420	\$ 181,688,192	\$ 773,423,545	\$ 759,734,351

Governmental Activities

Revenues for the City's governmental activities decreased 2.7% from \$76,180,409 in 2010 to \$74,135,766 in 2011. Total governmental activity expenses decreased by 10.3% from \$76,406,038 in 2010 to \$68,541,512 in 2011. The cost of all *government-wide* activities decreased by 7.1% from \$111,326,554 in 2010 to \$103,443,182. As shown in the Statement of Activities on pages 22 and 23 of the CAFR, the amount that taxpayers financed for these activities through City taxes was \$42,659,240 while other costs were paid by those who directly benefited from the programs, in the amount of \$11,510,466, by other governments and organizations that subsidized certain programs with operating grants and contributions, in the amount of \$5,883,602, or capital grants and contributions in the amount of \$8,488,204. Overall,

the City's governmental program revenues were \$25,882,272, including intergovernmental aid, fees for services, and contributions from developers.

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

Charges for services increased by \$3,640,425 or 46.3% in 2011 with the most notable increase in General Government, \$3,449,226. Increases in charges for services resulted primarily as a result of a change in revenue classification from prior year for General Government Service Charges of \$3,159,535, which in prior year were included in General Government - Operating Contributions and Grants. In addition, an increase in certain development revenues was noted, including increases of \$88,133, \$54,608, and \$28,663 for Building Permits, Plan Checks, and Conditional Use Permits, respectively. Waste Import Fees increased by \$76,394 over the prior year. In Public Safety, the increase of \$380,883 resulted partly due to reclassifications, which included \$427,135 in Drug Confiscation revenues reflected in this category in the current year, but which were previously included in Public Safety – Operating Grants and Contributions. Inspections previously shown in this category but now included in General Government – Charges for Services, resulted in a decrease in Public Safety of \$99,210. Increases in Public Safety were noted in Rental Property Inspections of \$39,657 and Parking Fines of \$15,479. Highways and Streets declined by \$250,383 as a result of decreases in Street Permits of \$33,557, Street Trench Cuts of \$150,562 and \$185,028 in assessments from Street Lighting District #1, Community Facilities District 2004-1 and the Landscape Maintenance District which were previously shown in this category, but in 2011 have been included with Property Taxes. These decreases were partially offset by an increase of \$131,624 in NPDES fees. A small increase of \$70,574 occurred in Culture and Recreation, partly due to changes in revenue classifications from prior year. These changes included \$11,845 in Nonresident Fees, previously classified under Library - Charges for Services and \$121,339 in Library/Lincoln Shrine Support, previously included as Culture and Recreation, but under Operating Grants and Contributions. In addition to changes resulting from reclassification of revenue categories, reductions of \$79,941 were noted for recreation sports programs that were eliminated as a result of budget cuts, and an increase in revenues of \$31,947 occurred from contract classes offered through the Recreation Division.

Operating Grants and Contributions decreased by \$4,165,332 or 41.5% from prior year. The majority of this decrease resulted from reclassification of revenue categories from prior year. As previously noted, approximately \$3.2 million in General Government Service Charges, previously classified in this category, were reclassified to the General Government - Charges for Services category. Other decreases in this category resulting from revenue reclassifications include a decrease of \$332,751 relating to Drug Confiscation monies, \$333,835 in Mutual Aid and \$237,517 in Cost Recovery that in the prior year were included in Public Safety – Operating Grants and Contributions, but for the current year have been included under Public Safety – Charges for Services. In addition to the changes from reclassifications, Supplemental Law Enforcement grant revenue declined by \$16,444.

Capital Grants and Contributions decreased by \$3,025,641 or 26.3%. The majority of the decrease was due to the value of right-of-way contributions received from developers in the prior year exceeding contributions in the current year.

Property Taxes increased by \$190,910 or 0.6%, over prior year despite a decline in the assessed value of residential, commercial, and industrial properties. The City had a net taxable value decrease of 2.5%, or \$186 million, compared to a net taxable decrease of 1.9%, or \$145 million, in the prior year. The change attributed to the assessor granted -0.237% CPI adjustment was a decrease of \$15.4 million, which contributed to the overall decline. The increase in this category is primarily attributed to the reclassification of assessments previously included with Highways and Streets – Charges for Services. These included \$28,970 for Street Lighting Assessment

District, \$119,113 for Community Facilities District 2004-1, and \$25,833 for Landscape Maintenance District.

Sales Taxes increased by \$421,644, or 3.6%. During the year, the City's sales taxes increased, in part, due to the addition of a new apparel store, as well as gains from new motor vehicle dealers and higher fuel prices.

Franchise Fees increased by \$340,770 or 11.8%. In the prior year, Franchise Fees had decreased significantly primarily due to decreased fees paid by the Gas Company as a result of a reduction in the price of gas that remained low throughout the calendar year, as well as decreased gas usage by a local utility. In the current year, gas prices increased, as did gas usage by the local utility, so the Gas Company's fees increased by \$248,243. Franchise fees from the City's two Cable providers increased by \$96,427, while franchise fees from the electric utility declined slightly by \$3,900.

Other taxes, which include Possessory Interest, Transient Occupancy Tax and Mining Tax, decreased by \$101,872 or 8.7%. Possessory Interest and Mining Tax decreased by \$38,747 and \$76,505, respectively, presumably from the effects of the sluggish economy. However, the City saw an increase of \$13,380 in Transient Occupancy Tax, indicating that more visitors came to Redlands, potentially due to the fact that the City is the home of the University of Redlands, as well as the headquarters for ESRI, a software development and services company that is a leader in providing Geographic Information Systems (GIS) software and geodatabase management applications.

Use of Money and Property decreased by \$98,884 or 13.3% as a result of decreased earnings on investments held in the City's portfolio resulting from the prevailing economic conditions. The decline in this category would have been even larger had it not been for increases resulting from revenues from the sale of surplus property in the amount of \$63,570, as well as reclassification of interest income previously included with Operating Grants and Contributions for the Open Space and Park Development Funds, in the amount of \$20,882 and \$21,104, respectively, for the Local Transportation Fund in the amount of \$76,262, and the Measure I Fund in the amount of \$36,401.

Other Revenues of \$642,842 is a new category of revenues and includes Miscellaneous Receipts of \$540,544 that in prior year were included under Operating Contributions in various functional categories. The majority of these receipts are from unclaimed funds that were held on deposit, and when legally noticed and still unclaimed, were transferred into the General Fund. This category also includes \$1,204 in Miscellaneous Taxable Sales and Cemetery Endowment receipts of \$65,979. A conversion entry of \$35,115 was made to adjust for Internal Service Funds.

Intergovernmental revenues increased by \$110,495 or 29.8%, primarily due to an increase of \$153,376 in Motor Vehicle License Fees that included an excess payment for the fiscal year of approximately \$187,000. Reductions from prior year occurred for Mandated Cost Reimbursement in the amount of \$40,766, AB 2766 Subvention from the Air Quality Management District in the amount of \$2,102, and \$13 in Off-Highway License Fees.

General Government expenses decreased by \$3,473,961 or 22.7%. The largest decrease in expenditures, a \$2.6 million decrease, was in the Low and Moderate Income Housing Fund. The reduction occurred because in the prior year \$2.6 million was spent in support of the Neighborhood Revitalization Program, while in the current year only \$234,000 was expended in support of that program. The Redevelopment Agency Project Fund expenditures were reduced by almost \$1.3 million primarily as a result of significant capital expenditures in the prior year that were not repeated in 2011. These included \$728,235 for the Stuart Avenue Storm Drain

Project and \$252,082 for a video surveillance system to be used by the Police Department in support of the Redevelopment area. Overall, Redevelopment Agency expenditures have had to be curtailed due to the impacts associated with the State's requirement that the Redlands Redevelopment Agency pay \$2,389,188 into the Supplemental Educational Revenue Augmentation Fund (SERAF) in 2010, and another \$491,892 in 2011. Recent legislation at the State level puts the future of the Redevelopment Agency into question.

Public Safety expenses decreased by \$1,414,521 or 3.5%. Public Safety expenditures in the General Fund decreased by approximately \$1.4 million as a result of an overall effort to reduce spending, including reductions of approximately \$1.3 million in salaries and benefits in the Police department as a result of vacancies that have remained due to budget constraints. The Fire department had reduced salaries and benefits in the General Fund of \$217,000, however salaries and benefits in the Emergency Medical Services Fund increased by \$202,000. Other changes included an increase in expenditures in the Police Grants Fund. Expenditures in Fiscal Year 2010-2011 for new grants totaled \$323,643 and included a COPS Secure Our Schools Grant.

Highway and Streets increased by \$989,083 or 11.8% despite a decrease in General Fund expenditures of nearly \$241,902 that occurred to address budget constraints. Increases occurred in the Measure I, Local Transportation, General Capital Improvement, and Public Facilities Funds, in the amounts of \$142,690, \$85,458, and \$344,470, respectively. These increases supported the Resurfacing Program 2010 in the Measure I Fund, the Orange and Redlands Blvd. Improvements Project in the Local Transportation Fund, and the Core Block Park Once Structure Project in the General Capital Improvement Fund. An increase of \$119,619 in salary and benefit expenditures in the Public Facilities Fund occurred as a result of a reclassification of expenditures into this category which were previously included under Public Safety. The net increase resulting from differences in GASB 34 conversion entries from the prior year to the current year was \$522,608, which included an increase in the OPEB obligation of \$231,916 and an increase in the adjustment for Internal Service Funds of \$306,012.

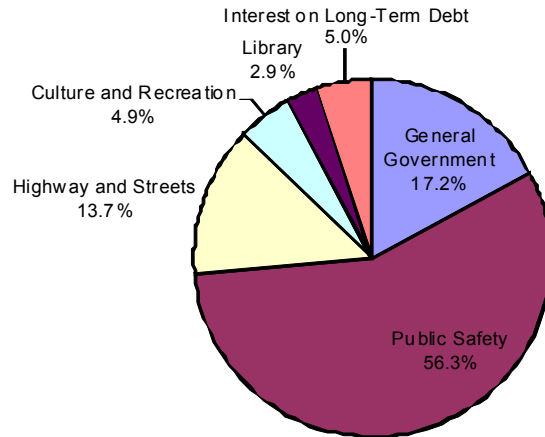
Culture and Recreation expenses decreased by \$260,951 or 7.2%. The primary decrease in Culture and Recreation occurred in the General Fund with expenditures decreasing by \$625,272 as a result of the City reducing salaries and benefits and services and supplies in its effort to address the City's budget concerns. Salaries and benefits in Recreation were reduced by \$299,981 while salaries and benefits at the Senior Center increased slightly, by \$16,986. In Parks and Recreation, salaries and benefits were reduced by \$277,266. Expenditures increased from prior year in the Open Space Development Fund by approximately \$69,000, primarily as a result of a payment of \$63,575 to the City of Loma Linda for the City of Redlands' share of the required cash match for the San Timoteo Creek Habitat Enhancement Project. The purpose of the Project was to assemble properties utilizing grant funds awarded to the cities of Redlands and Loma Linda by the U. S. Environmental Protection Agency (EPA). In addition, expenditures in the Park and Open Space Development Fund increased by \$331,000 with \$330,000 expended for the Terrace Park Project.

Library expenses decreased by \$202,840 or 9.4%, with a decrease of \$162,782 in salaries and benefits that occurred as a direct result of the City's budget constraints and its overall effort to reduce spending. This increase was offset somewhat by an increase in expenditures for services of \$25,553, primarily from an increase in Information Technology Service Charges, and a \$3,932 increase in supplies. A net decrease of \$69,543 occurred as a result of conversion entries.

Interest on Long-Term Debt decreased by \$3,501,336 or 50.3%. Actual interest payments on outstanding debt decreased by approximately \$88,000 from prior year. The majority of the

decrease from prior year resulted from the inclusion of \$2.4 million of the Redevelopment Agency's Supplemental Educational Revenue Augmentation Fund (SERAF) payment in last year's interest expense, along with adjustments and GASB 34 conversion entries that added approximately \$773,000 to prior year interest expense. In addition to the impacts resulting from prior year, the current year GASB 34 conversion entries reduced interest expense by \$326,755.

Expenses by Functions Governmental Activity



Business-Type Activities

Revenues of the City's Business-Type Activities (See Table 2) increased by 7.3%, or \$2,856,368, from \$38,929,947 in 2010 to \$41,786,315 in 2011 and expenses decreased by 0.05%, or \$18,846, from \$34,920,516 in 2010 to \$35,901,670 in 2011.

Charges for Services in all of the Business-Type Activities increased by \$1,987,846 or 5.5%.

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

Charges for Services in the Water Fund increased by \$747,333 or 4.2% primarily as a result of a rate increase of 5.5% in January, 2011 that followed prior rate increases of 8.5% in March, 2009 and again in January, 2010.

Charges for Services in the Disposal Fund increased by \$1,120,251 or 12.6%, primarily due to rate increases of 10% on July 1, 2010 and again on January 1, 2011.

Charges for Services in the Sewer Fund increased by \$528,822 or 6.9%, primarily due to a rate increase of 5% in January, 2011 that followed previous rate increases of 12% in March, 2009 and January, 2010.

Charges for services in the Groves Fund decreased by \$119,130 or 21.6% due to market conditions that affected the price of the whole fruit versus the price of juiced fruit.

Charges for services in the Non-Potable Water Fund increased \$40,216 or 7.6%.

Charges for Services in the Aviation Fund decreased by \$271,285 or 92.8%. In prior year, certain revenues totaling \$275,912 have been reclassified to Other Revenues. Excluding this reclassification, revenues increased by \$4,627.

Charges for Services in the Cemetery Fund decreased by \$58,361 or 13.9%. Certain revenues totaling \$76,871, that in prior year were included in Charges for Services, have been reclassified to Use of Money and Property and Other Revenues in the current year. Excluding the reclassification, charges for services increased by \$18,510.

Operating Grants and Contributions increased by \$684,941 or 366.3%. In addition to reclassification in various miscellaneous revenue accounts, the primary reasons for the increase included a \$194,000 contribution in the Solid Waste fund toward a renewable energy project at the landfill in addition to the receipt of a federal grant for the construction of a solar power project at the treatment facility.

Capital Grants and Contributions decreased by \$408,333 or 42.5%. The majority of the decrease occurred because there were no capital contributions of developer infrastructure improvements recognized in the Water and Sewer Funds this year, whereas in the prior year \$476,000 was recognized. Impact fees in the Water and Solid Waste Funds decreased by \$61,032 and \$2,596, respectively, and increased in the Sewer Fund by \$122,062. Aviation Capital Grants and Contributions increased as a result of additional FAA grants of approximately \$14,379 more than in prior year.

Property taxes increased by \$30,016 or 78.8% in the Aviation Fund. Unsecured property taxes for aircraft in the current year were \$68,098 compared to \$38,082 in the prior year.

Use of Money and Property decreased by \$877,244 or 59%. The difference is due to decreased earnings on investments held in the City's portfolio resulting from the prevailing economic conditions.

Operating expenses of the City's Business Activities, taken from the Statement of Revenues, Expenses, and Changes in Fund Net Assets, increased for Water by \$491,342 or 3.3%, with Disposal decreasing by \$484,087 or 5.2% and Sewer increasing by \$166,155 or 2.3%. The increase in the Water Fund was due to increased costs for plant operations, repairs and maintenance. The decrease in the Disposal Fund was due, in part, to reductions in Personnel Services of \$150,000 and depreciation expenses of \$350,000.

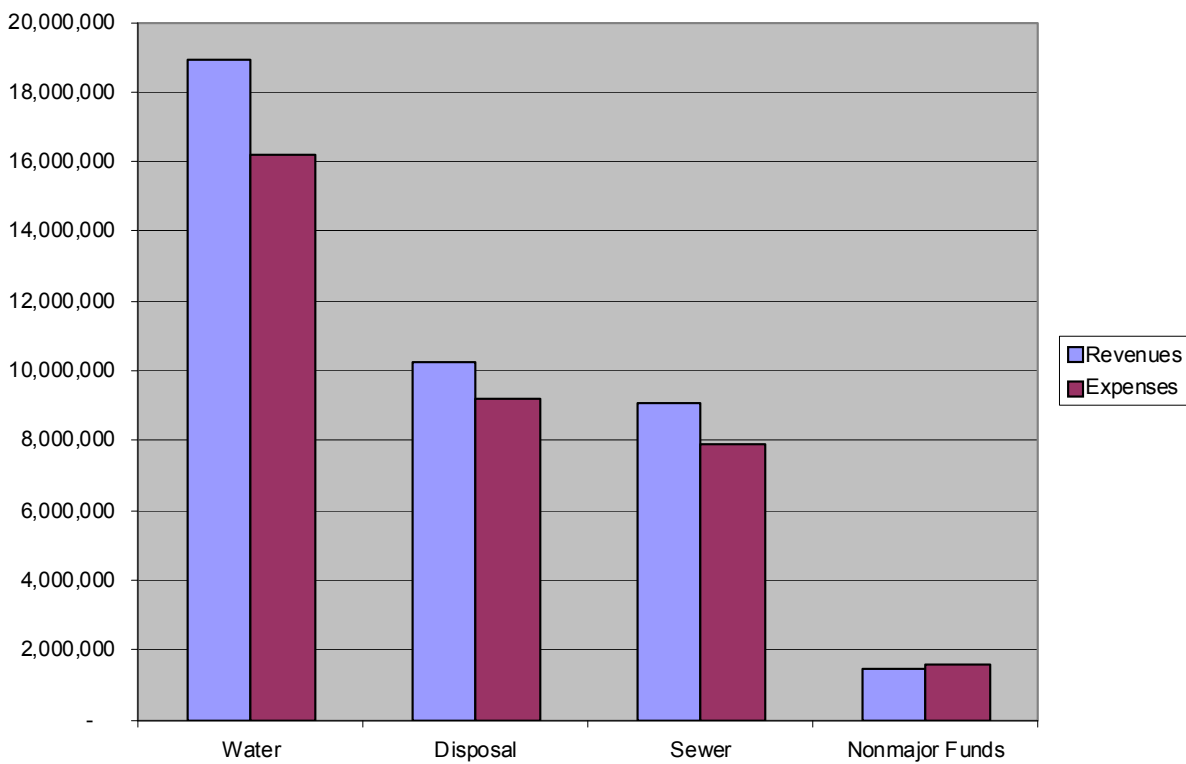
In the Aviation Fund, operating expenses increased by \$54,886 or 22.9%, due to the installation of camera equipment to monitor airport activity, at a cost of \$44,000, and the required removal of an old underground storage tank for \$24,000.

Cemetery operating expenses decreased by only \$7,728 or 1.6%, with all of the increase due to salaries and benefits.

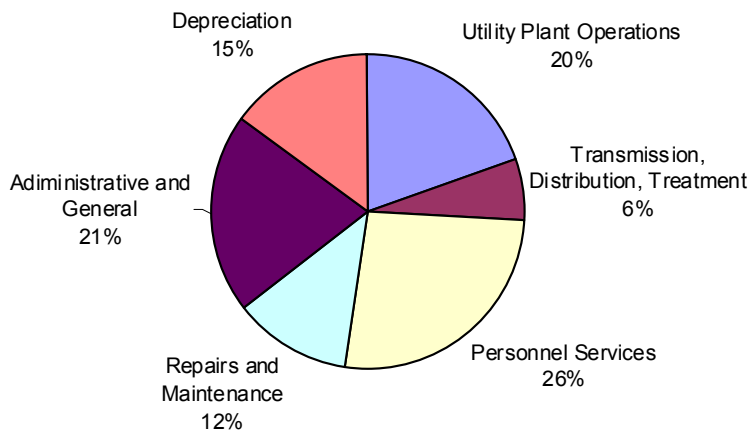
Operating expenses of the Groves Fund decreased by \$60,785 or 8.5%. This decrease was due to reductions of \$30,000 in salary and benefit charges and \$20,000 in services from prior year.

Operating expenses of the Non-Potable Water Fund decreased \$269,439 or 65.4%. This decrease was due to reductions of \$175,000 in salary and benefit charges and \$100,000 in operating and repair services and supplies from prior year.

Expenses and Program Revenues - Business-type Activities



Operating Expenses - Business-type Activities



MAJOR FUNDS

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

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of June 2011, the total fund balance reported for the general fund was \$21,419,135, an increase of \$1,626,640, or 8.2%, from the prior year fund balance of \$19,792,495. As a measure of the general fund's liquidity, it can be useful to compare the total fund balance to total fund expenditures, which show that fund balance is 46.5% of general fund expenditures, however only \$8,767,650 of the \$21.4 million fund balance is unassigned. The unassigned fund balance of \$8.8 million, together with the \$6.6 million fund balance committed to contingencies, is the only portion of fund balance readily available for spending and represents 33.4% of general fund expenditures. With the changes in reporting fund equity required by GASB 54, included in the unassigned balance is \$1,958,230 in designated receipts, which is held in a separate fund and was previously reported as a special revenue fund. When these receipts are excluded, \$6,809,420 is unassigned, resulting in an available general fund balance of 29.2% of expenditures. Total general fund expenditures this year were \$2,605,476 less than prior year and total general fund revenues this year were \$111,728 greater than prior year.

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

- Sales Taxes increased by a net of \$402,061 from prior year due to a State adjustment in the compensation amount and decreased sales and use tax receipts; Public Safety Sales Tax (Prop. 172) increased by \$19,582;
- Property Taxes decreased by \$751,720 (includes amount previously shown in Motor Vehicle In-Lieu Revenue) largely due to reduced secured property valuations;
- Franchise Fees increased \$340,770 due to the combination of increased capacity of gas powered electrical generators at a local utility plant and cable TV revenues;

- “Other” Taxes increased a net of \$66,003, due to increases in Transient Occupancy Taxes and Property Transfer Taxes offset by further decreases in Mining Taxes;
- Licenses and Permits reflect a reduction of \$703,827 but include a reclassification of revenues. When this reclassification is excluded from the calculation, revenues increased \$287,573, mostly due to increases in building permits, plan checks and NPDES permit fees;
- Intergovernmental Revenues increased a net of \$230,205 due to an excess payment of Vehicle License Fees and an old federal grant closeout offset by a reduction in State Mandated Cost Reimbursements;
- Charges for Services reflect an increase of \$544,430 over last year. This includes charges to other City funds which increased by \$19,268 due to an increase in collections from impact fee revenue. There was no Consumer Price Index increase to the cost allocation plan due to the state of the economy. This revenue category also experienced a reclassification and when this is taken into account, external Charges for Services actually decreased \$610,285, due to reductions in Mutual Aid Reimbursements, Attorney Services collections, Fines and Forfeitures and Contractual Services;
- Use of Money and Property decreased \$447,935, largely due to \$303,903 in reductions in Investment Income, Rental Income, Sales of Surplus Property and a reclassification of revenue;
- Miscellaneous Revenue increased by \$412,160 which is largely the result of a \$297,161 reclassification of deposit receipts.

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 \$6,155,054. The funds and amounts owed include the General Fund in the amount of \$5,645,054, the Open Space Fund and Park and Open Space Development Fund, \$130,000 each, the Storm Drain Construction Fund, \$100,000, and the Water Fund, \$150,000. This is an increase from last year of \$1,054,385 due to a need for new advances to the Police, Fire, Library and General Government funds. The decrease in fund balance/net assets results primarily from the transfer to the General Fund of \$175,097 for Fire equipment lease payments, and continued work performed on Safety Hall and the continued lack of development activity.

The **City of Redlands General Debt Service** fund accounts for the receipt of property taxes to be used for the retirement of the 1988 General Obligation Measure “O” Open Space Bonds, the 1994 Refunding General Obligation Bonds, and the 2003 General Obligation Refunding Bonds, as well as to account for the activity relating to the 2007 Taxable Pension Funding Bonds. Principal and interest payments on the 2003 General Obligation Bonds and the 2007 Taxable Pension Funding Bonds were \$604,788 and \$2,387,459, respectively.

The **Redevelopment Agency Debt Service** fund accounts for the receipt of tax increment and retirement of the 1987 Tax Allocation Refunding Bonds, the 1994 Subordinated Tax Allocation Refunding Bonds, the 1994 Refunding Parking Lease Revenue Bonds, the 1998A Tax Allocation Refunding Bonds, the 2003A Series Tax Allocation Bonds and the 2007A Series Tax Allocation Bonds. Principal and interest payments on outstanding tax allocation bonds totaled \$3,629,992 for fiscal year 2010-2011. This fund also records the required pass-through payments to other agencies and transfers amounts to the Low and Moderate Income Housing fund and Redevelopment Projects fund as required. This year the Agency was required by the State to make a payment to the Supplemental Education Augmentation Fund (SERAF) in the amount of \$491,892.

Major Enterprise Funds. The **Water Fund** has total net assets of \$102,909,220 at the end of the fiscal year; \$26,150,839 is unrestricted. The **Disposal Fund** has total net assets of \$21,883,779 at

the end of the fiscal year; \$14,935,984 is unrestricted. The **Sewer Fund** has total net assets of \$43,174,370 at the end of the fiscal year; \$12,234,904 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 original 2010-2011 budget and the final amended 2010-2011 budget of the General Fund can be briefly summarized as follows:

- Total Revenues - \$647,778 increase in the budget.
- General Government - \$197,252 increase in the budget
- Public Safety - \$347,622 increase in the budget.
- Highways and Streets - \$24,222 decrease in the budget.
- Culture and Recreation - \$165,603 increase in the budget.
- Library – \$34,581 increase in the budget.
- Capital Outlay - \$57,024 increase in the budget.
- Debt Service – no change in the budget.

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

	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
Total Revenues	\$ 47,994,895	\$ 49,240,649	\$ 1,245,754
General Government	8,616,804	8,549,514	67,290
Public Safety	29,375,926	29,333,232	42,694
Highways and Streets	3,349,602	3,485,289	(135,687)
Culture and Recreation	2,320,069	2,262,463	57,606
Library	1,856,520	1,853,094	3,426
Capital Outlay	81,976	111,279	(29,303)
Debt Service	395,960	395,960	0
Total Expenditures	\$ 45,996,857	\$ 45,990,831	\$ 6,026

Actual revenues were over the amended budget estimates due to greater than expected receipts in all categories except Use of Money and Property. While all revenue categories were over by approximately the same amount, the largest increases were in Licenses and Permits at \$382,162 and Intergovernmental receipts at \$283,987. The Charges for Services category ended over budget by \$251,851 and the Taxes category by \$239,641. Together these account for \$1,157,641 of the total amount over budget. These overages are the result of the conservative approach taken to estimate revenues and stabilization in economic conditions.

General Government expenditures ended the year under budget by 0.8%. All departments ended the year very close to their final budget estimates. The greatest decrease was \$59,620 in Human Resources, primarily in Retiree Health Insurance expenditures. Additional savings were achieved in Council, \$37,291, City Manager, \$30,904, Clerk, \$17,543, Finance and Revenue (Treasurer),

\$41,305, and Community Development, \$3,433. These were offset by overages in City Attorney, \$11,693, and Building Maintenance, \$111,113.

As a whole, Public Safety expenditures were under budget. Police and Fire also ended the year very close to their final budget estimates. The Police Department savings of \$60,458 were offset by the Fire Department's overage of \$17,764. Together, the net savings achieved by these two departments have allowed a 0.2% reduction in this function.

Highways and Streets experienced the greatest dollar variation this fiscal year, ending the year over budget by \$135,687. There were slight overages in all categories in the Quality of Life Streets Divisions offset by deferred savings in the Engineering Department. Together, expenditures resulted in a net increase over budget of 4.1%.

Culture and Recreation was under budget as a result of savings in all categories in the Community Services Divisions. Together with Parks, Recreation and Senior Services came in under budget with a net reduction at the end of the year of \$57,606 or 2.5%.

Library expenditures were under budget by 0.2% at year-end. Savings in salaries and benefits and services categories were slightly offset by overages in supply requirements. This department was the closest to budget ending the year \$3,426 under.

Actual capital expenditures were over budget by \$29,303, or 35.7% at year-end. This is due to the purchase of computer equipment hardware required for the financial software upgrade. Funds for the purchase were included in the project budget under services in the Finance Department.

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

The overall favorable variance of \$6,026, or 0.01%, was achieved with the careful review and monitoring of expenditures in all categories, by all departments. In addition, the City implemented a furlough program for all employees, offered early retirement incentives in 2008-2009 and layoffs in 2009-2010 and 2010-2011. With the economic conditions what they have been, budget monitoring has become critical and with the cooperative effort of management and staff, overall expenditure estimates were on target.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's equity investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounted to \$757,571,577 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, water stock, rights of way and construction in progress.

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

The City recognized a net change in infrastructure totaling \$6,779,198. Of this amount, completed street improvements totaled \$3,009,471. These improvements included \$807,024 in pavement, \$223,093 in curbs and gutters and \$1,979,354 in sidewalks. The Water and Sewer Utilities recognized \$3,781,580 in completed infrastructure improvements. The net increase in

Water construction in progress totaled \$1,472,442 for well and reservoir rehabilitation and pipeline replacement projects. The net increase in construction in progress for Sewer was \$870,048 for pipeline replacement and facility and equipment upgrades. Other activity included an internal audit of fleet assets resulting in the need to restate beginning balances for machinery and equipment and accumulated depreciation.

Overall, the City's net capital assets increased by \$7,857,500 for the fiscal year ended June 30, 2011, or 1.1% over prior year. The Rights of Way category increased by a net of \$6,953,826, or 1.6% and represented 88.5% of the increase. This is due largely to the completion of development projects throughout the city and the recognition of these assets by the City.

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)
	2011	2010	2011	2010	2011	2010	Percent of Change
Land	\$ 29,729,444	\$ 29,729,444	\$ 30,935,275	\$ 30,724,346	\$ 60,664,719	\$ 60,453,790	0.35%
Buildings & Improvements	19,755,525	19,726,419	80,557,726	80,525,475	100,313,251	100,251,894	0.06%
Machinery/Equip./Vehicles	19,890,541	19,690,981	14,224,672	14,430,249	34,115,213	34,121,230	-0.02%
Infrastructure	183,633,983	180,636,365	130,333,289	126,551,709	313,967,272	307,188,074	2.21%
Water Stock	408,125	408,125	8,681,460	8,871,460	9,089,585	9,279,585	-2.05%
Rights of Way	431,792,774	424,838,948	-	-	431,792,774	424,838,948	1.64%
Construction in Progress	10,502,455	10,544,429	22,040,738	19,698,248	32,543,193	30,242,677	7.61%
Accum Depreciation	(96,710,125)	(92,236,489)	(128,204,305)	(124,425,632)	(224,914,430)	(216,662,121)	3.81%
Total	\$ 599,002,722	\$ 593,338,222	\$ 158,568,855	\$ 156,375,855	\$ 757,571,577	\$ 749,714,077	1.05%

Internal Service Fund capital assets, in the net amount of \$125,775 are included in Governmental Activities.

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

Additional information on the City's Capital Assets can be found in Note 6 of the Notes to the Basic Financial Statements.

Long-Term Liabilities

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

- The City entered into a lease for seven new cardiac monitors valued at \$184,318, replacing older models used by the fire department.
- The current year net OPEB obligation reported as required by GASB 45 totals \$3,422,191.
- The City experienced an increase of \$169,888 in compensated absences.
- There was an increase to the claims payable liability in the amount of \$176,000.
- Amortized bond issue costs totaled \$48,004.
- Paid \$8,676,052 scheduled principal and \$4,778,509 interest on existing debt.

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

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) Percent of Change
	2011	2010	2011	2010	2011	2010	
Capital Lease Obligations	\$ 1,070,121	\$ 1,236,237	\$ 235,768	\$ 292,686	\$ 1,305,889	\$ 1,528,923	-14.59%
General Obligation Bonds	1,680,000	2,195,000	-	-	1,680,000	2,195,000	-23.46%
Taxable Pension Bonds	23,789,186	24,773,830	-	-	23,789,186	24,773,830	-3.97%
Tax Allocation Bonds	32,210,000	34,185,000	-	-	32,210,000	34,185,000	-5.78%
Certificates of Participation	9,685,000	11,160,000	-	-	9,685,000	11,160,000	-13.22%
Add: Issuance Premium	336,030	384,034	-	-	336,030	384,034	-12.50%
Revenue Bonds	-	-	17,790,000	20,390,000	17,790,000	20,390,000	-12.75%
Notes Payable	-	-	9,686,972	10,305,982	9,686,972	10,305,982	-6.01%
Lease Payable	1,814,264	1,858,954	-	-	1,814,264	1,858,954	-2.40%
Claims Payable	3,057,000	2,881,000	-	-	3,057,000	2,881,000	6.11%
Compensated Absences	7,100,641	6,943,476	934,304	921,581	8,034,945	7,865,057	2.16%
Net OPEB Obligation	7,219,345	5,022,453	3,094,267	1,868,968	10,313,612	6,891,421	49.66%
Landfill Closure Liability	-	-	5,894,121	5,881,963	5,894,121	5,881,963	0.21%
Total	\$ 87,961,587	\$ 90,639,984	\$ 37,635,432	\$ 39,661,180	\$ 125,597,019	\$ 130,301,164	-3.61%

Additional information on the City's long-term liabilities can be found in Notes 7, 8, 12 and 15 of the Notes to the Basic Financial Statements.

CITY OF REDLANDS

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 45,796,173	\$ 55,834,288	\$ 101,630,461
Cash and investments with fiscal agent	5,233,389	6,175,279	11,408,668
Receivables:			
Accounts	1,475,747	6,666,324	8,142,071
Taxes	2,314,499	-	2,314,499
Note	188,166	-	188,166
Accrued interest	112,239	219	112,458
Internal balances	(1,646,127)	1,646,127	-
Prepaid pension costs	24,469,029	-	24,469,029
Due from other governments	1,875,648	193,080	2,068,728
Inventories	379,518	-	379,518
Deferred charges	514,095	402,702	916,797
Capital assets not being depreciated	472,432,798	61,657,473	534,090,271
Capital assets, net of depreciation	126,569,924	96,911,382	223,481,306
Total Assets	679,715,098	229,486,874	909,201,972
Liabilities:			
Accounts payable	3,046,285	1,225,177	4,271,462
Accrued payroll	2,066,607	486,064	2,552,671
Accrued interest	1,359,852	363,465	1,723,317
Unearned revenue	125,404	-	125,404
Deposits payable	209,238	1,299,316	1,508,554
Noncurrent liabilities:			
Due within one year	11,578,878	3,886,782	15,465,660
Due in more than one year	76,382,709	33,748,650	110,131,359
Total Liabilities	94,768,973	41,009,454	135,778,427
Net Assets:			
Invested in capital assets, net of related debt	568,588,535	130,856,115	699,444,650
Restricted for:			
Public safety	1,249,668	-	1,249,668
Highway and streets	2,335,654	-	2,335,654
Capital projects	10,039,900	4,212,895	14,252,795
Debt service	8,523,401	-	8,523,401
Endowment - nonexpendable	1,839,417	-	1,839,417
CFD Assessment	443,718	-	443,718
Low and moderate income housing	424,033	-	424,033
Unrestricted	(8,498,201)	53,408,410	44,910,209
Total Net Assets	\$ 584,946,125	\$ 188,477,420	\$ 773,423,545

CITY OF REDLANDS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental Activities:				
General government	\$ 11,803,705	\$ 8,562,031	\$ 654,020	\$ 50,000
Public safety	38,587,942	1,711,440	1,318,068	-
Culture and recreation	3,349,080	293,028	-	159,039
Highway and streets	9,380,254	909,511	3,911,514	8,279,165
Library	1,964,269	34,456	-	-
Interest on long-term debt	3,456,262	-	-	-
Total Governmental Activities	68,541,512	11,510,466	5,883,602	8,488,204
Business-Type Activities:				
Water	16,211,193	18,666,325	-	224,648
Disposal	9,217,359	10,013,969	194,060	20,420
Sewer	7,882,670	8,179,601	677,165	228,722
Groves	656,608	432,136	715	-
Non-Potable Water	142,541	570,107	-	-
Cemetery	503,445	360,923	-	-
Aviation	287,854	21,015	-	78,482
Total Business-Type Activities	34,901,670	38,244,076	871,940	552,272
Total Primary Government	\$ 103,443,182	\$ 49,754,542	\$ 6,755,542	\$ 9,040,476

General Revenues:

Taxes:

Property taxes, levied for general purpose

Sales taxes

Franchise taxes

Other taxes

Use of money and property

Other

Gain on sale of capital asset

Intergovernmental (unrestricted)

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

**Net (Expenses) Revenues and
Changes in Net Assets
Primary Government**

Governmental Activities	Business-Type Activities	Total
\$ (2,537,654)	\$ -	\$ (2,537,654)
(35,558,434)	-	(35,558,434)
(2,897,013)	-	(2,897,013)
3,719,936	-	3,719,936
(1,929,813)	-	(1,929,813)
(3,456,262)	-	(3,456,262)
(42,659,240)	-	(42,659,240)
-	2,679,780	2,679,780
-	1,011,090	1,011,090
-	1,202,818	1,202,818
-	(223,757)	(223,757)
-	427,566	427,566
-	(142,522)	(142,522)
-	(188,357)	(188,357)
-	4,766,618	4,766,618
(42,659,240)	4,766,618	(37,892,622)
30,098,303	68,098	30,166,401
12,090,894	-	12,090,894
3,227,606	-	3,227,606
1,065,671	-	1,065,671
647,310	610,787	1,258,097
642,842	922,642	1,565,484
-	516,500	516,500
480,868	-	480,868
573,115	(573,115)	-
48,826,609	1,544,912	50,371,521
6,167,369	6,311,530	12,478,899
578,046,159	181,688,192	759,734,351
732,597	477,698	1,210,295
\$ 584,946,125	\$ 188,477,420	\$ 773,423,545

CITY OF REDLANDS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>
		<u>Public Facilities Development</u>	<u>Redevelopment Agency</u>
Assets:			
Cash and investments	\$ 12,821,325	\$ 1,620	\$ 1,537,092
Cash and investments with fiscal agents	-	-	3,601,588
Receivables:			
Accounts	936,002	-	-
Taxes	2,089,026	-	-
Note	-	-	-
Interest	-	-	112,176
Due from other governments	246,486	-	-
Due from other funds	1,560,647	-	-
Advances to other funds	5,845,054	-	-
Inventories	201,120	-	-
Total Assets	\$ 23,699,660	\$ 1,620	\$ 5,250,856
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 586,245	\$ 32,521	\$ -
Accrued payroll	1,664,439	-	-
Deferred revenues	-	-	-
Unearned revenues	16,657	-	-
Deposits payable	13,184	-	-
Due to other funds	-	-	-
Advances from other funds	-	6,155,054	-
Total Liabilities	2,280,525	6,187,575	-
Fund Balances:			
Nonspendable:			
Inventory	201,120	-	-
Note	-	-	-
Advances to other funds	5,845,054	-	-
Restricted for:			
Public safety	-	-	-
Highway and streets	-	-	-
Capital projects	-	-	-
Debt service	-	-	5,250,856
Endowment	-	-	-
CFD assessment	-	-	-
Low and moderate income housing	-	-	-
Committed to:			
Stabilization arrangement	6,605,311	-	-
Development projects	-	-	-
Downtown Redlands Business Association	-	-	-
Parking authority	-	-	-
Unassigned	8,767,650	(6,185,955)	-
Total Fund Balances	21,419,135	(6,185,955)	5,250,856
Total Liabilities and Fund Balances	\$ 23,699,660	\$ 1,620	\$ 5,250,856

CITY OF REDLANDS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Cash and investments	\$ 25,765,564	\$ 40,125,601
Cash and investments with fiscal agents	1,631,801	5,233,389
Receivables:		
Accounts	477,475	1,413,477
Taxes	225,473	2,314,499
Note	188,166	188,166
Interest	63	112,239
Due from other governments	1,629,162	1,875,648
Due from other funds	-	1,560,647
Advances to other funds	360,000	6,205,054
Inventories	-	201,120
	<hr/>	<hr/>
Total Assets	\$ 30,277,704	\$ 59,229,840
	<hr/>	<hr/>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 1,901,108	\$ 2,519,874
Accrued payroll	246,646	1,911,085
Deferred revenues	1,317,599	1,317,599
Unearned revenues	108,747	125,404
Deposits payable	196,054	209,238
Due to other funds	1,560,647	1,560,647
Advances from other funds	-	6,155,054
	<hr/>	<hr/>
Total Liabilities	5,330,801	13,798,901
	<hr/>	<hr/>
Fund Balances:		
Nonspendable:		
Inventory	-	201,120
Note	188,166	188,166
Advances to other funds	360,000	6,205,054
Restricted for:		
Public safety	1,249,668	1,249,668
Highway and streets	2,335,654	2,335,654
Capital projects	10,039,900	10,039,900
Debt service	3,272,545	8,523,401
Endowment	1,839,417	1,839,417
CFD assessment	443,718	443,718
Low and moderate income housing	424,033	424,033
Committed to:		
Stabilization arrangement	-	6,605,311
Development projects	5,956,593	5,956,593
Downtown Redlands Business Association	210,821	210,821
Parking authority	26,263	26,263
Unassigned	(1,399,875)	1,181,820
	<hr/>	<hr/>
Total Fund Balances	24,946,903	45,430,939
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Total Liabilities and Fund Balances	\$ 30,277,704	\$ 59,229,840
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CITY OF REDLANDS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Fund balances of governmental funds	\$ 45,430,939
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	598,876,947
Pension benefit contributions funded by the 2007 Taxable Pension Funding Bonds recorded as expenditures in governmental funds are reported on the Statement of Net Assets as prepaid assets.	24,469,029
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the Statement of Net Assets.	514,095
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Capital lease obligation	\$ (1,070,121)
Taxable pension funding bonds	(23,789,186)
General obligation bonds	(1,680,000)
Tax allocation bonds	(32,210,000)
Certificates of participation payable	(10,021,030)
I-Bank Sports Park lease	(1,814,264)
Compensated absences	(6,730,964)
	<u>(77,315,565)</u>
Governmental funds report all OPEB contributions as expenditures, however in the Statement of Net Assets any excesses or deficiencies in contributions in relation to the annual required contribution (ARC) are recorded as a asset or liability.	(6,134,353)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(1,359,852)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	1,317,599
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 assets.	<u>(852,714)</u>
Net assets of governmental activities	<u><u>\$ 584,946,125</u></u>

CITY OF REDLANDS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>
		<u>Public Facilities Development</u>	<u>Redevelopment Agency</u>
Revenues:			
Taxes	\$ 37,366,145	\$ -	\$ 7,679,467
Licenses and permits	3,913,851	214,690	-
Intergovernmental	563,189	-	-
Charges for services	6,674,255	-	-
Use of money and property	184,165	-	180,808
Miscellaneous	539,044	66	-
Total Revenues	49,240,649	214,756	7,860,275
Expenditures:			
Current:			
General government	8,549,514	-	-
Public safety	29,333,232	-	-
Culture and recreation	2,262,463	-	-
Highway and streets	3,485,289	119,619	-
Library	1,853,094	-	-
SERAF obligation	-	-	491,892
Capital outlay	111,279	20,122	-
Debt service:			
Principal retirement	342,386	-	1,975,000
Interest and fiscal charges	53,574	-	1,775,915
Pass-through agreement payments	-	-	777,095
Total Expenditures	45,990,831	139,741	5,019,902
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,249,818	75,015	2,840,373
Other Financing Sources (Uses):			
Transfers in	3,435,828	-	739,281
Transfers out	(5,059,006)	(1,137,601)	(2,908,258)
Total Other Financing Sources (Uses)	(1,623,178)	(1,137,601)	(2,168,977)
Net Change in Fund Balances	1,626,640	(1,062,586)	671,396
Fund Balances, Beginning of Year	19,792,495	(5,123,369)	4,579,460
Fund Balances, End of Year	\$ 21,419,135	\$ (6,185,955)	\$ 5,250,856

CITY OF REDLANDS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 1,928,754	\$ 46,974,366
Licenses and permits	632,248	4,760,789
Intergovernmental	6,467,629	7,030,818
Charges for services	369,546	7,043,801
Use of money and property	282,337	647,310
Miscellaneous	687,503	1,226,613
Total Revenues	10,368,017	67,683,697
Expenditures:		
Current:		
General government	2,957,480	11,506,994
Public safety	5,463,352	34,796,584
Culture and recreation	439,401	2,701,864
Highway and streets	1,046,256	4,651,164
Library	-	1,853,094
SERAF obligation	-	491,892
Capital outlay	5,272,010	5,403,411
Debt service:		
Principal retirement	3,082,738	5,400,124
Interest and fiscal charges	1,953,528	3,783,017
Pass-through agreement payments	-	777,095
Total Expenditures	20,214,765	71,365,239
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,846,748)	(3,681,542)
Other Financing Sources (Uses):		
Transfers in	10,574,277	14,749,386
Transfers out	(3,960,501)	(13,065,366)
Total Other Financing Sources (Uses)	6,613,776	1,684,020
Net Change in Fund Balances	(3,232,972)	(1,997,522)
Fund Balances, Beginning of Year	28,179,875	47,428,461
Fund Balances, End of Year	\$ 24,946,903	\$ 45,430,939

CITY OF REDLANDS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds \$ (1,997,522)

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

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

Capital outlay	\$ 6,329,394	
Contributed capital - right of way	6,953,826	
Loss on sale of capital assets	(905,555)	
Depreciation expense	<u>(6,208,788)</u>	
		6,168,877

Pension benefit contributions funded by the 2007 Taxable Pension Funding Bonds recorded as expenditures in governmental funds are reported on the Statement of Net Assets as prepaid assets and amortized. (295,104)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 4,995,102

Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the Statement of Net Assets. 106,676

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 440,783

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. (226,803)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense. (1,867,080)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. (44,980)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. (1,112,580)

Change in net assets of governmental activities \$ 6,167,369

CITY OF REDLANDS

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 19,792,495	\$ 19,792,495	\$ 19,792,495	\$ -
Resources (Inflows):				
Taxes	36,157,500	37,126,504	37,366,145	239,641
Licenses and permits	3,571,117	3,531,689	3,913,851	382,162
Intergovernmental	473,376	279,202	563,189	283,987
Charges for services	6,853,033	6,422,404	6,674,255	251,851
Use of money and property	265,000	285,950	184,165	(101,785)
Miscellaneous	27,091	349,146	539,044	189,898
Transfers in	2,272,599	3,370,740	3,435,828	65,088
Amounts Available for Appropriation	69,412,211	71,158,130	72,468,972	1,310,842
Charges to Appropriation (Outflow):				
General government				
City council	284,643	288,410	251,119	37,291
City clerk	237,548	294,269	276,726	17,543
City manager	636,126	646,233	615,329	30,904
Finance	1,354,900	1,575,729	1,537,365	38,364
City treasurer	408,401	407,656	404,715	2,941
City attorney	406,780	473,645	485,338	(11,693)
Human resources	2,623,804	2,609,643	2,550,023	59,620
Building maintenance	1,218,841	1,123,642	1,234,755	(111,113)
Community development	1,248,509	1,197,577	1,194,144	3,433
Public safety				
Police	19,732,301	19,811,272	19,750,814	60,458
Fire	9,296,003	9,564,654	9,582,418	(17,764)
Culture and recreation				
Community services	816,672	975,267	934,138	41,129
Parks	1,337,794	1,344,802	1,328,325	16,477
Highway and streets	3,373,824	3,349,602	3,485,289	(135,687)
Library	1,821,939	1,856,520	1,853,094	3,426
Capital outlay	139,000	81,976	111,279	(29,303)
Debt service:				
Principal retirement	342,386	342,386	342,386	-
Interest and fiscal charges	53,574	53,574	53,574	-
Transfers out	4,964,586	5,133,378	5,059,006	74,372
Total Charges to Appropriations	50,297,631	51,130,235	51,049,837	80,398
Budgetary Fund Balance, June 30	\$ 19,114,580	\$ 20,027,895	\$ 21,419,135	\$ 1,391,240

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CITY OF REDLANDS

**BUDGETARY COMPARISON STATEMENT
PUBLIC FACILITIES DEVELOPMENT
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$(5,123,369)	\$(5,123,369)	\$(5,123,369)	\$ -
Resources (Inflows):				
Licenses and permits	13,825	132,196	214,690	82,494
Miscellaneous	-	64	66	2
Amounts Available for Appropriation	<u>(5,109,544)</u>	<u>(4,991,109)</u>	<u>(4,908,613)</u>	<u>82,496</u>
Charges to Appropriation (Outflow):				
Highway and streets	-	71,488	119,619	(48,131)
Capital outlay	-	136,709	20,122	116,587
Transfers out	1,137,866	1,137,866	1,137,601	265
Total Charges to Appropriations	<u>1,137,866</u>	<u>1,346,063</u>	<u>1,277,342</u>	<u>68,721</u>
Budgetary Fund Balance, June 30	<u>\$(6,247,410)</u>	<u>\$(6,337,172)</u>	<u>\$(6,185,955)</u>	<u>\$ 151,217</u>

CITY OF REDLANDS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Disposal</u>	<u>Sewer</u>
Assets:			
Current:			
Cash and investments	\$ 23,193,431	\$ 19,314,383	\$ 11,452,424
Receivables:			
Accounts	3,815,186	1,544,222	1,208,137
Accrued interest	118	-	101
Due from other governments	-	19,060	173,483
Inventories	-	-	-
Total Current Assets	27,008,735	20,877,665	12,834,145
Noncurrent:			
Advances to other funds	1,366,026	1,386,104	-
Capital assets - net of accumulated depreciation	88,753,330	7,183,563	42,208,594
Cash and investment with fiscal agent	3,647,888	-	2,527,391
Unamortized bond issuance costs	202,741	-	199,961
Total Noncurrent Assets	93,969,985	8,569,667	44,935,946
Total Assets	\$ 120,978,720	\$ 29,447,332	\$ 57,770,091
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 692,023	\$ 106,579	\$ 399,288
Accrued payroll	208,262	130,141	132,463
Interest payable	158,498	-	204,967
Deposits payable	609,592	6,164	-
Landfill closure	-	12,183	-
Accrued compensated absences	208,603	155,462	97,805
Accrued claims and judgments	-	-	-
Bonds, notes, and capital leases	2,036,896	59,385	1,323,348
Total Current Liabilities	3,913,874	469,914	2,157,871
Noncurrent:			
Advances from other funds	-	-	-
Accrued compensated absences	208,603	155,462	97,804
Accrued claims and judgments	-	-	-
Bonds, notes, and capital leases	12,527,438	176,383	11,589,290
Net OPEB obligation	1,419,585	879,856	750,756
Landfill closure	-	5,881,938	-
Total Noncurrent Liabilities	14,155,626	7,093,639	12,437,850
Total Liabilities	18,069,500	7,563,553	14,595,721
Net Assets:			
Invested in capital assets, net of related debt	74,188,996	6,947,795	29,295,956
Restricted for debt service	2,569,385	-	1,643,510
Unrestricted	26,150,839	14,935,984	12,234,904
Total Net Assets	\$ 102,909,220	\$ 21,883,779	\$ 43,174,370

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Net Assets per Statement of Net Assets

CITY OF REDLANDS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2011

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Assets:			
Current:			
Cash and investments	\$ 1,874,050	\$ 55,834,288	\$ 5,670,572
Receivables:			
Accounts	98,779	6,666,324	62,270
Accrued interest	-	219	-
Due from other governments	537	193,080	-
Inventories	-	-	178,398
Total Current Assets	1,973,366	62,693,911	5,911,240
Noncurrent:			
Advances to other funds	-	2,752,130	-
Capital assets - net of accumulated depreciation	20,423,368	158,568,855	125,775
Cash and investment with fiscal agent	-	6,175,279	-
Unamortized bond issuance costs	-	402,702	-
Total Noncurrent Assets	20,423,368	167,898,966	125,775
Total Assets	\$ 22,396,734	\$ 230,592,877	\$ 6,037,015
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 27,287	\$ 1,225,177	\$ 526,411
Accrued payroll	15,198	486,064	155,522
Interest payable	-	363,465	-
Deposits payable	683,560	1,299,316	-
Landfill closure	-	12,183	-
Accrued compensated absences	5,283	467,153	184,839
Accrued claims and judgments	-	-	1,528,500
Bonds, notes, and capital leases	-	3,419,629	-
Total Current Liabilities	731,328	7,272,987	2,395,272
Noncurrent:			
Advances from other funds	2,802,130	2,802,130	-
Accrued compensated absences	5,282	467,151	184,838
Accrued claims and judgments	-	-	1,528,500
Bonds, notes, and capital leases	-	24,293,111	-
Net OPEB obligation	44,070	3,094,267	1,084,992
Landfill closure	-	5,881,938	-
Total Noncurrent Liabilities	2,851,482	36,538,597	2,798,330
Total Liabilities	3,582,810	43,811,584	5,193,602
Net Assets:			
Invested in capital assets, net of related debt	20,423,368	130,856,115	125,775
Restricted for debt service	-	4,212,895	-
Unrestricted	(1,609,444)	51,712,283	717,638
Total Net Assets	\$ 18,813,924	186,781,293	\$ 843,413
		1,696,127	
		\$ 188,477,420	

CITY OF REDLANDS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds		
	Water	Disposal	Sewer
Operating Revenues:			
Sales and service charges	\$ 18,666,325	\$ 9,998,385	\$ 8,179,601
Miscellaneous	324,449	19,165	32,884
Impact fees	224,648	25,204	228,722
Total Operating Revenues	19,215,422	10,042,754	8,441,207
Operating Expenses:			
Administration and general	2,832,185	1,888,645	1,155,966
Utility plant operations	4,241,681	-	2,220,594
Transmission, distribution & treatment	2,070,349	-	-
Personnel services	3,460,739	3,055,880	1,850,278
Repairs and maintenance	413,111	2,820,776	664,458
Premiums paid out	-	-	-
Depreciation expense	2,429,677	1,013,209	1,406,263
Total Operating Expenses	15,447,742	8,778,510	7,297,559
Operating Income (Loss)	3,767,680	1,264,244	1,143,648
Nonoperating Revenues (Expenses):			
Intergovernmental	-	194,060	677,165
Interest revenue	245,699	216,481	110,247
Interest expense	(588,910)	(11,258)	(534,393)
Miscellaneous income	86,407	10,800	-
Miscellaneous expense	(11,584)	-	(6,850)
Property taxes	-	-	-
Grants	-	-	-
Amortization of bond issuance costs	(62,382)	-	(61,526)
Gain (loss) on disposal of capital assets	490,000	13,500	-
Total Nonoperating Revenues (Expenses)	159,230	423,583	184,643
Income (Loss) Before Transfers	3,926,910	1,687,827	1,328,291
Transfers in	24,056	-	-
Transfers out	(333,742)	(229,613)	(10,407)
Changes in Net Assets	3,617,224	1,458,214	1,317,884
Net Assets:			
Beginning of Year, as previously reported	99,153,301	20,126,901	41,816,147
Restatements	138,695	298,664	40,339
Beginning of Fiscal Year, as restated	99,291,996	20,425,565	41,856,486
End of Fiscal Year	\$ 102,909,220	\$ 21,883,779	\$ 43,174,370

Changes in Net Assets

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

Changes in Net Assets of Business-Type Activities per Statement of Activities

CITY OF REDLANDS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Operating Revenues:			
Sales and service charges	\$ 1,363,166	\$ 38,207,477	\$ 10,536,361
Miscellaneous	404,307	780,805	460,602
Impact fees	-	478,574	-
Total Operating Revenues	1,767,473	39,466,856	10,996,963
Operating Expenses:			
Administration and general	982,672	6,859,468	5,193,736
Utility plant operations	84,410	6,546,685	-
Transmission, distribution & treatment	-	2,070,349	-
Personnel services	338,313	8,705,210	3,576,779
Repairs and maintenance	83,990	3,982,335	2,364,661
Premiums paid out	-	-	391,634
Depreciation expense	98,629	4,947,778	20,743
Total Operating Expenses	1,588,014	33,111,825	11,547,553
Operating Income (Loss)	179,459	6,355,031	(550,590)
Nonoperating Revenues (Expenses):			
Intergovernmental	715	871,940	-
Interest revenue	33,538	605,965	35,115
Interest expense	(13,590)	(1,148,151)	-
Miscellaneous income	95,715	192,922	-
Miscellaneous expense	-	(18,434)	-
Property taxes	68,098	68,098	-
Grants	78,482	78,482	-
Amortization of bond issuance costs	-	(123,908)	-
Gain (loss) on disposal of capital assets	13,000	516,500	-
Total Nonoperating Revenues (Expenses)	275,958	1,043,414	35,115
Income (Loss) Before Transfers	455,417	7,398,445	(515,475)
Transfers in	647	24,703	1,380,000
Transfers out	(24,056)	(597,818)	(2,490,905)
Changes in Net Assets	432,008	6,825,330	(1,626,380)
Net Assets:			
Beginning of Year, as previously reported	18,381,916	179,478,265	2,474,470
Restatements	-	477,698	(4,677)
Beginning of Fiscal Year, as restated	18,381,916	179,955,963	2,469,793
End of Fiscal Year	\$ 18,813,924	186,781,293	\$ 843,413
		6,825,330	
		(513,800)	
		<u>\$ 6,311,530</u>	

CITY OF REDLANDS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Disposal</u>	<u>Sewer</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 18,740,790	\$ 9,692,626	\$ 8,233,635
Cash paid to suppliers for goods and services	(7,914,951)	(2,893,169)	(3,537,320)
Cash payments for claims	-	-	-
Cash paid to employees for services	(5,669,009)	(4,674,631)	(2,657,959)
Net Cash Provided (Used) by Operating Activities	<u>5,156,830</u>	<u>2,124,826</u>	<u>2,038,356</u>
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(333,742)	-	-
Cash transfers in	24,056	(229,613)	(10,407)
Cash received from other activities	86,407	10,800	-
Advance from other funds	-	-	-
Advance to other funds	(96,222)	117,632	-
Intergovernmental	-	194,060	677,165
Grants received	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(319,501)</u>	<u>92,879</u>	<u>666,758</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(4,664,964)	-	(1,998,116)
Principal paid on long term debt	(1,951,963)	(56,918)	(1,267,047)
Interest paid on capital debt	(639,878)	(11,258)	(571,381)
Proceeds from sales of capital assets	490,000	13,500	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,766,805)</u>	<u>(54,676)</u>	<u>(3,836,544)</u>
Cash Flows from Investing Activities:			
Interest received	247,851	216,481	110,313
Net Cash Provided (Used) by Investing Activities	<u>247,851</u>	<u>216,481</u>	<u>110,313</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,681,625)</u>	<u>2,379,510</u>	<u>(1,021,117)</u>
Cash and Cash Equivalents at Beginning of Year	28,522,944	16,934,873	15,000,932
Cash and Cash Equivalents at End of Year	<u>\$ 26,841,319</u>	<u>\$ 19,314,383</u>	<u>\$ 13,979,815</u>

CITY OF REDLANDS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

(Continued)

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Disposal</u>	<u>Sewer</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 3,767,680	\$ 1,264,244	\$ 1,143,648
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	2,429,677	1,013,209	1,406,263
(Increase) decrease in accounts receivable	(633,206)	(346,144)	(34,089)
(Increase) decrease in inventory	-	-	-
(Increase) decrease in due from other governments	-	(10,148)	(173,483)
Increase (decrease) in accounts payable	(1,189,810)	(72,393)	(652,268)
Increase (decrease) in accrued payroll	5,917	(1,588)	6,723
Increase (decrease) in due to other governments	-	-	-
Increase (decrease) in deposits payable	158,574	6,164	-
Increase (decrease) in deferred revenue	-	-	-
Increase (decrease) in net OPEB obligation	549,642	332,300	324,557
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	68,356	(72,976)	17,005
Increase (decrease) in landfill closure liability	-	12,158	-
Total Adjustments	1,389,150	860,582	894,708
Net Cash Provided (Used) by Operating Activities	\$ 5,156,830	\$ 2,124,826	\$ 2,038,356
Non-Cash Investing, Capital, and Financing Activities:			
Gain/(Loss) on disposition of capital assets	\$ 490,000	\$ 13,500	\$ -
Amortization of deferred debt issuance costs	62,382	-	-

CITY OF REDLANDS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 1,749,482	\$ 38,416,533	\$ 10,998,431
Cash paid to suppliers for goods and services	(602,516)	(14,947,956)	(7,383,569)
Cash payments for claims	-	-	(215,634)
Cash paid to employees for services	(960,438)	(13,962,037)	(3,661,157)
Net Cash Provided (Used) by Operating Activities	186,528	9,506,540	(261,929)
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(24,056)	(357,798)	(2,490,905)
Cash transfers in	647	(215,317)	1,380,000
Cash received from other activities	163,813	261,020	-
Advance from other funds	28,590	28,590	-
Advance to other funds	-	21,410	-
Intergovernmental	715	871,940	-
Grants received	78,482	78,482	-
Net Cash Provided (Used) by Non-Capital Financing Activities	248,191	688,327	(1,110,905)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(6,663,080)	-
Principal paid on long term debt	-	(3,275,928)	-
Interest paid on capital debt	(13,590)	(1,236,107)	-
Proceeds from sales of capital assets	13,000	516,500	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(590)	(10,658,615)	-
Cash Flows from Investing Activities:			
Interest received	33,538	608,183	35,115
Net Cash Provided (Used) by Investing Activities	33,538	608,183	35,115
Net Increase (Decrease) in Cash and Cash Equivalents	467,667	144,435	(1,337,719)
Cash and Cash Equivalents at Beginning of Year	1,406,383	61,865,132	7,008,291
Cash and Cash Equivalents at End of Year	\$ 1,874,050	\$ 62,009,567	\$ 5,670,572

CITY OF REDLANDS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

(Continued)

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 179,459	\$ 6,355,031	\$ (550,590)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	98,629	4,947,778	20,743
(Increase) decrease in accounts receivable	(24,579)	(1,038,018)	1,468
(Increase) decrease in inventory			(1,904)
(Increase) decrease in due from other governments	6,588	(177,043)	-
Increase (decrease) in accounts payable	(24,336)	(1,938,807)	(153,080)
Increase (decrease) in accrued payroll	3,096	14,148	
Increase (decrease) in due to other governments	-	-	(14,740)
Increase (decrease) in deposits payable	1,711	166,449	-
Increase (decrease) in deferred revenue	(73,178)	(73,178)	329,812
Increase (decrease) in net OPEB obligation	18,800	1,225,299	-
Increase (decrease) in claims and judgments	-	-	176,000
Increase (decrease) in compensated absences	338	12,723	(69,638)
Increase (decrease) in landfill closure liability	-	12,158	-
Total Adjustments	7,069	3,151,509	288,661
Net Cash Provided (Used) by Operating Activities	\$ 186,528	\$ 9,506,540	\$ (261,929)
Non-Cash Investing, Capital, and Financing Activities:			
Gain/(Loss) on disposition of capital assets	\$ 13,000	\$ 516,500	\$ -
Amortization of deferred debt issuance costs	-	62,382	-

CITY OF REDLANDS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 2,425,294
Cash and investments with fiscal agents	2,984,708
Receivables:	
Accrued interest	339,795
	<hr/>
Total Assets	<u>\$ 5,749,797</u>
Liabilities:	
Accounts payable	\$ 46,856
Deposits payable	5,702,941
	<hr/>
Total Liabilities	<u>\$ 5,749,797</u>

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 Redevelopment Agency of the City of Redlands ("Agency") was established on April 6, 1971 by the City. The primary purpose of the Agency is to undertake a program for the redevelopment, replanning and redesign of blighted areas with stagnant, improperly utilized and unproductive land. The Agency's director is appointed by the City Council and the City has full responsibility for the financial matters of the Agency. The Agency has substantively the same governing body as the primary government. The Agency is presented as a governmental fund type.

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

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

Separate financial statements are prepared for the Agency and may be obtained at the City of Redlands Finance Department, 35 Cajon Street, Redlands, California 92373.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including the blended component units), as well as discretely presented financial statements. The City has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

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

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the

Note 1: Summary of Significant Accounting Policies (Continued)

aggregate for governmental and enterprise funds. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in-lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

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

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenue represented by non-current receivables is deferred until they become current receivables. Non-current portions of other long-term receivables are offset by nonspendable fund balance accounts.

Note 1: Summary of Significant Accounting Policies (Continued)

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets, the proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

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

Proprietary and Fiduciary Funds

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, proprietary and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary 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 fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as other financing source. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as a reduction of the related liability, rather than as expenditure.

Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

c. Fund Classification

The City utilizes the following broad categories of funds:

Major Funds

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

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

General Fund

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

Public Facilities Development

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

Redevelopment Agency Debt Service

The Redevelopment Agency Debt Service fund is used to account for the receipt of tax increment and retirement of the 1987 Tax Allocation Refunding Bonds, the 1994 Subordinated Tax Allocation Refunding Bonds, the 1994 Refunding Parking Lease Revenue Bonds, and the 2003A Series Tax Allocation Bonds.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

Additionally the government reports the following fund types:

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.

Agency Funds

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

d. Investments

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

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

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

e. Cash Equivalents

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

f. Capital Assets

Capital assets, which include land, rights of way, structures, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Capital assets purchased or constructed in excess of \$5,000 are capitalized if it has an expected useful life of three years or more. The cost of normal maintenance and repairs that do not add to the value of the asset's lives are not capitalized.

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Structures	25 years
Equipment	10 years
Infrastructure	40 years

g. 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.

h. Fund Equity

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Stabilization Arrangement

As described in Chapter 3.06 of the Municipal Code, the City has established a stabilization arrangement committing a minimum of 12% of the sum of the General Fund's operating expenses and operating transfers out. The balance at June 30, 2011 is \$6,605,311 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

i. Inventory of Supplies

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

j. Compensated Absences

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

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

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

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

k. 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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

I. Property Taxes

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

m. Bond Discounts/Issuance Costs

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

n. 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.

Note 2: Stewardship, Compliance and Accountability

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

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

Note 2: Stewardship, Compliance and Accountability (Continued)

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

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

Note 3: Cash and Investments

Cash and investments as of June 30, 2011, are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 101,630,461
Cash and investments held by fiscal agent	11,408,668
Fiduciary funds:	
Cash and investments	2,425,294
Cash and investments held by fiscal agent	2,984,708
Total cash and investments	<u>\$ 118,449,131</u>

Cash and investments as of June 30, 2011, consist of the following:

Cash on hand	\$ 5,000
Deposits with financial institutions	(469,868)
Investments	118,913,999
Total cash and investments	<u>\$ 118,449,131</u>

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

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

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 3: Cash and Investments (Continued)

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

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

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

Note 3: Cash and Investments (Continued)

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

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Federal agency securities	\$ 50,228,291	\$ -	\$ 10,061,020	\$ 40,167,271
U.S. treasury notes	4,027,348	2,009,688	2,017,660	-
Corporate bonds	11,222,771	11,222,771	-	-
Mutual funds	754,552	754,552	-	-
LAIF	38,287,660	38,287,660	-	-
Held by fiscal agent:				
U.S. treasury notes	691,000	691,000	-	-
Federal agency securities	1,656,771	1,656,771	-	-
Money market funds	9,856,093	9,856,093	-	-
Investment contracts	2,189,513	2,189,513	-	-
Total	\$ 118,913,999	\$ 66,668,048	\$ 12,078,680	\$ 40,167,271

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Rating as of Year End	
				AAA/Aa	Not Rated
Federal agency securities	\$ 50,228,291	N/A	\$ -	\$ 50,228,291	\$ -
U.S. treasury notes	4,027,348	N/A	4,027,348	-	-
Corporate bonds	11,222,771	A	-	11,222,771	-
Mutual funds	754,552	A	-	754,552	-
LAIF	38,287,660	N/A	-	-	38,287,660
Held by bond trustee:					
U.S. treasury notes	691,000	N/A	691,000	-	-
Federal agency securities	1,656,771	N/A	-	1,656,771	-
Money market funds	9,856,093	A	-	9,856,093	-
Investment contracts	2,189,513	N/A	-	-	2,189,513
Total	\$ 118,913,999		\$ 4,718,348	\$ 73,718,478	\$ 40,477,173

On Aug. 5, 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the United States of America to AA+ from AAA. As a result, on Aug. 8, 2011, Standard & Poor's Ratings Services lowered its issuer credit ratings and related issue ratings on various Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac to AA+ from AAA. In addition, the ratings on 126 Federal Deposit Insurance Corp.

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

Note 3: Cash and Investments (Continued)

guaranteed debt issues from 30 financial institutions under the Temporary Liquidity Guarantee Program (TLGP), and four National Credit Union Association-guaranteed debt issues from two corporate credit unions under the Temporary Corporate Credit Union Guarantee Program (TCCUGP) have also been downgraded to AA+ from AAA. The City also invests in LAIF which invests in various underlying securities, including the federal agency securities listed above. While LAIF is not rated, the federal agency securities are, and these have been affected by this rating change as well.

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal agency securities	\$ 10,751,713
Federal Home Loan Bank	Federal agency securities	9,843,745
Federal Home Loan Mortgage Corporation	Federal agency securities	13,519,060
Federal National Mortgage Association	Federal agency securities	17,770,544

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the City.

Investment in State Investment Pool

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

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 4: Notes Receivable

A note in the amount of \$40,000 is receivable in monthly installments of \$182 beginning in July 2010, including interest payments at 0.9% due from inception. The note is secured by the deed of trust and assignment of rents and is guaranteed by the debtor. The full amount will be due in June 2030. An additional note of \$150,000 is receivable in monthly installments of \$658 beginning in October 2011, including an interest at 0.51% due from inception with annual adjustments to reflect the LAIF rate up to a maximum percentage of 3.17%. The note is secured by the deed of trust. The full amount will be due in October 2031. As of June 30, 2011, the notes receivable balance is \$188,166.

Note 5: Interfund Receivables, Payables and Transfers

a. Due To/From Other Funds:

As of June 30, 2011, the City had the following due to/from other funds:

Funds	Due To Other Funds Nonmajor Governmental Funds
Due From Other Funds:	
General Fund	\$ 1,560,647

The interfund balances were made to cover negative cash balances and other temporary loans at June 30, 2011.

b. Advances To/From Other Funds:

As of June 30, 2011, advances to/from other funds were as follows:

Advances to other funds	Advances from other funds		Total
	Public Facilities Development	Nonmajor Proprietary Funds	
Governmental Funds:			
General Fund	\$ 5,645,054	\$ 200,000	\$ 5,845,054
Nonmajor governmental funds	360,000	-	360,000
Proprietary Funds:			
Water Fund	150,000	1,216,026	1,366,026
Solid Waste Fund	-	1,386,104	1,386,104
Total	<u>\$ 6,155,054</u>	<u>\$ 2,802,130</u>	<u>\$ 8,957,184</u>

The General Fund has advanced \$5,645,054 to the Public Facilities Development Fund to provide funding for capital expenditures. The payable will be refunded through future development impact fee collections. Additional advances were made to the Public Facilities Fund to assist in debt service payments on the COP's issued for capital facilities. These advances were made from the Open Space Fund, the Park Development Fund, the Storm Drain Construction Fund, and the Water Fund for \$510,000.

The Water Fund and Solid Waste Fund advanced the Cemetery and Aviation Funds \$2,602,130 to provide funding for capital expenditures.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

Note 5: Interfund Receivables, Payables and Transfers (Continued)

c. Transfers In/Out:

Transfers in and out for the year ended June 30, 2011, were as follows:

Funds	Transfers Out									Total
	General Fund	Public Facilities Development	Redevelopment Agency Debt Service Fund	Nonmajor Governmental Funds	Water	Solid Waste	Sewer	Nonmajor Proprietary Funds	Internal Service	
Transfers In:										
General Fund	\$ -	\$ 175,097	\$ -	\$ 2,740,970	\$ 279,741	\$ 229,613	\$ 10,407	\$ -	\$ -	\$ 3,435,828
Redevelopment Agency Debt Service Fund	-	-	-	739,281	-	-	-	-	-	739,281
Nonmajor Governmental Funds	3,679,006	962,504	2,908,258	479,603	54,001	-	-	-	2,490,905	10,574,277
Water	-	-	-	-	-	-	-	24,056	-	24,056
Nonmajor Proprietary Funds	-	-	-	647	-	-	-	-	-	647
Internal Service	1,380,000	-	-	-	-	-	-	-	-	1,380,000
Total	\$ 5,059,006	\$ 1,137,601	\$ 2,908,258	\$ 3,960,501	\$ 333,742	\$ 229,613	\$ 10,407	\$ 24,056	\$ 2,490,905	\$ 16,154,089

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

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Adjustments*	Transfers	Additions	Deletions	Ending Balance
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 29,729,444	\$ -	\$ -	\$ -	\$ -	\$ 29,729,444
Water rights	408,125	-	-	-	-	408,125
Rights of way	424,838,948	-	-	6,953,826	-	431,792,774
Construction in progress	10,544,429	-	(4,860,187)	4,818,213	-	10,502,455
Total capital assets not being depreciated	465,520,946	-	(4,860,187)	11,772,039	-	472,432,798
Capital assets being depreciated:						
Infrastructure	180,636,365	-	4,860,187	208,231	2,070,800	183,633,983
Buildings and improvements	19,726,419	-	-	29,106	-	19,755,525
Machinery, equipment and vehicles	19,690,981	-	-	1,273,844	1,074,284	19,890,541
Total capital assets being depreciated	220,053,765	-	4,860,187	1,511,181	3,145,084	223,280,049
Less accumulated depreciation for:						
Infrastructure	68,998,346	-	-	3,947,078	1,229,626	71,715,798
Buildings and improvements	8,067,569	977	-	482,625	-	8,551,171
Machinery, equipment and vehicles	15,170,574	482,657	-	1,799,828	1,009,903	16,443,156
Total accumulated depreciated	92,236,489	483,634	-	6,229,531	2,239,529	96,710,125
Total capital assets being depreciated, net	127,817,276	(483,634)	4,860,187	(4,718,350)	905,555	126,569,924
Governmental activities:						
Capital assets, net	\$ 593,338,222	\$ (483,634)	\$ -	\$ 7,053,689	\$ 905,555	\$ 599,002,722

* Adjustment was to correct prior period accumulated depreciation.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 6: Capital Assets (Continued)

	Beginning Balance	Adjustments*	Transfers	Additions	Deletions	Ending Balance
Business-type activities:						
Capital assets not being depreciated:						
Land	\$ 30,724,346	\$ -	\$ -	\$ 211,310	\$ 381	\$ 30,935,275
Water rights	8,871,460	-	-	300,000	490,000	8,681,460
Construction in progress	19,698,248	-	(3,799,483)	6,141,973	-	22,040,738
Total capital assets not being depreciated	59,294,054	-	(3,799,483)	6,653,283	490,381	61,657,473
Capital assets being depreciated:						
Infrastructure	126,551,709	-	3,799,483	-	17,903	130,333,289
Buildings and improvements	80,525,475	32,251	-	-	-	80,557,726
Machinery, equipment and vehicles	14,430,249	(610,078)	-	774,179	369,678	14,224,672
Total capital assets being depreciated	221,507,433	(577,827)	3,799,483	774,179	387,581	225,115,687
Less accumulated depreciation for:						
Infrastructure	57,283,511	-	-	2,309,605	17,903	59,575,213
Buildings and improvements	55,925,926	806	-	1,230,269	-	57,157,001
Machinery, equipment and vehicles	11,216,195	(782,330)	-	1,407,904	369,678	11,472,091
Total accumulated depreciation	124,425,632	(781,524)	-	4,947,778	387,581	128,204,305
Total capital assets being depreciated, net	97,081,801	203,697	3,799,483	(4,173,599)	-	96,911,382
Business-type activities:						
Capital assets, net	\$ 156,375,855	\$ 203,697	\$ -	\$ 2,479,684	\$ 490,381	\$ 158,568,855

* Adjustments were made to properly state fixed assets that were previously not being recorded and to properly state the accumulated depreciation.

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

	Governmental Activities	Business-Type Activities
General government	\$ 137,301	\$ -
Public safety	1,429,293	-
Highway and streets	553,767	-
Culture and recreation	4,088,427	-
Water	-	2,429,677
Disposal	-	1,013,209
Sewer	-	1,406,263
Nonmajor proprietary funds	-	98,629
Internal service	20,743	-
Total	\$ 6,229,531	\$ 4,947,778

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

Note 7: Long-Term Liabilities

Governmental Activities:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	Amount Due Within One Year
Compensated absences	\$ 6,943,476	\$ 4,505,004	\$ 4,347,839	\$ 7,100,641	\$ 4,366,230
Capital leases payable	1,236,237	184,318	350,434	1,070,121	290,047
Claims payable	2,881,000	1,872,548	1,696,548	3,057,000	1,528,500
OPEB Obligation	5,022,453	2,196,892	-	7,219,345	-
2003 General Obligation Bonds	2,195,000	-	515,000	1,680,000	535,000
2007 Series Taxable Pension Funding Bonds	25,870,000	-	1,040,000	24,830,000	1,180,000
Less: (accredited interest)	(1,096,170)	-	(55,356)	(1,040,814)	-
Certificate of Participation:					
2003 Lease Revenue Refunding	11,160,000	-	1,475,000	9,685,000	1,525,000
Add: unamortized premium	384,034	-	48,004	336,030	48,004
Tax Allocation Bonds					
1998 Refunding Series A	20,795,000	-	1,200,000	19,595,000	1,255,000
2003 Series A	9,185,000	-	550,000	8,635,000	565,000
2007 Refunding Series A	4,205,000	-	225,000	3,980,000	240,000
I-Bank Sports Park Lease	1,858,954	-	44,690	1,814,264	46,097
Total governmental activities long-term liabilities	<u>\$ 90,639,984</u>	<u>\$ 8,758,762</u>	<u>\$ 11,437,159</u>	<u>\$ 87,961,587</u>	<u>\$ 11,578,878</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$369,677 of compensated absences for internal service funds is included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

Capital Leases Payable

The City has entered into several lease agreements for various equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The assets acquired under capital leases are machinery, equipment and vehicles. The total cost was \$2,912,332. The outstanding balance at June 30, 2011, is \$1,070,121.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 7: Long-Term Liabilities (Continued)

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

<u>Year ending June 30</u>	<u>Amount</u>
2012	\$ 338,133
2013	269,020
2014	164,019
2015	164,019
2016	153,435
2017	<u>121,685</u>
Total minimum lease payments	1,210,311
Less: Amount representing interest	<u>(140,190)</u>
Total minimum lease payments	<u><u>\$ 1,070,121</u></u>

2003 General Obligation Refunding Bonds

At June 30, 2003, the City had \$5,140,000 in outstanding principal relating to the 1994 Refunding General Obligation Bonds. On October 29, 2003, the City issued \$5,380,000 of 2003 General Obligation Refunding Bonds for the purposes of refunding the 1994 General Obligation Refunding Bonds and paying the costs of issuance of the Bonds. The original bonds were used for the purpose of refinancing the acquisition and improvement of real property within the City for use as public parks and open space. As a result, the 1994 refunded bonds were considered to be defeased and the liability had been removed from the governmental activities column of the statement of net assets. The advance refunding was undertaken to reduce total debt service payments over the next ten years by \$338,898 and resulted in an economic gain of \$286,142. The final maturity date is February 1, 2014. Interest rates vary from 2% to 5% with annual principal payments varying from \$440,000 to \$585,000 in the final year. The amount outstanding at June 30, 2011, is \$1,680,000.

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2011, are as follows:

	<u>2003 General Obligation Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2011 - 2012	\$ 535,000	\$ 73,050
2012 - 2013	560,000	51,650
2013 - 2014	<u>585,000</u>	<u>29,250</u>
Totals	<u><u>\$ 1,680,000</u></u>	<u><u>\$ 153,950</u></u>

2007 Taxable Pension Funding Bonds

On August 1, 2007, the City issued \$25,862,392 of 2007 Taxable Pension Funding Bonds to refund the City's obligation to PERS, reimburse the City for its payment of a portion of its fiscal year ended 2008 unfunded liability and pay the costs of issuance of the bonds. Interest is payable February 1 and August 1 of each year commencing on February 1, 2008. Interest rate is 5.233% with annual principal payments plus accreted value commencing February 1, 2008. The amount outstanding at June 30, 2011 is \$24,830,000.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 7: Long-Term Liabilities (Continued)

The annual requirements to amortize pension funding bonds outstanding as of June 30, 2011, are as follows:

	2007 Taxable Pension Funding Bonds	
	Principal	Interest
2011 - 2012	\$ 1,180,000	\$ 1,318,079
2012 - 2013	1,330,000	1,251,409
2013 - 2014	1,500,000	1,176,264
2014 - 2015	1,670,000	1,091,514
2015 - 2016	1,860,000	997,159
2016 - 2021	9,420,000	3,261,584
2021 - 2026	3,700,000	1,285,751
2026 - 2031	1,350,000	1,009,832
2031 - 2036	2,230,000	595,512
2036 - 2041	590,000	34,822
	<u>24,830,000</u>	
Less unaccreted discount	<u>(1,040,814)</u>	
Totals	<u>\$ 23,789,186</u>	<u>\$ 12,021,926</u>

Tax Allocation Bonds

1998A Tax Allocation Refunding Bonds

In December of 1998, the Agency issued \$31,805,000 in 1998 Tax Allocation Refunding Bonds, Series A with interest rates of 3.7% to 5%. This was a current refunding of the following: \$6,145,000 of outstanding 1994 Refunding Parking Lease Revenue Bonds with a variable interest rate; \$19,710,000 of outstanding 1994 Subordinated Tax Allocation Refunding Bonds with a variable interest rate; and \$3,680,000 of outstanding 1987 Tax Allocation Refunding Bonds with interest rates of 4.5% to 7%. The net proceeds of \$30,488,750 (after payment of \$1,316,250 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities, those securities were deposited in an irrevocable trust with an escrow agent to refund the noted bonds. As a result, these refunded bonds are considered defeased. The reserve requirement was \$2,189,513 and the reserve as of June 30, 2011, was \$2,189,513. At June 30, 2011, the outstanding principal was \$19,595,000.

The annual requirements to amortize tax allocation bonds outstanding as of June 30, 2011, are as follows:

	1998A Tax Allocation Bonds	
	Principal	Interest
2011 - 2012	\$ 1,255,000	\$ 904,860
2012 - 2013	1,310,000	847,278
2013 - 2014	1,370,000	785,980
2014 - 2015	1,435,000	720,000
2015 - 2016	1,500,000	649,725
2016 - 2021	8,655,000	2,071,125
2021 - 2026	4,070,000	203,906
Totals	<u>\$ 19,595,000</u>	<u>\$ 6,182,874</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 7: Long-Term Liabilities (Continued)

Series 2003A Tax Allocation Bonds

In November of 2003, the Agency issued \$17,300,000 in 2003 Tax Allocation Bonds, Series A with interest rates of 2% to 4.25%. The proceeds of the bond were used to provide funds for redevelopment activities in the Project Area, fund a deposit to a debt service reserve account, and to pay for costs incurred in connection with the issuance, sale, and delivery of the Series 2003A Bonds, including the premium for a municipal bond insurance policy. Interest on the Series 2003A Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and payable on February 1 and August 1 of each year, commencing February 1, 2004, until maturity or earlier redemption thereof. In August of 2007 a portion of the bond was defeased in an amount equal to \$4,300,000 through unspent proceeds of the bond. The reserve requirement was \$940,479 and the reserve as of June 30, 2011, was \$940,479. At June 30, 2011, the outstanding principal was \$8,635,000.

The annual requirements to amortize tax allocation bonds outstanding as of June 30, 2011, are as follows:

	2003A Tax Allocation Bonds	
	Principal	Interest
2011 - 2012	\$ 565,000	\$ 358,728
2012 - 2013	595,000	334,716
2013 - 2014	620,000	310,156
2014 - 2015	640,000	285,284
2015 - 2016	670,000	258,781
2016 - 2021	3,785,000	833,719
2021 - 2026	1,760,000	80,394
Totals	<u>\$ 8,635,000</u>	<u>\$ 2,461,778</u>

Series 2007A Tax Allocation Bonds

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

Interest on the Series 2007A Bond will be calculated on the basis of a 360-day year of twelve 30-day months and payable on February 1 and August 1 of each year, commencing February 1, 2008, until maturity in 2022 or earlier redemption thereof. The reserve requirement was \$464,000 and the reserve as of June 30, 2011, was \$471,957. At June 30, 2011, the outstanding principal was \$3,980,000.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

Note 7: Long-Term Liabilities (Continued)

The annual requirements to amortize tax allocation bonds outstanding as of June 30, 2011, are as follows:

	Series 2007A Tax Allocation Bonds	
	Principal	Interest
2011 - 2012	\$ 240,000	\$ 224,575
2012 - 2013	255,000	210,175
2013 - 2014	265,000	195,048
2014 - 2015	280,000	179,194
2015 - 2016	300,000	162,322
2016 - 2021	1,775,000	521,147
2021 - 2026	865,000	51,053
Totals	<u>\$ 3,980,000</u>	<u>\$ 1,543,514</u>

Pledged Revenue

As previously discussed, the Agency has pledged, as security for bonds it has issued, a portion of the tax increment revenue (including Low/Moderate Housing set-aside) that it receives. These bonds were to provide financing for various capital projects and accomplish Low and Moderate Income Housing projects. The Agency has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$42,398,166 with annual debt service requirements as indicated above. For the current year, the total tax increment revenue, net of pass through payments, recognized by the Agency was \$6,902,372 and the debt service obligation on the bonds was \$3,551,679.

Certificates of Participation

2003 Lease Revenue Refunding Certificates of Participation

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

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

The outstanding balance at June 30, 2011, was \$9,685,000 with an unamortized premium of \$336,030.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 7: Long-Term Liabilities (Continued)

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

	2003 Lease Revenue Refunding COP	
	Principal	Interest
2011 - 2012	\$ 1,525,000	\$ 384,444
2012 - 2013	1,600,000	306,319
2013 - 2014	1,675,000	240,147
2014 - 2015	1,730,000	185,863
2015 - 2016	1,785,000	113,125
2016 - 2021	1,370,000	64,000
Totals	<u>\$ 9,685,000</u>	<u>\$ 1,293,898</u>

I-Bank Sports Park Lease Payable

On December 1, 2006 the City entered into this agreement for the purpose of obtaining additional funds to complete the Sports Park project. The City has agreed to pay the amount over thirty years commencing on the date of the lease, which carries an annual interest rate of 3.15% with principal and interest payments due every six months starting August 1, 2007 and payable in full on August 1, 2036. At June 30, 2011, the outstanding balance of the I-Bank Sports Park lease payable balance was \$1,814,264.

The annual retirements to amortize lease payable outstanding as of June 30, 2011, are as follows:

Year ending June 30	Amount
2012	\$ 102,521
2013	102,498
2014	102,474
2015	102,450
2016	102,425
2016 - 2021	511,719
2021 - 2026	510,961
2026 - 2031	510,077
2031 - 2036	509,045
2036 - 2041	101,670
Total minimum lease payments	2,655,840
Less: Amount representing interest	<u>(841,576)</u>
Total minimum lease payments	<u>\$ 1,814,264</u>

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 7: Long-Term Liabilities (Continued)

Business-Type Activities:

The following is a summary of changes in business-type long-term liabilities, including landfill closure liability, for the year ended June 30, 2011:

	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011	Amount Due Within One Year
Compensated absences	\$ 921,581	\$ 670,454	\$ 657,731	\$ 934,304	\$ 467,153
Capital lease payable	292,686	-	56,918	235,768	59,385
OPEB obligation (Note 12)	1,868,968	1,225,299	-	3,094,267	-
Landfill closure (Note 15)	5,881,963	12,158	-	5,894,121	-
Revenue Bonds:					
1999 Water refunding	10,730,000	-	1,585,000	9,145,000	1,660,000
1999 Wastewater refunding	9,660,000	-	1,015,000	8,645,000	1,065,000
Total revenue bonds	<u>20,390,000</u>	<u>-</u>	<u>2,600,000</u>	<u>17,790,000</u>	<u>2,725,000</u>
Notes payable:					
Agricultural drainage water management loan program	558,995	-	104,034	454,961	107,779
California recycled water project	4,519,685	-	252,047	4,267,638	258,348
Safe drinking water project	5,227,302	-	262,929	4,964,373	269,117
Total notes payable	<u>10,305,982</u>	<u>-</u>	<u>619,010</u>	<u>9,686,972</u>	<u>635,244</u>
Total business-type activities long- term liabilities	<u>\$ 39,661,180</u>	<u>\$ 1,907,911</u>	<u>\$ 3,933,659</u>	<u>\$ 37,635,432</u>	<u>\$ 3,886,782</u>

Capital Lease Payable

The City has entered into a lease agreement for a caterpillar track-type tractor. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The asset acquired under capital lease is rolling stock. The total cost was \$414,376. At June 30, 2011, the outstanding balance is \$235,768.

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

Year ending June 30	Amount
2012	\$ 68,177
2013	68,177
2014	115,795
Total minimum lease payments	252,149
Less: Amount representing interest	(16,381)
Total minimum lease payments	<u>\$ 235,768</u>

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 7: Long-Term Liabilities (Continued)

Revenue Bonds Payable

1999 Water Refunding Revenue Bonds

The \$23,345,000 of Water Refunding Revenue Bonds, issue of 1999, consists of serial bonds with varying interest rates from 3.7% to 5%. Interest is payable semiannually on March 1 and September 1. Serial bonds mature annually on September 1, 1999 through September 1, 2015. The revenues of the Water Fund are pledged as security toward the payment of this debt. The net proceeds were used to refinance the prior water projects. The amount outstanding at June 30, 2011, was \$9,145,000.

The annual requirements to amortize bonds payable subsequent to June 30, 2011, are as follows:

	1999A Water Revenue Refunding Bonds	
	Principal	Interest
2011 - 2012	\$ 1,660,000	\$ 411,500
2012 - 2013	1,740,000	329,663
2013 - 2014	1,820,000	241,750
2014 - 2015	1,915,000	148,375
2015 - 2016	2,010,000	50,250
Totals	<u>\$ 9,145,000</u>	<u>\$ 1,181,538</u>

1999A Wastewater Refunding Revenue Bonds

The \$17,770,000 of Wastewater Refunding Revenue Bonds, issue of 1999, Series A, consists of serial bonds with varying interest rates from 3.7% to 4.875%. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually on September 1, 1999 through September 1, 2017. The revenues of the Water Fund are pledged as security toward the payment of this debt. The net proceeds were used to refinance the prior wastewater projects. The amount outstanding at June 30, 2011, was \$8,645,000.

The annual requirements to amortize bonds payable subsequent to June 30, 2011, are as follows:

	1999A Wastewater Revenue Refunding Bonds	
	Principal	Interest
2011 - 2012	\$ 1,065,000	\$ 402,900
2012 - 2013	1,115,000	350,428
2013 - 2014	1,170,000	294,000
2014 - 2015	1,230,000	234,000
2015 - 2016	1,290,000	171,000
2016 - 2021	2,775,000	140,375
Totals	<u>\$ 8,645,000</u>	<u>\$ 1,592,703</u>

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 7: Long-Term Liabilities (Continued)

Pledged Revenues

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

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses)	Annual Debt Service Payments	Debt Service as a Percentage of Pledged Revenue
Water revenues	\$ 5,266,539	\$ 2,072,380	39%
Wastewater revenues	2,330,049	1,466,539	63%

Notes Payable

On June 30, 2009, the City entered into a note payable agreement for \$659,414 from the Water Resources Control Board through the Agricultural Drainage Water Management Loan Program for the Texas Street Wellhead Treatment Project. The note carries an annual interest rate of 3.6% with principal and interest payments due annually. The amount outstanding at June 30, 2011 was \$454,961.

On September 2, 2003, the City entered into a loan agreement with the California Water Resources Control Board in the amount of \$7,918,234 to assist in financing the construction of advanced wastewater treatment facilities at the existing wastewater treatment plant. The note carries an annual interest rate of 2.5% with principal and interest payments due annually starting November 30, 2005. The amount outstanding at June 30, 2011, was \$4,267,638.

On January 30, 2004, the City has a loan made by the State of California, Department of Water Resources in the amount of \$1,664,876 to assist in financing construction of a project which will enable the City to meet safe drinking water standards. As of June 30, 2006, the loan had been increased to \$6,100,844. The note carries an annual interest rate of 2.34% with principal and interest payments due every six months starting January 1, 2006. At June 30, 2011, the City has \$4,964,373 in outstanding principal.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

Note 7: Long-Term Liabilities (Continued)

The annual requirements for the notes payable outstanding as of June 30, 2011, are as follows:

	<u>Total Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2011 - 2012	\$ 635,244	\$ 237,671
2012 - 2013	651,917	220,998
2013 - 2014	669,041	203,875
2014 - 2015	686,627	186,288
2015 - 2016	580,530	168,227
2016 - 2021	3,120,833	622,954
2021 - 2026	3,153,139	225,610
2026 - 2031	189,641	2,219
Totals	<u>\$ 9,686,972</u>	<u>\$ 1,867,842</u>

Note 8: Claims Payable

On June 30, 2011 and throughout 2010-2011, the City was self-insured for the first \$500,000 per occurrence for commercial general liability and automobile liability. The City purchased excess liability insurance to provide additional coverage of \$10,000,000 per occurrence with a \$10,000,000 aggregate. The City also purchased airport liability insurance including comprehensive general liability, contractual liability, personal injury, bodily injury and property damage in a single limit liability amount of \$10,000,000 for each occurrence. For worker's 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, 2011, \$787,000 and \$2,270,000 have been accrued for general liability and worker's compensation claims, respectively. All funds of the City participate in the worker's compensation program and make payments to the Worker's 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 worker's 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, 2011, 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

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 8: Claims Payable (Continued)

Reconciliation of the changes in the City's aggregate liabilities for the year ended June 30, 2011, is as follows:

2010-2011	Beginning of Year	Claims and Changes in Estimates	Claim Payments	End of Year
Liability claims	\$ 742,000	\$ 234,515	\$ 189,515	\$ 787,000
Workers' compensation	2,139,000	1,638,033	1,507,033	2,270,000
	<u>\$ 2,881,000</u>	<u>\$ 1,872,548</u>	<u>\$ 1,696,548</u>	<u>\$ 3,057,000</u>

2009-2010	Beginning of Year	Claims and Changes in Estimates	Claim Payments	End of Year
Liability claims	\$ 700,000	\$ 368,507	\$ 326,507	\$ 742,000
Workers' compensation	2,017,000	1,128,923	1,006,923	2,139,000
	<u>\$ 2,717,000</u>	<u>\$ 1,497,430</u>	<u>\$ 1,333,430</u>	<u>\$ 2,881,000</u>

Note 9: Fund/Net Asset Deficits and Expenditures in Excess of Appropriations

At June 30, 2011, the following governmental funds have fund deficits:

	<u>Deficit Amount</u>
Special Revenue Funds:	
Public Facilities Development	\$ 6,185,955
General Capital Improvement	451,329
Community Development Block Grant	65,551
Neighborhood Initiative Program	4,668
Disaster Recovery	842,569
Enterprise Fund:	
Cemetery	542,364
Internal Service Fund:	
Information Technology	278,085
Equipment Maintenance	286,198

Expenditures for the year ended June 30, 2011, exceeded the appropriations of the following funds/departments:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
City attorney	\$ 473,645	\$ 485,338	\$ (11,693)
Building maintenance	1,123,642	1,234,755	(111,113)
Fire	9,564,654	9,582,418	(17,764)
Highway and streets	3,349,602	3,485,289	(135,687)
Special revenue:			
Public Facilities Development			
Highway and streets	71,488	119,619	(48,131)

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 10: Fund Equity

Restatement of Net Assets and Fund Balances:

Fund balance in the following funds have been restated for:

Proprietary Funds:	
Water Fund	
To properly account for capital assets not previously recorded and to correct prior period accumulated depreciation.	\$ 138,695
Disposal Fund	
To properly account for capital assets not previously recorded and to correct prior period accumulated depreciation.	298,664
Sewer Fund	
To properly account for capital assets not previously recorded and to correct prior period accumulated depreciation.	<u>40,339</u>
Total propriety fund balance restatements	<u><u>\$ 477,698</u></u>
Internal Service Funds:	
Information Technology	
Correction of prior period accumulated depreciation on capital assets.	\$ (977)
Equipment Maintenance	
Correction of prior period accumulated depreciation on capital assets.	<u>(3,700)</u>
Total internal service fund balance restatements	<u><u>\$ (4,677)</u></u>

Net assets have been restated in the government-wide statements for:

Government-wide Net Assets:	
Internal service fund balance restatements (above).	\$ (4,677)
Correction of prior period accumulated depreciation on capital assets.	(478,957)
To correct prior years amortization of the net pension asset.	<u>1,216,231</u>
Total Government-wide Net Asset restatements	<u>732,597</u>
Business-type Activities:	
Proprietary fund balance restatements (above).	<u>477,698</u>
Total restatements	<u><u>\$ 1,210,295</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 11: Defined Benefit Pension Plan

Plan Description

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

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2011, is 12.43%, 26.019% and 26.335% of annual covered payroll for the miscellaneous plan, police safety plan and fire safety plan, respectively. The contribution requirements of plan members and the City are established and may be amended by City Council in conjunction with applicable labor contracts. The City's contributions to the plan for the year ending June 30, 2011, was \$4,628,004 and was equal to the required contributions for the year.

Annual Pension Cost and Net Pension Asset

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

The City's annual pension cost for fiscal year ending June 30, 2011, was as follows:

<u>Fiscal Year</u>	<u>Three Year Trend Information</u>			
	<u>Annual Pension Cost (Employer Contribution)</u>			<u>Net Pension Asset</u>
	<u>Miscellaneous</u>	<u>Safety Police and Fire</u>	<u>Percentage of APC Contributed</u>	
6/30/2009	\$ 1,765,870	\$ 2,780,697	100%	\$ 25,038,011
6/30/2010	1,658,235	2,995,161	506%	24,164,133
6/30/2011	1,631,036	2,996,968	529%	24,469,029

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 11: Defined Benefit Pension Plan (Continued)

The City's change in net pension asset for fiscal year ending June 30, 2011, was as follows:

Annual required contribution	\$ 4,628,004
Interest on net pension asset	(1,919,220)
Adjustment to annual required contribution	<u>2,214,324</u>
Annual pension cost	4,923,108
Contribution made	<u>4,628,004</u>
Increase (decrease) in net pension asset	295,104
Net pension asset beginning of year	(23,547,902)
Adjustment to correct prior year amortization	<u>(1,216,231)</u>
Net pension asset end of year	<u><u>\$ (24,469,029)</u></u>

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

Schedule of Funding Progress for PERS
 Miscellaneous Plan
 Most Recent Available

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Covered Payroll
6/30/2008	\$ 99,370,303	\$ 95,482,489	\$ 3,887,814	96.1%	\$ 19,234,253	20.2%
6/30/2009	109,648,759	99,562,333	10,086,426	90.8%	18,327,951	55.0%
6/30/2010	115,327,889	103,033,839	12,294,050	89.3%	19,201,831	64.0%

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 11: Defined Benefit Pension Plan (Continued)

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

	<u>Miscellaneous</u>
Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	21 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on Age, Service and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

Note 12: Other Post-Employment Benefits Plan

In addition to the pension benefits described in Note 11, the City provides post-retirement health care benefits, in accordance with applicable Memoranda of Understanding and the California Government Code, to all employees who retire from the City.

Plan Description

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

City's Funding Policy

The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2010-11, the City contributed \$2,649,271 to the plan. Upon retirement, City's employees who are not eligible for fully paid medical benefits based on service may elect to convert the value of their sick leave for payment of the balance of the premiums which are not paid by the City.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2011

Note 12: Other Post-Employment Benefits Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 6,067,848
Interest on net OPEB obligation	279,119
Adjustment to annual required contribution	<u>(274,324)</u>
Annual OPEB cost (expense)	6,072,643
Contributions made	<u>(2,650,452)</u>
Increase/(decrease) in Net OPEB obligation	3,422,191
Net OPEB obligation - beginning of year	<u>6,891,421</u>
Net OPEB obligation - end of year	<u><u>\$ 10,313,612</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
6/30/2009	\$ 1,919,207	\$ 665,965	34.7%	\$ 3,618,793
6/30/2010	5,538,000	1,353,421	40.9%	6,891,421
6/30/2011	6,072,643	2,650,452	58.9%	10,313,612

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, was as follows:

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared

Note 12: Other Post-Employment Benefits Plan (Continued)

with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 5% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements of 1% per year for the first three years then decrements of .5% to an ultimate rate of 5% after the seventh year. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.5% per year.

Note 13: Contingencies

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

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

CITY OF REDLANDS

**NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011**

Note 14: Construction Commitments

The following material construction commitments existed at June 30, 2011:

Project Name	Contract Amount	Expenditures to date as of June 30, 2011	Remaining Commitments
SCADA Systems Upgrades	\$ 812,955	\$ 295,500	\$ 517,455
Resurfacing Program 2010	1,346,930	1,002,892	344,038
Airport Apron Rehabilitation Project	298,984	-	298,984
Hinckley Expansion	1,607,889	1,317,053	290,836
Resurfacing Program Phase II 2011	765,305	498,731	266,574
Redands, Alabama, Colton Improvements	765,850	668,425	97,425
Airport Well #2 Rehabilitation	97,305	33,100	64,205
Sewer Centrifuge Project	798,302	742,465	55,837
Pedestrian Ramps and Sidewalks	271,272	220,657	50,615

Note 15: Solid Waste Landfill

State and federal laws and regulations require the City to provide financial assurance for closure and postclosure costs of the California Street Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for fifteen years after closure. Although closure and postclosure activities will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,894,121 reported as landfill closure and postclosure liability at June 30, 2011, represents the cumulative amount reported to date based on the use of 52.01 percent of the total estimated capacity of the landfill including final covering. The City will recognize the remaining estimated costs of closure and postclosure care of \$800,000 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform closure and postclosure activities in 2011 dollars. The City expects to close the landfill in the year 2042. Actual costs may differ due to inflation, changes in technology or changes in regulations.

The City is required by state and federal laws and regulations to maintain adequate funds to provide financial assurance for closure and postclosure costs through one of a combination of alternative mechanisms. For closure costs, the City has established an enterprise fund mechanism with a separate fund, the California Street Landfill Closure fund. For postclosure costs, the City has entered into a Pledge of Revenue Agreement with the California Integrated Waste Management Board. The City is in compliance with these requirements. At June 30, 2011, \$5,930,112 is held for landfill closure. The City expects that future inflation costs will be paid from future annual operating revenues in the enterprise fund. Postclosure costs are agreed to be covered by revenue from solid waste customer billings which is deposited directly into the Disposal enterprise fund.

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

Note 16: Debt Without Government Commitment

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

In September 2001, the City issued for and on behalf of the Community Facilities District No. 2001-1 (Northwest Development Project) \$9,255,000 aggregate principal amount of 2001 Special Tax Bonds to finance the acquisition of certain public improvements with appurtenant work and incidental expenses within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2002 to 2015 are serial bonds payable in annual installments of \$170,000 to \$355,000 while bonds maturing in the year 2022 in the amount of \$3,175,000 and bonds maturing in the year 2026 in the amount of \$2,535,000 are term bonds. The interest rates on the bonds range from 3.75% to 6.45%. The outstanding balance at June 30, 2011, was \$7,290,000.

In February 2004, the City issued for and on behalf of the Community Facilities District No. 2003-1 (Redlands Business Center) \$9,545,000 aggregate principal amount of 2004 Special Tax Bonds to finance the acquisition and construction of certain street improvements, sewers, storm drains, water distribution facilities, and other public improvements within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2006 to 2021 are serial bonds payable in annual installments of \$20,000 to \$270,000, while bonds maturing in the year 2027 in the amount of \$2,255,000 and bonds maturing in the year 2033 in the amount of \$5,280,000 are term bonds. The interest rates on the bonds range from 2.5% to 5.9%. The outstanding balance at June 30, 2011, was \$9,310,000.

Note 17: Operating Lease

The City has entered into an operating lease with Xerox Corporation for copier equipment, services and supplies in December 2009. The term calls for a five-year lease with a minimum monthly payment of \$5,875. The minimum future payments as of June 30, 2011, are as follows:

Year ending June 30	Amount
2012	\$ 70,494
2013	70,494
2014	70,494
2015	35,247
Total	<u>\$ 246,729</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

Note 18: SERAF Shift

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010, the Sacramento Superior Court upheld the legislation.

The payment of the SERAF was due on May 10, 2011, for fiscal year 2010-2011 and it was made in the amount of \$491,892 from its available resources.

Note 19: California Redevelopment Agency Uncertainty

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27 gives redevelopment agencies an option to avoid dissolution if they commit to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amount to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments total \$400 million, annually. Each city or county's share of these payments is determined based on its proportionate share of state-wide tax increment.

CRA and the League contend that AB1X 26 and 27 are unconstitutional because they violate Proposition 22 which was passed by the voters in November, 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies' tax increment funds to benefit the State and other units of local government, by way of threatening the dissolution of redevelopment agencies.

Therefore, the CRA and the League have requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11th, the California Supreme Court agreed to hear the case and granted a partial stay which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State in the estimated amount of \$2,008,610, by January 15, 2012 to avoid dissolution.

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CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>Special Revenue Funds</u>			
	<u>Emergency Service</u>	<u>Household Hazardous Waste</u>	<u>State Gas Tax</u>	<u>Measure I Sales Tax</u>
Assets:				
Cash and investments	\$ 155,682	\$ 198,106	\$ -	\$ 7,041,662
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	9,918	-	-
Taxes	12,977	-	212,496	-
Note	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Advances to other funds	-	-	-	-
Total Assets	<u>\$ 168,659</u>	<u>\$ 208,024</u>	<u>\$ 212,496</u>	<u>\$ 7,041,662</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,301	\$ 2,121	\$ -	\$ 416,359
Accrued payroll	166,358	-	-	8,285
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	212,496	-
Total Liabilities	<u>168,659</u>	<u>2,121</u>	<u>212,496</u>	<u>424,644</u>
Fund Balances:				
Nonspendable:				
Note	-	-	-	-
Advances to other funds	-	-	-	-
Restricted for:				
Public safety	-	205,903	-	-
Highway and streets	-	-	-	-
Capital projects	-	-	-	6,617,018
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD assessment	-	-	-	-
Low and moderate income housing	-	-	-	-
Committed to:				
Development projects	-	-	-	-
Downtown Redlands Business Association	-	-	-	-
Parking authority	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>205,903</u>	<u>-</u>	<u>6,617,018</u>
Total Liabilities and Fund Balances	<u>\$ 168,659</u>	<u>\$ 208,024</u>	<u>\$ 212,496</u>	<u>\$ 7,041,662</u>

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(Continued)

	<u>Special Revenue Funds</u>			
	<u>Local Transportation</u>	<u>Air Quality Improvement</u>	<u>Traffic Safety</u>	<u>Open Space</u>
Assets:				
Cash and investments	\$ 4,055,485	\$ 485,845	\$ -	\$ 2,014,259
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	14,715	-
Taxes	-	-	-	-
Note	-	-	-	-
Interest	-	-	-	-
Due from other governments	491,467	17,303	-	-
Advances to other funds	-	-	-	130,000
Total Assets	<u>\$ 4,546,952</u>	<u>\$ 503,148</u>	<u>\$ 14,715</u>	<u>\$ 2,144,259</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 833,619	\$ -	\$ -	\$ -
Accrued payroll	10,601	-	-	-
Deferred revenues	473,467	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>1,317,687</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
Note	-	-	-	-
Advances to other funds	-	-	-	130,000
Restricted for:				
Public safety	-	503,148	14,715	-
Highway and streets	-	-	-	-
Capital projects	3,229,265	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD assessment	-	-	-	-
Low and moderate income housing	-	-	-	-
Committed to:				
Development projects	-	-	-	2,014,259
Downtown Redlands Business Association	-	-	-	-
Parking authority	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>3,229,265</u>	<u>503,148</u>	<u>14,715</u>	<u>2,144,259</u>
Total Liabilities and Fund Balances	<u>\$ 4,546,952</u>	<u>\$ 503,148</u>	<u>\$ 14,715</u>	<u>\$ 2,144,259</u>

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds			
	Downtown Redlands Business Association	Parking Authority	General Capital Improvement	Community Development Block Grant
Assets:				
Cash and investments	\$ 218,026	\$ 44,280	\$ -	\$ -
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	1,681	608	450,000	-
Taxes	-	-	-	-
Note	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	67,126	391,361
Advances to other funds	-	-	-	-
Total Assets	\$ 219,707	\$ 44,888	\$ 517,126	\$ 391,361
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 6,858	\$ 1,438	\$ 233,293	\$ 285,417
Accrued payroll	2,028	-	1,519	7,451
Deferred revenues	-	-	457,175	74,560
Unearned revenues	-	-	33,048	-
Deposits payable	-	17,187	-	-
Due to other funds	-	-	243,420	89,484
Total Liabilities	8,886	18,625	968,455	456,912
Fund Balances:				
Nonspendable:				
Note	-	-	-	-
Advances to other funds	-	-	-	-
Restricted for:				
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD assessment	-	-	-	-
Low and moderate income housing	-	-	-	-
Committed to:				
Development projects	-	-	-	-
Downtown Redlands Business Association	210,821	-	-	-
Parking authority	-	26,263	-	-
Unassigned	-	-	(451,329)	(65,551)
Total Fund Balances	210,821	26,263	(451,329)	(65,551)
Total Liabilities and Fund Balances	\$ 219,707	\$ 44,888	\$ 517,126	\$ 391,361

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Neighborhood Initiative Program	Asset Forfeiture	Police Grants	Supplemental Law Enforcement
Assets:				
Cash and investments	\$ -	\$ 388,040	\$ -	\$ 120,218
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Note	-	-	-	-
Interest	-	-	-	-
Due from other governments	4,668	49,226	466,314	11,324
Advances to other funds	-	-	-	-
Total Assets	\$ 4,668	\$ 437,266	\$ 466,314	\$ 131,542
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 39,189	\$ 26,900	\$ -
Accrued payroll	1,349	-	6,567	3,270
Deferred revenues	4,668	-	186,631	-
Unearned revenues	-	-	10,601	65,098
Deposits payable	-	-	-	-
Due to other funds	3,319	-	170,964	-
Total Liabilities	9,336	39,189	401,663	68,368
Fund Balances:				
Nonspendable:				
Note	-	-	-	-
Advances to other funds	-	-	-	-
Restricted for:				
Public safety	-	398,077	64,651	63,174
Highway and streets	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD assessment	-	-	-	-
Low and moderate income housing	-	-	-	-
Committed to:				
Development projects	-	-	-	-
Downtown Redlands Business Association	-	-	-	-
Parking authority	-	-	-	-
Unassigned	(4,668)	-	-	-
Total Fund Balances	(4,668)	398,077	64,651	63,174
Total Liabilities and Fund Balances	\$ 4,668	\$ 437,266	\$ 466,314	\$ 131,542

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>Special Revenue Funds</u>			
	<u>Park and Open Space</u>	<u>Arterial Street Construction</u>	<u>Traffic Signals</u>	<u>Freeway Interchanges</u>
Assets:				
Cash and investments	\$ 2,011,621	\$ 1,077,684	\$ 584,654	\$ 320,009
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Note	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Advances to other funds	130,000	-	-	-
Total Assets	<u>\$ 2,141,621</u>	<u>\$ 1,077,684</u>	<u>\$ 584,654</u>	<u>\$ 320,009</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 32,934	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	18,700	-
Due to other funds	-	-	-	-
Total Liabilities	<u>32,934</u>	<u>-</u>	<u>18,700</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
Note	-	-	-	-
Advances to other funds	130,000	-	-	-
Restricted for:				
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD assessment	-	-	-	-
Low and moderate income housing	-	-	-	-
Committed to:				
Development projects	1,978,687	1,077,684	565,954	320,009
Downtown Redlands Business Association	-	-	-	-
Parking authority	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,108,687</u>	<u>1,077,684</u>	<u>565,954</u>	<u>320,009</u>
Total Liabilities and Fund Balances	<u>\$ 2,141,621</u>	<u>\$ 1,077,684</u>	<u>\$ 584,654</u>	<u>\$ 320,009</u>

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Street Lighting District #1	CFD 2004-1 Assessment	Landscape Maintenance District	Disaster Recovery
Assets:				
Cash and investments	\$ 79	\$ 506,172	\$ 273	\$ -
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Note	-	-	-	-
Interest	-	-	-	-
Due from other governments	127	758	732	121,098
Advances to other funds	-	-	-	-
Total Assets	\$ 206	\$ 506,930	\$ 1,005	\$ 121,098
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 740	\$ -
Accrued payroll	206	529	265	1,605
Deferred revenues	-	-	-	121,098
Unearned revenues	-	-	-	-
Deposits payable	-	62,683	-	-
Due to other funds	-	-	-	840,964
Total Liabilities	206	63,212	1,005	963,667
Fund Balances:				
Nonspendable:				
Note	-	-	-	-
Advances to other funds	-	-	-	-
Restricted for:				
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD assessment	-	443,718	-	-
Low and moderate income housing	-	-	-	-
Committed to:				
Development projects	-	-	-	-
Downtown Redlands Business Association	-	-	-	-
Parking authority	-	-	-	-
Unassigned	-	-	-	(842,569)
Total Fund Balances	-	443,718	-	(842,569)
Total Liabilities and Fund Balances	\$ 206	\$ 506,930	\$ 1,005	\$ 121,098

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds		Capital Projects Funds	
	Redevelopment Agency	Storm Drain	General Obligation Bonds - Series 1998A	Redevelopment Agency
Assets:				
Cash and investments	\$ 443,703	\$ 2,337,474	\$ 193,617	\$ 96,788
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Note	-	-	-	188,166
Interest	-	-	-	-
Due from other governments	-	-	-	-
Advances to other funds	-	100,000	-	-
Total Assets	\$ 443,703	\$ 2,437,474	\$ 193,617	\$ 284,954
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 925	\$ -	\$ -	\$ 19,014
Accrued payroll	18,745	1,820	-	16,048
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	97,484
Due to other funds	-	-	-	-
Total Liabilities	19,670	1,820	-	132,546
Fund Balances:				
Nonspendable:				
Note	-	-	-	188,166
Advances to other funds	-	100,000	-	-
Restricted for:				
Public safety	-	-	-	-
Highway and streets	-	2,335,654	-	-
Capital projects	-	-	193,617	-
Debt service	-	-	-	-
Endowment	-	-	-	-
CFD assessment	-	-	-	-
Low and moderate income housing	424,033	-	-	-
Committed to:				
Development projects	-	-	-	-
Downtown Redlands Business Association	-	-	-	-
Parking authority	-	-	-	-
Unassigned	-	-	-	(35,758)
Total Fund Balances	424,033	2,435,654	193,617	152,408
Total Liabilities and Fund Balances	\$ 443,703	\$ 2,437,474	\$ 193,617	\$ 284,954

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Debt Service Funds		Permanent Funds	Total Governmental Funds
	General Debt Service	Redlands Public Improvement Corporation	Cemetery Endowment	
Assets:				
Cash and investments	\$ 1,633,023	\$ -	\$ 1,838,864	\$ 25,765,564
Cash and investments with fiscal agents	1,631,801	-	-	1,631,801
Receivables:				
Accounts	-	-	553	477,475
Taxes	-	-	-	225,473
Note	-	-	-	188,166
Interest	63	-	-	63
Due from other governments	7,658	-	-	1,629,162
Advances to other funds	-	-	-	360,000
Total Assets	\$ 3,272,545	\$ -	\$ 1,839,417	\$ 30,277,704
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,901,108
Accrued payroll	-	-	-	246,646
Deferred revenues	-	-	-	1,317,599
Unearned revenues	-	-	-	108,747
Deposits payable	-	-	-	196,054
Due to other funds	-	-	-	1,560,647
Total Liabilities	-	-	-	5,330,801
Fund Balances:				
Nonspendable:				
Note	-	-	-	188,166
Advances to other funds	-	-	-	360,000
Restricted for:				
Public safety	-	-	-	1,249,668
Highway and streets	-	-	-	2,335,654
Capital projects	-	-	-	10,039,900
Debt service	3,272,545	-	-	3,272,545
Endowment	-	-	1,839,417	1,839,417
CFD assessment	-	-	-	443,718
Low and moderate income housing	-	-	-	424,033
Committed to:				
Development projects	-	-	-	5,956,593
Downtown Redlands Business Association	-	-	-	210,821
Parking authority	-	-	-	26,263
Unassigned	-	-	-	(1,399,875)
Total Fund Balances	3,272,545	-	1,839,417	24,946,903
Total Liabilities and Fund Balances	\$ 3,272,545	\$ -	\$ 1,839,417	\$ 30,277,704

CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds			
	Emergency Service	Household Hazardous Waste	State Gas Tax	Measure I Sales Tax
Revenues:				
Taxes	\$ 1,097,062	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	8,097	1,782,150	984,132
Charges for services	1,265	122,688	-	-
Use of money and property	-	-	-	76,262
Miscellaneous	-	-	-	-
Total Revenues	1,098,327	130,785	1,782,150	1,060,394
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	3,791,163	104,442	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	-	-	250,318
Capital outlay	-	-	-	1,022,342
Debt service:				
Principal retirement	8,048	-	-	-
Interest and fiscal charges	2,536	-	-	-
Total Expenditures	3,801,747	104,442	-	1,272,660
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,703,420)	26,343	1,782,150	(212,266)
Other Financing Sources (Uses):				
Transfers in	2,703,420	-	-	479,603
Transfers out	-	-	(1,890,776)	-
Total Other Financing Sources (Uses)	2,703,420	-	(1,890,776)	479,603
Net Change in Fund Balances	-	26,343	(108,626)	267,337
Fund Balances, Beginning of Year	-	179,560	108,626	6,349,681
Fund Balances, End of Year	\$ -	\$ 205,903	\$ -	\$ 6,617,018

CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

(Continued)

	Special Revenue Funds			
	Local Transportation	Air Quality Improvement	Traffic Safety	Open Space
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	258,628	38,972
Intergovernmental	1,034,312	79,021	-	-
Charges for services	-	-	-	-
Use of money and property	36,401	5,427	-	20,882
Miscellaneous	1,253	-	454	1,500
Total Revenues	1,071,966	84,448	259,082	61,354
Expenditures:				
Current:				
General government	-	-	695	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	69,154
Highway and streets	338,663	-	-	-
Capital outlay	3,146,876	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	3,485,539	-	695	69,154
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,413,573)	84,448	258,387	(7,800)
Other Financing Sources (Uses):				
Transfers in	54,000	-	-	-
Transfers out	(648,603)	-	(254,034)	-
Total Other Financing Sources (Uses)	(594,603)	-	(254,034)	-
Net Change in Fund Balances	(3,008,176)	84,448	4,353	(7,800)
Fund Balances, Beginning of Year	6,237,441	418,700	10,362	2,152,059
Fund Balances, End of Year	\$ 3,229,265	\$ 503,148	\$ 14,715	\$ 2,144,259

CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds			
	Downtown Redlands Business Association	Parking Authority	General Capital Improvement	Community Development Block Grant
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	69,569	-	-	-
Intergovernmental	-	-	295,813	794,914
Charges for services	245,293	-	-	-
Use of money and property	2,123	7,726	-	-
Miscellaneous	13,303	-	-	804
Total Revenues	330,288	7,726	295,813	795,718
Expenditures:				
Current:				
General government	272,100	16,438	-	186,043
Public safety	-	-	-	-
Culture and recreation	-	-	-	29,073
Highway and streets	-	-	346,439	53,443
Capital outlay	-	-	-	575,214
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	272,100	16,438	346,439	843,773
Excess (Deficiency) of Revenues Over (Under) Expenditures	58,188	(8,712)	(50,626)	(48,055)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(647)	-	-	-
Total Other Financing Sources (Uses)	(647)	-	-	-
Net Change in Fund Balances	57,541	(8,712)	(50,626)	(48,055)
Fund Balances, Beginning of Year	153,280	34,975	(400,703)	(17,496)
Fund Balances, End of Year	\$ 210,821	\$ 26,263	\$ (451,329)	\$ (65,551)

CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Neighborhood Initiative Program	Asset Forfeiture	Police Grants	Supplemental Law Enforcement
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	1,351,727	102,746
Charges for services	-	-	-	-
Use of money and property	-	-	-	1,058
Miscellaneous	-	427,133	174,476	-
Total Revenues	-	427,133	1,526,203	103,804
Expenditures:				
Current:				
General government	4,668	-	-	-
Public safety	-	377,826	1,087,175	102,746
Culture and recreation	-	-	-	-
Highway and streets	-	-	-	-
Capital outlay	-	30,036	373,760	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	4,668	407,862	1,460,935	102,746
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,668)	19,271	65,268	1,058
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(4,668)	19,271	65,268	1,058
Fund Balances, Beginning of Year	-	378,806	(617)	62,116
Fund Balances, End of Year	\$ (4,668)	\$ 398,077	\$ 64,651	\$ 63,174

CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds			
	Park and Open Space	Arterial Street Construction	Traffic Signals	Freeway Interchanges
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	120,067	68,258	19,159	55,509
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	21,104	15,971	8,982	4,580
Miscellaneous	1,138	-	-	-
Total Revenues	142,309	84,229	28,141	60,089
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	341,174	-	-	-
Highway and streets	-	1,365	383	1,110
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	44,690	-	-	-
Interest and fiscal charges	57,853	-	-	-
Total Expenditures	443,717	1,365	383	1,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	(301,408)	82,864	27,758	58,979
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(301,408)	82,864	27,758	58,979
Fund Balances, Beginning of Year	2,410,095	994,820	538,196	261,030
Fund Balances, End of Year	\$ 2,108,687	\$ 1,077,684	\$ 565,954	\$ 320,009

CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Street Lighting District #1	CFD 2004-1 Assessment	Landscape Maintenance District	Disaster Recovery
Revenues:				
Taxes	\$ 25,833	\$ 119,113	\$ 28,970	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	34,717
Charges for services	-	-	-	-
Use of money and property	-	7,369	-	-
Miscellaneous	-	-	-	-
Total Revenues	25,833	126,482	28,970	34,717
Expenditures:				
Current:				
General government	-	65,220	42,053	819,447
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Highway and streets	10,521	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	10,521	65,220	42,053	819,447
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,312	61,262	(13,083)	(784,730)
Other Financing Sources (Uses):				
Transfers in	-	-	13,083	-
Transfers out	(15,312)	-	-	-
Total Other Financing Sources (Uses)	(15,312)	-	13,083	-
Net Change in Fund Balances	-	61,262	-	(784,730)
Fund Balances, Beginning of Year	-	382,456	-	(57,839)
Fund Balances, End of Year	\$ -	\$ 443,718	\$ -	\$ (842,569)

CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds		Capital Projects Funds	
	Redevelopment Agency	Storm Drain	General Obligation Bonds - Series 1998A	Redevelopment Agency
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	2,086	-	-
Intergovernmental	-	-	-	-
Charges for services	300	-	-	-
Use of money and property	2,893	23,977	2,029	27,686
Miscellaneous	203	-	-	1,260
Total Revenues	3,396	26,063	2,029	28,946
Expenditures:				
Current:				
General government	771,657	-	-	779,159
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	44,014	-	-
Capital outlay	-	-	-	123,782
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	771,657	44,014	-	902,941
Excess (Deficiency) of Revenues Over (Under) Expenditures	(768,261)	(17,951)	2,029	(873,995)
Other Financing Sources (Uses):				
Transfers in	1,535,893	-	-	1,372,365
Transfers out	(821,651)	-	-	(329,478)
Total Other Financing Sources (Uses)	714,242	-	-	1,042,887
Net Change in Fund Balances	(54,019)	(17,951)	2,029	168,892
Fund Balances, Beginning of Year	478,052	2,453,605	191,588	(16,484)
Fund Balances, End of Year	\$ 424,033	\$ 2,435,654	\$ 193,617	\$ 152,408

CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Debt Service Funds</u>		<u>Permanent Funds</u>	<u>Total Governmental Funds</u>
	<u>General Debt Service</u>	<u>Redlands Public Improvement Corporation</u>	<u>Cemetery Endowment</u>	
Revenues:				
Taxes	\$ 657,776	\$ -	\$ -	\$ 1,928,754
Licenses and permits	-	-	-	632,248
Intergovernmental	-	-	-	6,467,629
Charges for services	-	-	-	369,546
Use of money and property	17,867	-	-	282,337
Miscellaneous	-	-	65,979	687,503
Total Revenues	675,643	-	65,979	10,368,017
Expenditures:				
Current:				
General government	-	-	-	2,957,480
Public safety	-	-	-	5,463,352
Culture and recreation	-	-	-	439,401
Highway and streets	-	-	-	1,046,256
Capital outlay	-	-	-	5,272,010
Debt service:				
Principal retirement	1,555,000	1,475,000	-	3,082,738
Interest and fiscal charges	1,443,131	450,008	-	1,953,528
Total Expenditures	2,998,131	1,925,008	-	20,214,765
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,322,488)	(1,925,008)	65,979	(9,846,748)
Other Financing Sources (Uses):				
Transfers in	2,490,905	1,925,008	-	10,574,277
Transfers out	-	-	-	(3,960,501)
Total Other Financing Sources (Uses)	2,490,905	1,925,008	-	6,613,776
Net Change in Fund Balances	168,417	-	65,979	(3,232,972)
Fund Balances, Beginning of Year	3,104,128	-	1,773,438	28,179,875
Fund Balances, End of Year	\$ 3,272,545	\$ -	\$ 1,839,417	\$ 24,946,903

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	1,075,000	1,062,497	1,097,062	34,565
Charges for services	40,000	979	1,265	286
Transfers in	2,782,467	2,750,610	2,703,420	(47,190)
Amounts Available for Appropriation	3,897,467	3,814,086	3,801,747	(12,339)
Charges to Appropriation (Outflow):				
Public safety	3,851,467	3,802,575	3,791,163	11,412
Capital outlay	46,000	11,511	-	11,511
Debt service:				
Principal retirement	-	-	8,048	(8,048)
Interest and fiscal charges	-	-	2,536	(2,536)
Total Charges to Appropriations	3,897,467	3,814,086	3,801,747	12,339
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
HOUSEHOLD HAZARDOUS WASTE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 179,560	\$ 179,560	\$ 179,560	\$ -
Resources (Inflows):				
Intergovernmental	5,000	5,000	8,097	3,097
Charges for services	110,000	104,439	122,688	18,249
Miscellaneous	-	-	-	-
Amounts Available for Appropriation	294,560	288,999	310,345	21,346
Charges to Appropriation (Outflow):				
Public safety	107,764	111,737	104,442	7,295
Total Charges to Appropriations	107,764	111,737	104,442	7,295
Budgetary Fund Balance, June 30	\$ 186,796	\$ 177,262	\$ 205,903	\$ 28,641

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 108,626	\$ 108,626	\$ 108,626	\$ -
Resources (Inflows):				
Intergovernmental	1,134,942	1,873,739	1,782,150	(91,589)
Amounts Available for Appropriation	1,243,568	1,982,365	1,890,776	(91,589)
Charges to Appropriation (Outflow):				
Transfers out	1,134,942	1,873,739	1,890,776	(17,037)
Total Charges to Appropriations	1,134,942	1,873,739	1,890,776	(17,037)
Budgetary Fund Balance, June 30	\$ 108,626	\$ 108,626	\$ -	\$ (108,626)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
MEASURE I SALES TAX
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,349,681	\$ 6,349,681	\$ 6,349,681	\$ -
Resources (Inflows):				
Intergovernmental	850,000	806,015	984,132	178,117
Use of money and property	80,000	80,000	76,262	(3,738)
Miscellaneous	-	790	-	(790)
Transfers in	-	479,603	479,603	-
Amounts Available for Appropriation	7,279,681	7,716,089	7,889,678	173,589
Charges to Appropriation (Outflow):				
Highway and streets	258,192	253,021	250,318	2,703
Capital outlay	2,587,875	6,359,974	1,022,342	5,337,632
Total Charges to Appropriations	2,846,067	6,612,995	1,272,660	5,340,335
Budgetary Fund Balance, June 30	\$ 4,433,614	\$ 1,103,094	\$ 6,617,018	\$ 5,513,924

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
LOCAL TRANSPORTATION
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,237,441	\$ 6,237,441	\$ 6,237,441	\$ -
Resources (Inflows):				
Intergovernmental	-	4,301,627	1,034,312	(3,267,315)
Use of money and property	85,000	80,000	36,401	(43,599)
Miscellaneous	34,000	963	1,253	290
Transfers in	-	54,000	54,000	-
Amounts Available for Appropriation	6,356,441	10,674,031	7,363,407	(3,310,624)
Charges to Appropriation (Outflow):				
Highway and streets	320,003	999,393	338,663	660,730
Capital outlay	2,088,723	7,533,805	3,146,876	4,386,929
Transfers out	-	-	648,603	(648,603)
Total Charges to Appropriations	2,408,726	8,533,198	4,134,142	4,399,056
Budgetary Fund Balance, June 30	\$ 3,947,715	\$ 2,140,833	\$ 3,229,265	\$ 1,088,432

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 418,700	\$ 418,700	\$ 418,700	\$ -
Resources (Inflows):				
Intergovernmental	82,000	81,000	79,021	(1,979)
Use of money and property	4,500	4,500	5,427	927
Amounts Available for Appropriation	505,200	504,200	503,148	(1,052)
Charges to Appropriation (Outflow):				
General government	-	29,969	-	29,969
Total Charges to Appropriations	-	29,969	-	29,969
Budgetary Fund Balance, June 30	\$ 505,200	\$ 474,231	\$ 503,148	\$ 28,917

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,362	\$ 10,362	\$ 10,362	\$ -
Resources (Inflows):				
Licenses and permits	255,000	221,800	258,628	36,828
Miscellaneous	-	280	454	174
Amounts Available for Appropriation	265,362	232,442	269,444	37,002
Charges to Appropriation (Outflow):				
General government	-	460	695	(235)
Transfers out	255,000	221,620	254,034	(32,414)
Total Charges to Appropriations	255,000	222,080	254,729	(32,649)
Budgetary Fund Balance, June 30	\$ 10,362	\$ 10,362	\$ 14,715	\$ 4,353

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
OPEN SPACE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,152,059	\$ 2,152,059	\$ 2,152,059	\$ -
Resources (Inflows):				
Licenses and permits	6,000	25,000	38,972	13,972
Use of money and property	30,000	30,000	20,882	(9,118)
Miscellaneous	-	-	1,500	1,500
Amounts Available for Appropriation	2,188,059	2,207,059	2,213,413	6,354
Charges to Appropriation (Outflow):				
General government	-	-	-	-
Capital outlay	-	63,575	-	63,575
Total Charges to Appropriations	6,000	69,075	69,154	(79)
Budgetary Fund Balance, June 30	\$ 2,182,059	\$ 2,137,984	\$ 2,144,259	\$ 6,275

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
DOWNTOWN REDLANDS BUSINESS ASSOCIATION
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 153,280	\$ 153,280	\$ 153,280	\$ -
Resources (Inflows):				
Licenses and permits	65,000	55,692	69,569	13,877
Charges for services	260,000	240,000	245,293	5,293
Use of money and property	2,750	1,000	2,123	1,123
Miscellaneous	20,000	11,000	13,303	2,303
Amounts Available for Appropriation	501,030	460,972	483,568	22,596
Charges to Appropriation (Outflow):				
General government	288,664	289,554	272,100	17,454
Transfers out	-	-	647	(647)
Total Charges to Appropriations	288,664	289,554	272,747	16,807
Budgetary Fund Balance, June 30	\$ 212,366	\$ 171,418	\$ 210,821	\$ 39,403

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE
 PARKING AUTHORITY
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 34,975	\$ 34,975	\$ 34,975	\$ -
Resources (Inflows):				
Use of money and property	7,500	7,500	7,726	226
Amounts Available for Appropriation	42,475	42,475	42,701	226
Charges to Appropriation (Outflow):				
General government	47,122	12,122	16,438	(4,316)
Total Charges to Appropriations	47,122	12,122	16,438	(4,316)
Budgetary Fund Balance, June 30	\$ (4,647)	\$ 30,353	\$ 26,263	\$ (4,090)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
GENERAL CAPITAL IMPROVEMENT
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (400,703)	\$ (400,703)	\$ (400,703)	\$ -
Resources (Inflows):				
Intergovernmental	-	1,208,063	295,813	(912,250)
Amounts Available for Appropriation	(400,703)	807,360	(104,890)	(912,250)
Charges to Appropriation (Outflow):				
Highway and streets	-	20,122	346,439	(326,317)
Capital outlay	-	1,187,941	-	1,187,941
Total Charges to Appropriations	-	1,208,063	346,439	861,624
Budgetary Fund Balance, June 30	\$ (400,703)	\$ (400,703)	\$ (451,329)	\$ (50,626)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (17,496)	\$ (17,496)	\$ (17,496)	\$ -
Resources (Inflows):				
Intergovernmental	614,459	1,123,706	794,914	(328,792)
Miscellaneous	-	-	804	804
Amounts Available for Appropriation	596,963	1,106,210	778,222	(327,988)
Charges to Appropriation (Outflow):				
General government	186,043	186,043	186,043	-
Culture and recreation	29,073	29,073	29,073	-
Highway and streets	50,216	59,991	53,443	6,548
Capital outlay	349,127	848,599	575,214	273,385
Total Charges to Appropriations	614,459	1,123,706	843,773	279,933
Budgetary Fund Balance, June 30	\$ (17,496)	\$ (17,496)	\$ (65,551)	\$ (48,055)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
NEIGHBORHOOD INITIATIVE PROGRAM
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	150,000	-	(150,000)
Amounts Available for Appropriation	-	150,000	-	(150,000)
Charges to Appropriation (Outflow):				
General government	-	13,498	4,668	8,830
Capital outlay	-	136,502	-	136,502
Total Charges to Appropriations	-	150,000	4,668	145,332
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ (4,668)	\$ (4,668)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
ASSET FORFEITURE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 378,806	\$ 378,806	\$ 378,806	\$ -
Resources (Inflows):				
Miscellaneous	190,000	309,894	427,133	117,239
Amounts Available for Appropriation	568,806	688,700	805,939	117,239
Charges to Appropriation (Outflow):				
Public safety	164,200	164,200	377,826	(213,626)
Capital outlay	25,800	25,800	30,036	(4,236)
Total Charges to Appropriations	190,000	190,000	407,862	(217,862)
Budgetary Fund Balance, June 30	\$ 378,806	\$ 498,700	\$ 398,077	\$ (100,623)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
POLICE GRANTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (617)	\$ (617)	\$ (617)	\$ -
Resources (Inflows):				
Intergovernmental	-	3,721,117	1,351,727	(2,369,390)
Miscellaneous	-	194,475	174,476	(19,999)
Amounts Available for Appropriation	(617)	3,914,975	1,525,586	(2,389,389)
Charges to Appropriation (Outflow):				
Public safety	-	3,740,471	1,087,175	2,653,296
Capital outlay	-	175,122	373,760	(198,638)
Total Charges to Appropriations	-	3,915,593	1,460,935	2,454,658
Budgetary Fund Balance, June 30	\$ (617)	\$ (618)	\$ 64,651	\$ 65,269

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 62,116	\$ 62,116	\$ 62,116	\$ -
Resources (Inflows):				
Intergovernmental	110,991	196,651	102,746	(93,905)
Use of money and property	1,109	500	1,058	558
Amounts Available for Appropriation	174,216	259,267	165,920	(93,347)
Charges to Appropriation (Outflow):				
Public safety	110,991	259,267	102,746	156,521
Total Charges to Appropriations	110,991	259,267	102,746	156,521
Budgetary Fund Balance, June 30	\$ 63,225	\$ -	\$ 63,174	\$ 63,174

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
PARK AND OPEN SPACE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,410,095	\$ 2,410,095	\$ 2,410,095	\$ -
Resources (Inflows):				
Licenses and permits	7,500	75,000	120,067	45,067
Use of money and property	35,000	35,000	21,104	(13,896)
Miscellaneous	-	1,935	1,138	(797)
Amounts Available for Appropriation	2,452,595	2,522,030	2,552,404	30,374
Charges to Appropriation (Outflow):				
Culture and recreation	15,500	10,942	341,174	(330,232)
Capital outlay	25,000	891,119	-	891,119
Debt service:				
Principal retirement	44,690	44,690	44,690	-
Interest and fiscal charges	57,854	57,853	57,853	-
Total Charges to Appropriations	143,044	1,004,604	443,717	560,887
Budgetary Fund Balance, June 30	\$ 2,309,551	\$ 1,517,426	\$ 2,108,687	\$ 591,261

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
ARTERIAL STREET CONSTRUCTION
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 994,820	\$ 994,820	\$ 994,820	\$ -
Resources (Inflows):				
Licenses and permits	60,000	60,000	68,258	8,258
Use of money and property	15,000	15,000	15,971	971
Amounts Available for Appropriation	1,069,820	1,069,820	1,079,049	9,229
Charges to Appropriation (Outflow):				
Highway and streets	2,400	1,500	1,365	135
Capital outlay	240,000	240,900	-	240,900
Total Charges to Appropriations	242,400	242,400	1,365	241,035
Budgetary Fund Balance, June 30	\$ 827,420	\$ 827,420	\$ 1,077,684	\$ 250,264

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SIGNALS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 538,196	\$ 538,196	\$ 538,196	\$ -
Resources (Inflows):				
Licenses and permits	10,000	15,330	19,159	3,829
Use of money and property	1,500	7,500	8,982	1,482
Amounts Available for Appropriation	549,696	561,026	566,337	5,311
Charges to Appropriation (Outflow):				
Highway and streets	2,500	350	383	(33)
Total Charges to Appropriations	2,500	350	383	(33)
Budgetary Fund Balance, June 30	\$ 547,196	\$ 560,676	\$ 565,954	\$ 5,278

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
 FREEWAY INTERCHANGES
 YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 261,030	\$ 261,030	\$ 261,030	\$ -
Resources (Inflows):				
Licenses and permits	30,000	47,191	55,509	8,318
Use of money and property	4,500	5,000	4,580	(420)
Amounts Available for Appropriation	295,530	313,221	321,119	7,898
Charges to Appropriation (Outflow):				
Highway and streets	1,500	1,000	1,110	(110)
Total Charges to Appropriations	1,500	1,000	1,110	(110)
Budgetary Fund Balance, June 30	\$ 294,030	\$ 312,221	\$ 320,009	\$ 7,788

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING DISTRICT #1
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	25,000	23,222	25,833	2,611
Amounts Available for Appropriation	25,000	23,222	25,833	2,611
Charges to Appropriation (Outflow):				
Highway and streets	19,967	10,726	10,521	205
Transfers out	-	-	15,312	(15,312)
Total Charges to Appropriations	19,967	10,726	25,833	(15,107)
Budgetary Fund Balance, June 30	\$ 5,033	\$ 12,496	\$ -	\$ (12,496)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
CFD 2004-1 ASSESSMENT
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 382,456	\$ 382,456	\$ 382,456	\$ -
Resources (Inflows):				
Taxes	125,000	106,869	119,113	12,244
Use of money and property	5,500	4,334	7,369	3,035
Amounts Available for Appropriation	512,956	493,659	508,938	15,279
Charges to Appropriation (Outflow):				
General government	162,814	60,367	65,220	(4,853)
Total Charges to Appropriations	162,814	60,367	65,220	(4,853)
Budgetary Fund Balance, June 30	\$ 350,142	\$ 433,292	\$ 443,718	\$ 10,426

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
LANDSCAPE MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	30,000	30,000	28,970	(1,030)
Transfers in	-	-	13,083	13,083
Amounts Available for Appropriation	30,000	30,000	42,053	12,053
Charges to Appropriation (Outflow):				
General government	30,000	30,000	42,053	(12,053)
Total Charges to Appropriations	30,000	30,000	42,053	(12,053)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
DISASTER RECOVERY
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (57,839)	\$ (57,839)	\$ (57,839)	\$ -
Resources (Inflows):				
Intergovernmental	-	653,686	34,717	(618,969)
Amounts Available for Appropriation	(57,839)	595,847	(23,122)	(618,969)
Charges to Appropriation (Outflow):				
General government	-	597,805	819,447	(221,642)
Capital outlay	-	55,881	-	55,881
Total Charges to Appropriations	-	653,686	819,447	(165,761)
Budgetary Fund Balance, June 30	\$ (57,839)	\$ (57,839)	\$ (842,569)	\$ (784,730)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY - SPECIAL REVENUE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 478,052	\$ 478,052	\$ 478,052	\$ -
Resources (Inflows):				
Charges for services	-	200	300	100
Use of money and property	6,000	6,000	2,893	(3,107)
Miscellaneous	-	-	203	203
Transfers in	1,201,371	1,310,010	1,535,893	225,883
Amounts Available for Appropriation	1,685,423	1,794,262	2,017,341	223,079
Charges to Appropriation (Outflow):				
General government	661,563	780,943	771,657	9,286
Transfers out	738,245	738,245	821,651	(83,406)
Total Charges to Appropriations	1,399,808	1,519,188	1,593,308	(74,120)
Budgetary Fund Balance, June 30	\$ 285,615	\$ 275,074	\$ 424,033	\$ 148,959

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
STORM DRAIN CONSTRUCTION
YEAR ENDED JUNE 30, 2011**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 2,453,605	\$ 2,453,605	\$ 2,453,605	\$ -
Resources (Inflows):				
Licenses and permits	25,000	2,440	2,086	(354)
Use of money and property	38,000	38,000	23,977	(14,023)
Amounts Available for Appropriation	2,516,605	2,494,045	2,479,668	(14,377)
Charges to Appropriation (Outflow):				
Highway and streets	88,842	52,905	44,014	8,891
Capital outlay	-	1,981,180	-	1,981,180
Total Charges to Appropriations	88,842	2,034,085	44,014	1,990,071
Budgetary Fund Balance, June 30	\$ 2,427,763	\$ 459,960	\$ 2,435,654	\$ 1,975,694

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE
 GENERAL OBLIGATION BONDS - SERIES 1998A
 YEAR ENDED JUNE 30, 2011

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 191,588	\$ 191,588	\$ 191,588	\$ -
Resources (Inflows):				
Use of money and property	2,500	2,500	2,029	(471)
Amounts Available for Appropriation	194,088	194,088	193,617	(471)
Budgetary Fund Balance, June 30	\$ 194,088	\$ 194,088	\$ 193,617	\$ (471)

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY - CAPITAL PROJECT
 YEAR ENDED JUNE 30, 2011

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (16,484)	\$ (16,484)	\$ (16,484)	\$ -
Resources (Inflows):				
Use of money and property	18,000	24,933	27,686	2,753
Miscellaneous	-	206	1,260	1,054
Transfers in	1,453,550	1,444,013	1,372,365	(71,648)
Amounts Available for Appropriation	1,455,066	1,452,668	1,384,827	(67,841)
Charges to Appropriation (Outflow):				
General government	1,054,509	933,522	779,159	154,363
Capital outlay	-	123,782	123,782	-
Transfers out	417,041	411,848	329,478	82,370
Total Charges to Appropriations	1,471,550	1,469,152	1,232,419	236,733
Budgetary Fund Balance, June 30	\$ (16,484)	\$ (16,484)	\$ 152,408	\$ 168,892

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
YEAR ENDED JUNE 30, 2011**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 3,104,128	\$ 3,104,128	\$ 3,104,128	\$ -
Resources (Inflows):				
Taxes	670,000	670,000	657,776	(12,224)
Use of money and property	-	-	17,867	17,867
Transfers in	2,387,460	2,387,460	2,490,905	103,445
Amounts Available for Appropriation	6,161,588	6,161,588	6,270,676	109,088
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	1,555,000	1,555,000	1,555,000	-
Interest and fiscal charges	1,444,391	1,444,391	1,443,131	1,260
Total Charges to Appropriations	2,999,391	2,999,391	2,998,131	1,260
Budgetary Fund Balance, June 30	\$ 3,162,197	\$ 3,162,197	\$ 3,272,545	\$ 110,348

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
 REDLANDS PUBLIC IMPROVEMENT CORPORATION
 YEAR ENDED JUNE 30, 2011**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Transfers in	1,925,537	1,925,537	1,925,008	(529)
Amounts Available for Appropriation	1,925,537	1,925,537	1,925,008	(529)
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	1,475,000	1,475,000	1,475,000	-
Interest and fiscal charges	450,537	450,537	450,008	529
Total Charges to Appropriations	1,925,537	1,925,537	1,925,008	529
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY - DEBT SERVICE
YEAR ENDED JUNE 30, 2011**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 4,579,460	\$ 4,579,460	\$ 4,579,460	\$ -
Resources (Inflows):				
Taxes	6,013,855	6,550,049	7,679,467	1,129,418
Use of money and property	100,000	100,025	180,808	80,783
Transfers in	738,245	738,245	739,281	1,036
Amounts Available for Appropriation	11,431,560	11,967,779	13,179,016	1,211,237
Charges to Appropriation (Outflow):				
SERAF obligation	491,892	491,892	491,892	-
Debt service:				
Principal retirement	1,975,000	1,975,000	1,975,000	-
Interest and fiscal charges	1,618,579	1,603,264	1,775,915	(172,651)
Pass-through agreement payments	423,736	775,203	777,095	(1,892)
Transfers out	2,654,921	2,754,023	2,908,258	(154,235)
Total Charges to Appropriations	7,164,128	7,599,382	7,928,160	(328,778)
Budgetary Fund Balance, June 30	\$ 4,267,432	\$ 4,368,397	\$ 5,250,856	\$ 882,459

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE
 CEMETERY ENDOWMENT
 YEAR ENDED JUNE 30, 2011

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,773,438	\$ 1,773,438	\$ 1,773,438	\$ -
Resources (Inflows):				
Miscellaneous	60,000	62,010	65,979	3,969
Amounts Available for Appropriation	1,833,438	1,835,448	1,839,417	3,969
Budgetary Fund Balance, June 30	\$ 1,833,438	\$ 1,835,448	\$ 1,839,417	\$ 3,969

CITY OF REDLANDS

**COMBINING STATEMENT OF NET ASSETS
 NON-MAJOR PROPRIETARY FUNDS
 JUNE 30, 2011**

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Assets:					
Current:					
Cash and investments	\$ 149,681	\$ 739,451	\$ 717,419	\$ 267,499	\$ 1,874,050
Receivables:					
Accounts	-	-	60,066	38,713	98,779
Due from other governments	-	-	-	537	537
Total Current Assets	149,681	739,451	777,485	306,749	1,973,366
Noncurrent:					
Capital assets - net of accumulated depreciation	16,375,957	-	652,951	3,394,460	20,423,368
Total Noncurrent Assets	16,375,957	-	652,951	3,394,460	20,423,368
Total Assets	\$ 16,525,638	\$ 739,451	\$ 1,430,436	\$ 3,701,209	\$ 22,396,734
Liabilities and Net Assets:					
Liabilities:					
Current:					
Accounts payable	\$ 16,656	\$ -	\$ 6,356	\$ 4,275	\$ 27,287
Accrued payroll	454	501	13,654	589	15,198
Deferred revenues	-	-	-	-	-
Deposits payable	-	-	682,129	1,431	683,560
Accrued compensated absences	-	-	5,283	-	5,283
Total Current Liabilities	17,110	501	707,422	6,295	731,328
Noncurrent:					
Advances from other funds	200,000	-	1,216,026	1,386,104	2,802,130
Accrued compensated absences	-	-	5,282	-	5,282
OPEB obligation	-	-	44,070	-	44,070
Total Noncurrent Liabilities	200,000	-	1,265,378	1,386,104	2,851,482
Total Liabilities	217,110	501	1,972,800	1,392,399	3,582,810
Net Assets:					
Invested in capital assets, net of related debt	16,375,957	-	652,951	3,394,460	20,423,368
Unrestricted	(67,429)	738,950	(1,195,315)	(1,085,650)	(1,609,444)
Total Net Assets	16,308,528	738,950	(542,364)	2,308,810	18,813,924
Total Liabilities and Net Assets	\$ 16,525,638	\$ 739,451	\$ 1,430,436	\$ 3,701,209	\$ 22,396,734

CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011**

	Business-Type Activities - Enterprise Funds				
	Groves	Non-Potable Water	Cemetery	Aviation	Totals
Operating Revenues:					
Sales and service charges	\$ 432,136	\$ 570,107	\$ 360,923	\$ -	\$ 1,363,166
Miscellaneous	40,701	-	86,307	277,299	404,307
Total Operating Revenues	472,837	570,107	447,230	277,299	1,767,473
Operating Expenses:					
Administration and general	647,950	50,230	182,475	102,017	982,672
Utility plant operations	-	84,410	-	-	84,410
Depreciation expense	-	-	620	98,009	98,629
Personnel services	8,659	7,901	271,773	49,980	338,313
Repairs and maintenance	-	-	39,057	44,933	83,990
Total Operating Expenses	656,609	142,541	493,925	294,939	1,588,014
Operating Income (Loss)	(183,772)	427,566	(46,695)	(17,640)	179,459
Nonoperating Revenues (Expenses):					
Intergovernmental	715	-	-	-	715
Interest revenue	(1,530)	9,668	20,766	4,634	33,538
Interest expense	-	-	(6,222)	(7,368)	(13,590)
Miscellaneous income	-	-	81,197	14,518	95,715
Property taxes	-	-	-	68,098	68,098
Grants	-	-	-	78,482	78,482
Gain (loss) on disposal of fixed assets	13,000	-	-	-	13,000
Total Nonoperating Revenues (Expenses)	12,185	9,668	95,741	158,364	275,958
Income (Loss) Before Transfers	(171,587)	437,234	49,046	140,724	455,417
Transfers in	-	-	647	-	647
Transfers out	-	(24,056)	-	-	(24,056)
Changes in Net Assets	(171,587)	413,178	49,693	140,724	432,008
Net Assets:					
Beginning of Year	16,480,115	325,772	(592,057)	2,168,086	18,381,916
End of Fiscal Year	\$ 16,308,528	\$ 738,950	\$ (542,364)	\$ 2,308,810	\$ 18,813,924

CITY OF REDLANDS

**COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011**

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 472,837	\$ 570,107	\$ 439,064	\$ 267,474	\$ 1,749,482
Cash paid to suppliers for goods and services	(39,294)	(92,311)	(296,829)	(174,082)	(602,516)
Cash paid to employees for services	(647,496)	(49,871)	(161,511)	(101,560)	(960,438)
Net Cash Provided (Used) by Operating Activities	(213,953)	427,925	(19,276)	(8,168)	186,528
Cash Flows from Non-Capital Financing Activities:					
Cash transfers out	-	(24,056)	-	-	(24,056)
Cash transfers in	-	-	647	-	647
Cash received from other activities	-	-	81,197	82,616	163,813
Advance from other funds	200,000	-	(53,778)	(117,632)	28,590
Intergovernmental	715	-	-	-	715
Grants received	-	-	-	78,482	78,482
Net Cash Provided (Used) by Non-Capital Financing Activities	200,715	(24,056)	28,066	43,466	248,191
Cash Flows from Capital and Related Financing Activities:					
Interest paid on long-term debt	-	-	(6,222)	(7,368)	(13,590)
Proceeds from sales of capital assets	13,000	-	-	-	13,000
Net Cash Provided (Used) by Capital and Related Financing Activities	13,000	-	(6,222)	(7,368)	(590)
Cash Flows from Investing Activities:					
Interest received	(1,530)	9,668	20,766	4,634	33,538
Net Cash Provided (Used) by Investing Activities	(1,530)	9,668	20,766	4,634	33,538
Net Increase (Decrease) in Cash and Cash Equivalents	(1,768)	413,537	23,334	32,564	467,667
Cash and Cash Equivalents at Beginning of Year	151,449	325,914	694,085	234,935	1,406,383
Cash and Cash Equivalents at End of Year	149,681	739,451	717,419	267,499	1,874,050
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	(183,772)	427,566	(46,695)	(17,640)	179,459
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	-	-	620	98,009	98,629
(Increase) decrease in accounts receivable	-	-	(8,166)	(16,413)	(24,579)
(Increase) decrease in due from other governments	-	-	-	6,588	6,588
Increase (decrease) in accounts payable	(14,720)	-	(3,625)	(5,991)	(24,336)
Increase (decrease) in accrued payroll	454	359	1,826	457	3,096
Increase (decrease) in deposits payable	(15,915)	-	17,626	-	1,711
Increase (decrease) in deferred revenue	-	-	-	(73,178)	(73,178)
Increase (decrease) in net OPEB obligation	-	-	18,800	-	18,800
Increase (decrease) in compensated absences	-	-	338	-	338
Total Adjustments	(30,181)	359	27,419	9,472	7,069
Net Cash Provided (Used) by Operating Activities	\$ (213,953)	\$ 427,925	\$ (19,276)	\$ (8,168)	\$ 186,528
Non-Cash Investing, Capital, and Financing Activities:					
Gain/(Loss) on disposition of capital assets	\$ 13,000	\$ -	\$ -	\$ -	\$ 13,000

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CITY OF REDLANDS

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2011**

	Governmental Activities - Internal Service Funds			
	Liability Self- Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance
Assets:				
Current:				
Cash and investments	\$ 1,275,263	\$ 403,956	\$ 2,581,149	\$ 4,165
Receivables:				
Accounts	-	-	-	58,029
Inventories	-	-	-	178,398
Total Current Assets	1,275,263	403,956	2,581,149	240,592
Noncurrent:				
Capital assets - net of accumulated depreciation	-	7,814	-	117,961
Total Noncurrent Assets	-	7,814	-	117,961
Total Assets	\$ 1,275,263	\$ 411,770	\$ 2,581,149	\$ 358,553
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 10,023	\$ 61,924	\$ 56,915	\$ 152,248
Accrued liabilities	5,377	72,715	9,136	38,485
Accrued compensated absences	35,202	76,217	-	47,129
Accrued claims and judgments	393,500	-	1,135,000	-
Total Current Liabilities	444,102	210,856	1,201,051	237,862
Noncurrent:				
Accrued compensated absences	35,202	76,217	-	47,128
Accrued claims and judgments	393,500	-	1,135,000	-
Net OPEB obligation	22,786	402,782	4,689	359,761
Total Noncurrent Liabilities	451,488	478,999	1,139,689	406,889
Total Liabilities	895,590	689,855	2,340,740	644,751
Net Assets:				
Invested in capital assets, net of related debt	-	7,814	-	117,961
Unrestricted	379,673	(285,899)	240,409	(404,159)
Total Net Assets	379,673	(278,085)	240,409	(286,198)
Total Liabilities and Net Assets	\$ 1,275,263	\$ 411,770	\$ 2,581,149	\$ 358,553

CITY OF REDLANDS

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2011**

	Governmental Activities - Internal Service Funds		
	Utility Billing	Payroll Clearing	Totals
Assets:			
Current:			
Cash and investments	\$ 1,164,476	\$ 241,563	\$ 5,670,572
Receivables:			
Accounts	4,241	-	62,270
Inventories	-	-	178,398
Total Current Assets	1,168,717	241,563	5,911,240
Noncurrent:			
Capital assets - net of accumulated depreciation	-	-	125,775
Total Noncurrent Assets	-	-	125,775
Total Assets	\$ 1,168,717	\$ 241,563	\$ 6,037,015
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 3,738	\$ 241,563	\$ 526,411
Accrued liabilities	29,809	-	155,522
Accrued compensated absences	26,291	-	184,839
Accrued claims and judgments	-	-	1,528,500
Total Current Liabilities	59,838	241,563	2,395,272
Noncurrent:			
Accrued compensated absences	26,291	-	184,838
Accrued claims and judgments	-	-	1,528,500
Net OPEB obligation	294,974	-	1,084,992
Total Noncurrent Liabilities	321,265	-	2,798,330
Total Liabilities	381,103	241,563	5,193,602
Net Assets:			
Invested in capital assets, net of related debt	-	-	125,775
Unrestricted	787,614	-	717,638
Total Net Assets	787,614	-	843,413
Total Liabilities and Net Assets	\$ 1,168,717	\$ 241,563	\$ 6,037,015

CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	Governmental Activities - Internal Service Funds			
	Liability Self- Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance
Operating Revenues:				
Sales and service charges	\$ -	\$ 2,284,258	\$ 703,248	\$ 4,110,588
Miscellaneous	2,255	1,563	438	1,089
Total Operating Revenues	2,255	2,285,821	703,686	4,111,677
Operating Expenses:				
Administration and general	850,326	888,654	1,847,014	1,069,506
Depreciation expense	-	3,452	-	17,291
Personnel services	129,914	1,383,995	443,763	992,993
Repairs and maintenance	-	-	-	2,359,525
Premiums paid out	293,818	-	97,816	-
Total Operating Expenses	1,274,058	2,276,101	2,388,593	4,439,315
Operating Income (Loss)	(1,271,803)	9,720	(1,684,907)	(327,638)
Nonoperating Revenues (Expenses):				
Interest revenue	1,084	1,629	20,393	(1,291)
Total Nonoperating Revenues (Expenses)	1,084	1,629	20,393	(1,291)
Income (Loss) Before Transfers	(1,270,719)	11,349	(1,664,514)	(328,929)
Transfers in	1,380,000	-	-	-
Transfers out	-	-	-	-
Changes in Net Assets	109,281	11,349	(1,664,514)	(328,929)
Net Assets:				
Beginning of Year, as originally reported	270,392	(288,457)	1,904,923	46,431
Restatements	-	(977)	-	(3,700)
Beginning of Fiscal Year, as restated	270,392	(289,434)	1,904,923	42,731
End of Fiscal Year	\$ 379,673	\$ (278,085)	\$ 240,409	\$ (286,198)

CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	Governmental Activities - Internal Service Funds		
	Utility Billing	Payroll Clearing	Totals
Operating Revenues:			
Sales and service charges	\$ 947,362	\$ 2,490,905	\$ 10,536,361
Miscellaneous	455,257	-	460,602
Total Operating Revenues	1,402,619	2,490,905	10,996,963
Operating Expenses:			
Administration and general	538,236	-	5,193,736
Depreciation expense	-	-	20,743
Personnel services	626,114	-	3,576,779
Repairs and maintenance	5,136	-	2,364,661
Premiums paid out	-	-	391,634
Total Operating Expenses	1,169,486	-	11,547,553
Operating Income (Loss)	233,133	2,490,905	(550,590)
Nonoperating Revenues (Expenses):			
Interest revenue	13,300	-	35,115
Total Nonoperating Revenues (Expenses)	13,300	-	35,115
Income (Loss) Before Transfers	246,433	2,490,905	(515,475)
Transfers in	-	-	1,380,000
Transfers out	-	(2,490,905)	(2,490,905)
Changes in Net Assets	246,433	-	(1,626,380)
Net Assets:			
Beginning of Year, as originally reported	541,181	-	2,474,470
Restatements	-	-	(4,677)
Beginning of Fiscal Year, as restated	541,181	-	2,469,793
End of Fiscal Year	\$ 787,614	\$ -	\$ 843,413

CITY OF REDLANDS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	Governmental Activities - Internal Service Funds			
	Liability Self- Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance
Cash Flows from Operating Activities:				
Cash received from user departments	\$ 2,255	\$ 2,285,821	\$ 703,686	\$ 4,113,297
Cash paid to suppliers for goods and services	(839,283)	(761,555)	(1,826,527)	(3,440,230)
Cash payments for claims	(248,818)	-	33,184	-
Cash paid to employees for services	(126,855)	(1,362,634)	(445,208)	(1,099,606)
Net Cash Provided (Used) by Operating Activities	(1,212,701)	161,632	(1,534,865)	(426,539)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	-	-
Cash transfers in	1,380,000	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	1,380,000	-	-	-
Cash Flows from Investing Activities:				
Interest received	1,084	1,629	20,393	(1,291)
Net Cash Provided (Used) by Investing Activities	1,084	1,629	20,393	(1,291)
Net Increase (Decrease) in Cash and Cash Equivalents	168,383	163,261	(1,514,472)	(427,830)
Cash and Cash Equivalents at Beginning of Year	1,106,880	240,695	4,095,621	431,995
Cash and Cash Equivalents at End of Year	\$ 1,275,263	\$ 403,956	\$ 2,581,149	\$ 4,165
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (1,271,803)	\$ 9,720	\$ (1,684,907)	\$ (327,638)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	-	3,452	-	17,291
(Increase) decrease in accounts receivable	-	-	-	1,620
(Increase) decrease in inventory	-	-	-	(1,904)
Increase (decrease) in accounts payable	4,546	(15,827)	24,662	(115,899)
Increase (decrease) in accrued payroll	(6,517)	4,271	(1,445)	(6,020)
Increase (decrease) in OPEB obligation	6,497	142,926	(4,175)	106,604
Increase (decrease) in claims and judgments	45,000	-	131,000	-
Increase (decrease) in compensated absences	9,576	17,090	-	(100,593)
Total Adjustments	59,102	151,912	150,042	(98,901)
Net Cash Provided (Used) by Operating Activities	\$ (1,212,701)	\$ 161,632	\$ (1,534,865)	\$ (426,539)

CITY OF REDLANDS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	Governmental Activities - Internal Service Funds		
	Utility Billing	Payroll Clearing	Totals
Cash Flows from Operating Activities:			
Cash received from user departments	\$ 1,402,405	\$ 2,490,967	\$ 10,998,431
Cash paid to suppliers for goods and services	(477,249)	(38,725)	(7,383,569)
Cash payments for claims	-	-	(215,634)
Cash paid to employees for services	(626,854)	-	(3,661,157)
Net Cash Provided (Used) by Operating Activities	298,302	2,452,242	(261,929)
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	-	(2,490,905)	(2,490,905)
Cash transfers in	-	-	1,380,000
Net Cash Provided (Used) by Non-Capital Financing Activities	-	(2,490,905)	(1,110,905)
Cash Flows from Investing Activities:			
Interest received	13,300	-	35,115
Net Cash Provided (Used) by Investing Activities	13,300	-	35,115
Net Increase (Decrease) in Cash and Cash Equivalents	311,602	(38,663)	(1,337,719)
Cash and Cash Equivalents at Beginning of Year	852,874	280,226	7,008,291
Cash and Cash Equivalents at End of Year	\$ 1,164,476	\$ 241,563	\$ 5,670,572
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 233,133	\$ 2,490,905	\$ (550,590)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	-	-	20,743
(Increase) decrease in accounts receivable	(214)	62	1,468
(Increase) decrease in inventory	-	-	(1,904)
Increase (decrease) in accounts payable	(11,837)	(38,725)	(153,080)
Increase (decrease) in accrued payroll	(5,029)	-	(14,740)
Increase (decrease) in OPEB obligation	77,960	-	329,812
Increase (decrease) in claims and judgments	-	-	176,000
Increase (decrease) in compensated absences	4,289	-	(69,638)
Total Adjustments	65,169	(38,663)	288,661
Net Cash Provided (Used) by Operating Activities	\$ 298,302	\$ 2,452,242	\$ (261,929)

CITY OF REDLANDS

COMBINING BALANCE SHEET
 ALL AGENCY FUNDS
 JUNE 30, 2011

	<u>Special Deposits</u>	<u>Community Facilities District Trust</u>	<u>Totals</u>
Assets:			
Cash and investments	\$ 2,422,784	\$ 2,510	\$ 2,425,294
Cash and investments with fiscal agents	-	2,984,708	2,984,708
Receivables:			
Accrued interest	333,902	5,893	339,795
Total Assets	<u>\$ 2,756,686</u>	<u>\$ 2,993,111</u>	<u>\$ 5,749,797</u>
Liabilities:			
Accounts payable	\$ 46,856	\$ -	\$ 46,856
Deposits payable	2,709,830	2,993,111	5,702,941
Total Liabilities	<u>\$ 2,756,686</u>	<u>\$ 2,993,111</u>	<u>\$ 5,749,797</u>

CITY OF REDLANDS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2011**

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2011</u>
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 3,661,271	\$ 2,826,738	\$ 4,065,225	\$ 2,422,784
Receivables:				
Accrued interest	443,903	338,222	448,223	333,902
Total Assets	<u>\$ 4,105,174</u>	<u>\$ 3,164,960</u>	<u>\$ 4,513,448</u>	<u>\$ 2,756,686</u>
Liabilities:				
Accounts payable	\$ 14,480	\$ 1,746,900	\$ 1,714,524	\$ 46,856
Deposits payable	4,090,694	415,330	1,796,194	2,709,830
Total Liabilities	<u>\$ 4,105,174</u>	<u>\$ 2,162,230</u>	<u>\$ 3,510,718</u>	<u>\$ 2,756,686</u>
<u>Community Facilities District Trust</u>				
Assets:				
Cash and investments	\$ 2,510	\$ -	\$ -	\$ 2,510
Cash and investments with fiscal agents	2,621,173	1,270,105	906,570	2,984,708
Receivables:				
Accrued interest	11,502	5,893	11,502	5,893
Total Assets	<u>\$ 2,635,185</u>	<u>\$ 1,275,998</u>	<u>\$ 918,072</u>	<u>\$ 2,993,111</u>
Liabilities:				
Deposits payable	\$ 2,635,185	\$ 1,733,723	\$ 1,375,797	\$ 2,993,111
Total Liabilities	<u>\$ 2,635,185</u>	<u>\$ 1,733,723</u>	<u>\$ 1,375,797</u>	<u>\$ 2,993,111</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 3,663,781	\$ 2,826,738	\$ 4,065,225	\$ 2,425,294
Cash and investments with fiscal agents	2,621,173	1,270,105	906,570	2,984,708
Receivables:				
Accrued interest	455,405	344,115	459,725	339,795
Total Assets	<u>\$ 6,740,359</u>	<u>\$ 4,440,958</u>	<u>\$ 5,431,520</u>	<u>\$ 5,749,797</u>
Liabilities:				
Accounts payable	\$ 14,480	\$ 1,746,900	\$ 1,714,524	\$ 46,856
Deposits payable	6,725,879	2,149,053	3,171,991	5,702,941
Total Liabilities	<u>\$ 6,740,359</u>	<u>\$ 3,895,953</u>	<u>\$ 4,886,515</u>	<u>\$ 5,749,797</u>

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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	143
<p>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	
Revenue Capacity	149
<p>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	
Debt Capacity	154
<p>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.</p>	
Demographic and Economic Information	159
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	
Operating Information	161
<p>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.</p>	

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

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CITY OF REDLANDS
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets,									
net of related debt	\$ 76,832,088	\$ 286,402,338	\$ 333,560,602	\$ 338,283,471	\$ 376,161,773	\$ 475,848,979	\$ 538,505,009	\$ 552,406,654	\$ 568,588,535
Restricted	7,680,350	20,217,874	20,169,777	19,302,690	19,431,228	17,261,278	30,310,832	28,304,090	24,855,791
Unrestricted	17,731,491	22,731,051	15,269,017	21,427,233	29,808,370	62,448,864	9,510,396	(2,664,385)	(8,498,201)
Total governmental activities net assets	102,243,929	329,351,263	368,999,396	379,013,394	425,401,371	555,559,121	578,326,237	578,046,159	584,946,125
Business-type activities:									
Invested in capital assets,									
net of related debt	73,291,319	97,298,064	106,786,695	101,228,505	118,629,704	129,384,736	126,384,905	131,748,403	130,856,115
Restricted	-	-	-	-	-	-	4,120,375	4,166,635	4,212,895
Unrestricted	27,462,231	19,503,335	17,894,867	32,616,394	28,140,260	37,237,084	47,119,032	45,773,154	53,408,410
Total business-type activities net assets	100,753,550	116,801,399	124,681,562	133,844,899	146,769,964	166,621,820	177,624,312	181,688,192	188,477,420
Primary government:									
Invested in capital assets,									
net of related debt	150,123,407	383,700,402	440,347,297	439,511,976	494,791,477	605,233,715	664,889,914	684,155,057	699,444,650
Restricted	7,680,350	20,217,874	20,169,777	19,302,690	19,431,228	17,261,278	34,431,207	32,470,725	29,068,686
Unrestricted	45,193,722	42,234,386	33,163,884	54,043,627	57,948,630	99,685,948	56,629,428	43,108,569	44,910,209
Total primary government net assets	\$ 202,997,479	\$ 446,152,662	\$ 493,680,958	\$ 512,858,293	\$ 572,171,335	\$ 722,180,941	\$ 755,950,549	\$ 759,734,351	\$ 773,423,545

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

CITY OF REDLANDS
Changes in Net Assets
Last Nine Fiscal Years
(acruel basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental activities:									
General government	\$ 11,406,883	\$ 9,937,107	\$ 10,634,567	\$ 11,868,103	\$ 13,987,953	\$ 15,161,802	\$ 19,973,152	\$ 15,277,666	11,803,705
Public safety	21,521,649	27,458,958	32,397,475	36,994,587	36,805,550	37,623,861	38,005,815	40,002,463	38,587,942
Culture and recreation	2,694,475	3,667,475	2,858,152	3,692,986	3,668,992	4,129,747	4,021,267	3,610,031	3,349,080
Highway and streets	6,130,261	5,752,512	6,284,884	8,325,785	8,492,440	8,341,455	8,648,714	8,391,171	9,380,254
Library	1,569,843	1,707,371	1,806,206	1,871,418	1,845,482	1,955,443	2,082,948	2,167,109	1,964,269
Interest and fiscal charges	4,366,521	3,352,377	3,169,104	3,713,659	2,883,874	5,035,588	4,335,844	6,957,598	3,456,262
Total governmental activities expenses	47,689,632	51,875,800	57,150,388	66,466,538	67,684,291	72,247,896	77,067,740	76,406,038	68,541,512
Business-type activities:									
Water	14,743,147	15,018,863	15,165,061	14,882,261	14,926,296	14,112,424	15,666,955	15,813,173	16,211,193
Disposal	6,535,367	8,154,201	8,339,209	8,799,485	8,753,717	8,956,968	10,446,326	9,344,247	9,217,359
Sewer	4,384,793	7,465,712	6,945,863	6,922,541	7,458,724	7,650,890	8,021,053	7,888,041	7,882,670
Aviation	143,518	117,417	456,441	218,316	268,309	400,298	370,715	250,732	287,854
Cemetery	519,639	569,764	630,307	591,363	541,946	552,989	522,045	494,949	503,445
Groves	472,247	463,753	872,263	749,143	708,779	604,998	725,163	717,394	656,608
NP Water	-	-	-	-	-	-	-	411,980	142,541
Total business-type activities expenses	26,798,711	31,789,710	32,409,144	32,163,109	32,657,771	32,278,567	35,752,257	34,920,516	34,901,670
Total primary government expenses	74,488,343	83,665,510	89,559,532	98,629,647	100,342,062	104,526,463	112,819,997	111,326,554	103,443,182
Program revenues:									
Governmental activities:									
Charges for services:									
General government	7,739,885	5,920,646	5,644,238	6,559,998	6,393,161	5,826,011	5,290,837	5,112,805	8,562,031
Public safety	978,690	1,137,806	1,160,479	935,186	1,189,004	1,229,744	1,390,380	1,330,555	1,711,440
Culture and recreation	303,366	251,492	219,018	263,771	230,870	237,357	277,167	222,454	293,028
Highway and streets	417,834	1,189,059	1,201,865	1,491,579	1,623,290	1,891,618	1,286,006	1,159,894	909,511
Library	44,126	43,648	67,977	55,976	50,716	51,886	47,282	44,333	34,456
Operating grants and contributions	7,526,482	9,695,136	9,849,623	18,542,273	18,206,757	14,314,045	10,058,173	10,048,934	5,883,602
Capital grants and contributions	4,443,648	10,258,428	38,659,823	3,715,690	36,180,849	125,567,546	29,395,240	11,513,845	8,488,204
Total governmental activities program revenues	21,454,031	28,496,215	56,803,023	31,564,473	63,874,647	149,118,207	47,745,085	29,432,820	25,882,272
Business-type activities:									
Charges for services:									
Water	15,061,628	14,797,671	13,651,258	14,988,327	17,235,534	18,074,421	18,132,373	17,918,992	18,666,325
Disposal	8,396,057	8,815,119	11,619,754	9,056,597	9,060,415	9,297,234	9,631,846	8,893,718	10,013,969
Sewer	6,691,929	6,131,723	5,364,393	6,093,675	7,041,203	6,868,701	7,077,737	7,650,779	8,179,601
Aviation	331,945	90,768	86,507	154,907	210,434	230,835	254,398	292,300	21,015
Cemetery	422,644	475,047	455,865	561,620	537,454	401,733	308,923	419,284	360,923
Groves	374,712	464,116	950,970	713,935	720,621	600,363	439,670	551,266	432,136
NP Water	-	-	-	-	-	-	-	529,891	570,107
Operating grants and contributions	29,128	26,628	1,488,852	423,720	617,206	4,313,798	702,524	186,999	871,940
Capital grants and contributions	-	14,266,620	4,794,810	7,891,272	7,512,629	10,917,476	5,729,189	960,605	552,272
Total business-type activities program revenues	31,308,043	45,067,692	38,412,409	39,884,053	42,935,496	50,704,561	42,276,660	37,403,834	39,668,288
Total primary government program revenues	52,762,074	73,563,907	95,215,432	71,448,526	106,810,143	199,822,768	90,021,745	66,836,654	65,550,560
Net revenues (expenses):									
Governmental activities	(26,235,601)	(23,379,585)	(347,365)	(34,902,065)	(3,809,644)	76,870,311	(29,322,655)	(46,973,218)	(42,659,240)
Business-type activities	4,509,332	13,277,982	6,003,265	7,720,944	10,277,725	18,425,994	6,524,403	2,483,318	4,766,618
Total net revenues (expenses)	(21,726,269)	(10,101,603)	5,653,900	(27,181,121)	6,468,081	95,296,305	(22,798,252)	(44,489,900)	(37,892,622)

CITY OF REDLANDS
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General revenues and other changes in net assets:									
Governmental activities:									
Taxes:									
Property taxes	13,894,252	15,248,199	15,346,936	23,914,760	27,036,122	29,165,961	30,626,167	29,907,393	30,098,303
Sales taxes	10,546,723	10,870,623	13,646,820	15,267,688	14,762,456	13,986,798	11,862,852	11,669,250	12,090,894
Franchise taxes	816,204	939,519	996,858	1,097,157	3,659,356	4,044,161	5,476,066	2,886,836	3,227,606
Other taxes	892,445	1,080,199	1,115,401	1,230,525	1,543,302	1,726,102	1,354,067	1,167,543	1,065,671
Use of money & property	725,284	905,943	1,356,544	2,180,119	2,421,829	2,763,654	2,384,773	746,194	647,310
Intergovernmental (unrestricted)	7,467,008	3,394,937	8,261,949	1,225,814	654,950	496,302	436,414	370,373	480,868
Other	-	-	-	-	-	-	-	-	642,842
Gain on sale of capital assets	-	216,174	-	-	-	-	-	-	-
Transfers	136,947	48,139	(729,010)	-	119,606	1,104,461	(50,568)	(54,449)	573,115
Total governmental activities	34,478,863	32,703,733	39,995,498	44,916,063	50,197,621	53,287,439	52,089,771	46,693,140	48,826,609
Business-type activities:									
Property taxes	-	-	-	-	52,655	51,398	45,221	38,082	68,098
Use of money & property	1,378,230	611,614	1,147,888	1,442,393	2,714,291	2,478,925	2,029,765	1,488,031	610,787
Other	-	-	-	-	-	-	-	-	922,642
Gain on sale of capital assets	-	-	-	-	-	-	-	-	516,500
Transfers	(136,947)	(48,139)	729,010	-	(119,606)	(1,104,461)	50,568	54,449	(573,115)
Total business-type activities	1,241,283	563,475	1,876,898	1,442,393	2,647,340	1,425,862	2,125,554	1,580,562	1,544,912
Total primary government	35,720,146	33,267,208	41,872,396	46,358,456	52,844,961	54,713,301	54,215,325	48,273,702	50,371,521
Changes in net assets									
Governmental activities	8,243,262	9,324,148	39,648,133	10,013,998	46,387,977	130,157,750	22,767,116	(280,078)	6,167,369
Business-type activities	5,750,615	13,841,457	7,880,163	9,163,337	12,925,065	19,851,856	8,649,957	4,063,880	6,311,530
Total primary government	13,993,877	23,165,605	47,528,296	19,177,335	59,313,042	150,009,606	31,417,073	3,783,802	12,478,899

NOTE:

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

CITY OF REDLANDS

Fund Balances of Governmental Funds

Last Nine Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund:									
Reserved	\$ 9,099,467	\$ 7,693,349	\$ 8,559,857	\$ 8,886,457	\$ 8,893,298	\$ 10,169,670	\$ 10,972,417	\$ 11,947,625	\$ -
Unreserved	10,548,153	10,672,433	7,058,101	2,922,503	4,354,426	4,958,881	7,889,723	5,802,815	-
Nonspendable	-	-	-	-	-	-	-	-	6,046,174
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	6,605,311
Unassigned	-	-	-	-	-	-	-	-	8,767,650
Total general fund	\$ 19,647,620	\$ 18,365,782	\$ 15,617,958	\$ 11,808,960	\$ 13,247,724	\$ 15,128,551	\$ 18,862,140	\$ 17,750,440	\$ 21,419,135
All other governmental funds:									
Reserved	\$ 1,428,001	\$ 2,601,356	\$ 11,500,492	\$ 2,033,335	\$ 6,977,364	\$ 4,274,778	\$ 10,888,944	\$ 10,779,313	\$ -
Unreserved, reported in:									
Special revenue fund	5,301,464	17,717,671	9,791,298	16,410,790	17,708,775	23,528,904	19,904,622	15,648,593	-
Debt service fund	4,716,871	8,617,660	8,392,355	6,793,832	6,891,672	8,634,444	3,518,914	977,863	-
Capital projects fund	1,039,229	6,470,702	6,862,140	9,865,235	9,361,936	9,632,720	1,772,665	2,272,252	-
Nonspendable	-	-	-	-	-	-	-	-	548,166
Restricted	-	-	-	-	-	-	-	-	24,855,791
Committed	-	-	-	-	-	-	-	-	6,193,677
Unassigned	-	-	-	-	-	-	-	-	(7,585,830)
Total all other governmental funds	\$ 12,485,565	\$ 35,407,389	\$ 36,546,285	\$ 35,103,192	\$ 40,939,747	\$ 46,070,846	\$ 36,085,145	\$ 29,678,021	\$ 24,011,804

NOTE:

The City of Redlands has elected to show only nine years of data for this schedule.

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

CITY OF REDLANDS

Changes in Fund Balances of Governmental Funds

Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:									
Taxes	\$ 25,874,219	\$ 28,211,269	\$ 31,241,724	\$ 41,642,820	\$ 47,142,875	\$ 49,074,516	\$ 49,319,152	\$ 45,816,050	\$ 46,974,366
Licenses and permits	7,926,637	9,813,539	9,412,476	14,071,545	14,785,863	14,405,549	7,422,024	5,216,551	4,760,789
Intergovernmental	12,267,871	9,230,680	11,082,073	11,497,035	15,650,446	9,741,769	6,261,983	5,219,602	7,030,818
Charges for services	4,117,522	1,746,893	1,552,689	1,578,029	2,214,772	2,808,774	4,946,435	6,433,198	7,043,801
Charges for services to other city funds	-	3,252,119	2,935,835	-	-	-	-	-	-
Use of money and property	1,259,181	1,300,138	2,004,338	3,144,775	3,586,384	5,336,312	2,559,089	1,497,930	647,310
Contributions from property owners	-	6,608,423	-	-	-	-	-	-	-
Other	4,453,462	1,667,652	2,320,474	2,138,612	2,077,164	2,238,590	2,214,972	1,132,620	1,226,613
Total revenues	55,898,892	61,830,713	60,549,609	74,072,816	85,457,504	83,605,510	72,723,655	65,315,951	67,683,697
Expenditures									
Current:									
General government	12,144,871	9,548,691	10,308,122	11,478,185	13,758,100	19,638,037	19,663,593	14,533,699	11,506,994
Public safety	22,672,706	26,073,331	30,772,182	35,350,737	36,008,498	57,179,014	35,519,554	35,576,831	34,796,584
Highway and streets	4,415,591	3,542,929	6,600,623	5,076,512	5,434,175	4,826,627	4,844,425	4,131,236	4,651,164
Culture and recreation	2,567,771	2,443,711	2,594,046	3,344,777	3,311,493	3,821,206	3,534,250	2,940,479	2,701,864
Library	1,583,168	1,642,304	1,761,765	1,856,592	1,851,926	1,966,965	2,028,917	1,986,391	1,853,094
SERAF Obligation	-	-	-	-	-	-	-	2,389,188	491,892
Other pass-through payments	-	-	-	-	-	-	-	424,628	777,095
Capital outlay	5,172,975	8,911,917	3,196,389	16,004,189	13,561,057	8,384,995	5,817,816	3,650,267	5,403,411
Debt service:									
Principal	4,356,901	1,727,146	2,449,329	2,403,739	3,955,548	4,198,760	4,541,378	5,192,896	5,400,124
Interest and fiscal charges	2,939,298	2,265,258	3,178,312	3,722,579	2,898,827	4,065,938	4,337,676	3,834,596	3,783,017
Underwriters' fees	-	268,705	-	-	-	-	-	-	-
Cost of issuance	-	704,438	-	-	-	-	-	-	-
Total expenditures	55,853,281	57,128,430	60,860,768	79,237,310	80,779,624	104,081,542	80,287,609	74,660,211	71,365,239
Excess (deficiency) of revenues over (under) expenditures	45,611	4,702,283	(311,159)	(5,164,494)	4,677,880	(20,476,032)	(7,563,954)	(9,344,260)	(3,681,542)

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other financing sources (uses):									
Transfers in	6,265,001	18,897,881	8,407,181	9,655,411	11,985,951	18,608,919	21,658,490	14,225,197	14,749,386
Transfers out	(6,025,606)	(20,134,841)	(9,704,950)	(10,993,456)	(12,642,677)	(17,269,538)	(20,346,648)	(12,514,759)	(13,065,366)
Land sale proceeds	-	216,174	-	-	-	-	-	-	-
Proceeds of capital lease	-	654,891	-	1,250,448	1,269,165	236,136	-	114,998	-
Issuance of long term debt	17,366,732	17,300,000	-	-	1,985,000	30,502,392	-	-	-
Refunding bonds issued	-	5,380,000	-	-	-	-	-	-	-
Discount on issuance of long term debt	-	(154,936)	-	-	-	(297,722)	-	-	-
Premium on refunding bonds issued	-	142,261	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	(17,338,898)	(5,363,727)	-	-	-	(4,292,229)	-	-	-
Total other financing sources (uses)	267,229	16,937,703	(1,297,769)	(87,597)	2,597,439	27,487,958	1,311,842	1,825,436	1,684,020
Net change in fund balances	\$ 312,840	\$ 21,639,986	\$ (1,608,928)	\$ (5,252,091)	\$ 7,275,319	\$ 7,011,926	\$ (6,252,112)	\$ (7,518,824)	\$ (1,997,522)
Debt service as a percentage of noncapital expenditures ¹	16.8%	9.2%	10.8%	10.7%	11.4%	9.5%	13.5%	14.6%	16.4%

NOTE:

The City of Redlands has elected to show only nine years of data for this schedule.

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 the sum of current expenditures excluding capital outlay.

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 ¹	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
2002	\$ 2,954,145	\$ 120,501	\$ (75,664)	\$ 2,998,982	\$ 247,116	\$ 42,240	\$ (801)	\$ 288,555	\$ 3,287,537	0.31489
2003	3,332,102	145,151	(79,354)	3,397,899	271,199	49,078	(823)	319,454	3,717,353	0.31197
2004	3,672,991	152,007	(79,354)	3,745,644	287,821	46,720	(854)	333,687	4,079,331	0.30679
2005	4,072,008	137,651	(79,611)	4,130,048	316,589	44,019	(843)	359,765	4,489,813	0.30228
2006	4,854,140	160,644	(79,240)	4,935,544	348,224	47,055	(841)	394,438	5,329,982	0.28835
2007	5,745,855	164,409	(79,612)	5,830,652	390,031	49,336	(774)	438,593	6,269,245	0.27624
2008	6,535,813	204,391	(79,555)	6,660,649	428,699	56,938	(767)	484,870	7,145,519	0.27390
2009	6,935,648	231,948	(79,734)	7,087,862	456,545	58,275	(764)	514,056	7,601,918	0.27478
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

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)
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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Residential	\$ 2,491,831	\$ 2,731,840	\$ 3,035,139	\$ 3,298,525	\$ 3,717,496	\$ 4,232,501	\$ 4,724,469	\$ 4,866,787	\$ 4,511,071	\$ 4,344,036
Commercial	385,745	426,292	446,564	492,024	560,210	658,585	745,188	828,697	905,533	939,004
Industrial	85,389	120,855	182,833	232,590	257,161	325,169	495,797	682,669	732,243	751,264
Dry Farm	1,755	2,062	1,113	1,097	337	344	840	714	-	-
Government	4,312	4,050	3,444	8,320	4,284	4,370	4,457	1,380	471	470
Institutional	11,874	27,394	10,896	15,557	25,209	13,607	14,163	14,604	14,399	13,898
Irrigated	29,626	26,701	24,053	29,247	39,464	41,481	36,360	40,045	32,307	30,874
Miscellaneous	8,113	70,751	15,709	11,049	12,328	12,968	18,547	17,869	14,379	14,718
Recreational	26,103	26,336	26,728	27,379	27,870	27,527	28,932	30,591	31,864	32,472
Vacant Land	139,106	149,807	151,675	175,163	248,366	264,268	289,940	313,328	307,578	269,144
SBE Nonunitary	17,407	17,213	61,061	96,019	306,375	555,066	605,819	595,509	664,832	647,926
Unsecured	162,741	194,229	198,727	181,670	207,699	213,745	261,329	290,223	323,863	308,576
Unknown	-	-	1,597	1,627	3,264	-	-	-	-	-
Total Assessed Value	3,364,002	3,797,530	4,159,539	4,570,267	5,410,063	6,349,631	7,225,841	7,682,416	7,538,540	7,352,382
Less: Exemptions	(76,465)	(80,177)	(80,208)	(80,454)	(80,081)	(80,386)	(80,322)	(80,498)	(84,990)	(85,365)
Taxable Assessed Value	3,287,537	3,717,353	4,079,331	4,489,813	5,329,982	6,269,245	7,145,519	7,601,918	7,453,550	7,267,017
Total Direct Rate	0.31489	0.31197	0.30679	0.30228	0.28835	0.27624	0.27390	0.27478	0.27641	0.2811

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 Nine Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011
City Direct Rate	0.31197	0.30679	0.30228	0.28835	0.27624	0.27390	0.27478	0.27641	0.28110
Overlapping Rates:									
County General Fund	0.14707	0.14707	0.14707	0.14707	0.14707	0.14707	0.14600	0.14600	0.14600
County Superintendent	0.00755	0.00755	0.00755	0.00755	0.00755	0.00755	0.00750	0.00750	0.00750
East Valley Resource Conservation District	0.00049	0.00049	0.00049	0.00049	0.00049	0.00049	0.00050	0.00050	0.00050
Educational Revenue Augmentation Fund	0.22257	0.22257	0.22257	0.22257	0.22257	0.22257	0.22110	0.22110	0.22110
Flood Control Zone 3	0.02584	0.02584	0.02584	0.02584	0.02584	0.02584	0.02560	0.02560	0.02560
Flood Control Zone 8	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00088	0.00088	0.00088
Redlands Unified	0.30207	0.30207	0.30207	0.30207	0.30207	0.30207	0.30160	0.30160	0.30160
San Bernardino Community College	0.05185	0.05185	0.05185	0.05185	0.05185	0.05185	0.05130	0.05130	0.05130
San Bernardino Valley Municipal Water	0.02668	0.02668	0.02668	0.02668	0.02668	0.02668	0.02630	0.02640	0.02630
San Bernardino Valley Water Conservation District	<u>0.00044</u>	<u>0.00044</u>	<u>0.00044</u>	<u>0.00044</u>	<u>0.00044</u>	<u>0.00044</u>	<u>0.00044</u>	<u>0.00044</u>	<u>0.00044</u>
Total Proposition 13 Rate	<u>1.31197</u>	<u>1.30679</u>	<u>1.30228</u>	<u>1.28835</u>	<u>1.27624</u>	<u>1.27390</u>	<u>1.27478</u>	<u>1.27641</u>	<u>1.28110</u>
Redlands Debt Service	0.01960	0.01770	0.01550	0.01350	0.01200	0.01030	0.00990	0.01060	0.01080
Redlands Unified	0.03510	0.06280	0.04690	0.04490	0.03760	0.03220	0.05190	0.05410	0.06170
San Bernardino Community College	-	0.01690	0.01890	0.01660	0.01950	0.01270	0.03930	0.02800	0.04670
San Bernardino Unified	0.03150	0.04100	0.09160	0.07880	0.07070	0.06610	0.06780	0.07470	0.08840
San Bernardino Valley Municipal Water	0.14000	0.14000	0.14000	0.16000	-	-	-	-	-
San Bernardino Valley Municipal Water Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.15500</u>	<u>0.16500</u>	<u>0.16500</u>	<u>0.16500</u>	<u>0.16500</u>
Total Voter Approved Rate	<u>0.22620</u>	<u>0.27840</u>	<u>0.31290</u>	<u>0.31380</u>	<u>0.29480</u>	<u>0.28630</u>	<u>0.33390</u>	<u>0.33240</u>	<u>0.37260</u>
Total Tax Rate	<u>1.53817</u>	<u>1.58519</u>	<u>1.61518</u>	<u>1.60215</u>	<u>1.57104</u>	<u>1.56020</u>	<u>1.60868</u>	<u>1.33240</u>	<u>1.37260</u>
RDA Incremental Rate	1.15960	1.15770	1.15550	1.17350	1.16700	1.17530	1.17490	1.1756	1.17580

NOTE:
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.

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

CITY OF REDLANDS
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2011		2002	
	Total Assessed Value	Percentage of Total City Assessed Value	Total Assessed Value	Percentage of Total City Assessed Value
Southern California Edison	\$ 647,694	8.81%		
Prologis	83,560	1.14%	-	N/A
AMB Institutional Alliance Fund	72,670	0.99%	-	N/A
NYS, LLC	60,974	0.83%	-	N/A
2301 W. San Bernardino Avenue Investment Group	52,482	0.71%		N/A
Redlands Business Center, LLC	46,626	0.63%	-	N/A
MEF Realty LLC	45,473	0.62%	-	N/A
US Industrial REIT II Trust	38,818	0.53%	-	N/A
Evans Withycombe Residential	37,143	0.51%	62,137	1.85%
PACGWL LLC	36,713	0.50%	-	N/A
Lowe Shiw Inc.	-	N/A	17,190	0.51%
S-P Redlands LLC	-	N/A	16,822	0.50%
Paul J. Dangermond	-	N/A	14,838	0.44%
Union Pacific Railroad Company	-	N/A	12,564	0.37%
ESRI	-	N/A	11,908	0.35%
Showprop Redlands LLC	-	N/A	11,098	0.33%
California Gateway	-	N/A	10,615	0.32%
Redlands Mall of America LLC	-	N/A	10,185	0.30%
Walmart Stores Inc.	-	<u>N/A</u>	<u>10,068</u>	<u>0.30%</u>
	<u>\$ 1,122,153</u>	<u>15.26%</u>	<u>\$ 177,425</u>	<u>5.27%</u>

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

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	\$ 11,864,336	\$11,589,661	97.68%	\$ 765,510	\$ 12,355,171	104.14%
2003	13,523,293	13,093,816	96.82%	829,560	13,923,376	102.96%
2004	14,453,979	14,146,989	97.88%	682,615	14,829,604	102.60%
2005	18,648,647	18,153,068	97.34%	722,833	18,875,901	101.22%
2006	22,796,971	22,204,121	97.40%	1,392,399	23,596,520	103.51%
2007	26,404,200	25,513,769	96.63%	1,292,499	26,806,268	101.52%
2008	28,989,125	27,666,659	95.44%	1,487,446	29,154,105	100.57%
2009	29,041,866	27,732,874	95.49%	1,820,062	29,552,936	101.76%
2010	27,857,389	27,284,416	97.94%	1,625,142	28,909,558	103.78%
2011	29,341,082	27,744,927	94.56%	1,437,741	29,182,668	99.46%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies. Collections in Subsequent Years may include delinquent tax payments from multiple years which are not identified separately by the County of San Bernardino.

Source: City of Redlands

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

Fiscal Year Ended June 30	Governmental Activities					Business-type Activities					Total Primary Government	Percentage of Personal Income	Debt Per Capita	
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Loans	Total Governmental Activities	Water Revenue Bonds	Wastewater Revenue Bonds	Certificates of Participation	Loans				Business-type Activities
2002	\$ 5,470,000	\$ -	\$ 28,865,000	\$ 19,005,000	\$ 253,272	\$ 53,593,272	\$ 21,210,000	\$ 16,395,000	\$ 3,880,000	\$ 2,006,599	\$ 43,491,599	\$ 97,084,871	6.30%	1,471
2003	5,140,000	-	27,985,000	17,366,732	195,287	50,687,019	20,085,000	15,670,000	3,205,000	2,692,748	41,652,748	92,339,767	5.69%	1,366
2004	4,940,000	-	44,375,000	17,313,394	333,237	66,961,631	18,910,000	14,915,000	2,480,000	11,995,991	48,300,991	115,262,622	6.66%	1,675
2005	4,510,000	-	42,680,000	17,260,056	235,277	64,685,333	17,685,000	14,130,000	1,705,000	11,199,198	44,719,198	109,404,531	5.97%	1,556
2006	4,075,000	-	41,105,000	16,620,000	135,647	61,935,647	16,415,000	13,315,000	880,000	12,508,935	43,118,935	105,054,582	5.45%	1,478
2007	3,625,000	-	39,375,000	15,310,000	2,048,891	60,358,891	15,090,000	12,460,000	-	12,069,804	39,619,804	99,978,695	4.98%	1,401
2008	3,170,000	25,907,621	37,930,000	13,955,000	1,965,577	82,928,198	13,700,000	11,565,000	-	11,496,989	36,761,989	119,690,187	5.72%	1,667
2009	2,695,000	25,626,705	36,080,000	12,575,000	1,902,279	78,878,984	12,250,000	10,635,000	-	10,909,182	33,794,182	112,673,166	5.16%	1,573
2010	2,195,000	24,773,830	34,185,000	11,160,000	1,858,954	74,172,784	10,730,000	9,660,000	-	10,305,982	30,695,982	104,868,766	4.74%	1,458
2011	1,680,000	23,587,392	32,210,000	9,685,000	1,814,264	68,976,656	9,145,000	8,645,000	-	9,686,972	27,476,972	96,453,628	4.20%	1,393

NOTE:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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	Loans	Total		
2002	\$ 5,470	\$ -	\$ 28,865	\$ 19,005	\$ 253	\$ 53,593	1.59%	812
2003	5,140	-	27,985	17,367	195	50,687	1.33%	750
2004	4,940	-	44,375	17,313	333	66,962	1.61%	973
2005	4,510	-	42,680	17,260	235	64,685	1.42%	920
2006	4,075	-	41,105	16,620	136	61,936	1.14%	871
2007	3,625	-	39,375	15,310	2,049	60,359	0.95%	846
2008	3,170	25,908	37,930	13,955	1,966	82,928	1.15%	1,155
2009	2,695	25,627	36,080	12,575	1,902	78,879	1.03%	1,101
2010	2,195	24,774	34,185	11,160	1,859	74,173	0.98%	1,031
2011	1,680	23,587	32,210	9,685	1,814	68,977	0.94%	996

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).

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, 2011

Total 2010-2011 Assessed Valuation	\$ 6,695,756,692	
Redevelopment Agency Incremental Valuation	514,663,536	
Adjusted City Assessed Valuation	<u>\$ 6,181,093,156</u>	
	Percentage Applicable ¹	Outstanding Debt 06/30/11
		Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:		
San Bernardino Community College District	16.595%	\$ 431,019,736
Redlands Unified School District	68.066%	107,919,784
San Bernardino City Unified School District	0.098%	151,853,228
City of Redlands Community Facilities District No. 2001-1	100.000%	7,290,000
City of Redlands Community Facilities District No. 2003-1	100.000%	<u>9,310,000</u>
Total Overlapping Tax and Assessment Debt		<u>707,392,748</u>
Overlapping General Fund Debt:		
San Bernardino County General Fund Obligations	5.425%	649,325,000
San Bernardino County Pension Obligations	5.425%	601,765,591
San Bernardino County Flood Control District General Fund Obligations	5.425%	111,555,000
Redlands Unified School District Certificates of Participation	68.066%	5,000,000
San Bernardino City Unified School District	0.098%	70,082,853
Yucaipa-Calimesa Joint Unified School District Authority	0.834%	14,860,000
Total Gross Overlapping General Fund Debt		<u>1,452,588,444</u>
Less: Redlands Unified School District Self-Supporting Qualified Zone Academy Bonds		<u>(3,403,300)</u>
Total Net Overlapping General Fund Debt		<u>74,116,137</u>
Total Gross Overlapping Debt		239,252,658
Total Net Overlapping Debt		235,849,358
Direct Tax and Assessment Debt:		
City of Redlands	100.000%	<u>1,680,000</u>
Direct General Fund Debt:		
City of Redlands General Fund Obligations	100.000%	9,685,000
City of Redlands Pension Obligations	100.000%	<u>23,587,392</u>
Total Gross Overlapping General Fund Debt		<u>33,272,392</u>
Total Direct Debt		<u>\$ 34,952,392</u>
Total Gross Direct and Overlapping Debt ²		\$ 274,205,050
Total Net Direct and Overlapping Debt ²		\$ 270,801,750

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

² Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, tax allocation bonds, and non-bonded capital lease obligations.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed valuation	\$ 3,364,001,725	\$ 3,797,530,098	\$ 4,159,538,812	\$ 4,570,267,222	\$ 5,410,062,595	#####	\$ 7,225,841,687	\$ 7,682,415,838	\$ 7,538,540,177	\$ 7,352,381,771
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	841,000,431	949,382,525	1,039,884,703	1,142,566,806	1,352,515,649	1,587,407,833	1,806,460,422	1,920,603,960	1,884,635,044	1,838,095,443
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	126,150,065	142,407,379	155,982,705	171,385,021	202,877,347	238,111,175	270,969,063	288,090,594	282,695,257	275,714,316
Total net debt applicable to limit: General obligation bonds	5,470,000	5,140,000	4,940,000	4,510,000	4,075,000	3,625,000	3,170,000	2,695,000	2,195,000	1,680,000
Legal debt margin	120,680,065	137,267,379	151,042,705	166,875,021	198,802,347	234,486,175	267,799,063	285,395,594	280,500,257	274,034,316
Total debt applicable to the limit as a percentage of debt limit	4.3%	3.6%	3.2%	2.6%	2.0%	1.5%	1.2%	0.9%	0.8%	0.6%

NOTE:

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

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

CITY OF REDLANDS
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds					Wastewater Revenue Bonds					Tax Allocation Bonds				
	Water Revenue	Less Operating Expenses	Net Available Revenue		Coverage	Wastewater Revenue	Less Operating Expenses	Net Available Revenue		Coverage	Tax Increment	Debt Service Principal	Interest	Coverage	
			Principal	Debt Service Interest				Principal	Debt Service Interest						Principal
2002	11,335,908	\$ 9,230,587	\$2,105,321	\$1,085,000	1.01	\$4,318,650	\$3,689,006	\$ 629,644	\$ 700,000	0.43	\$ 850,000	#####	1.73		
2003	15,073,046	11,108,209	3,964,837	1,125,000	1.90	6,691,929	3,941,439	2,750,490	725,000	1.86	880,000	1,291,163	1.93		
2004	17,392,023	11,107,771	6,284,252	1,175,000	3.01	17,829,276	4,630,817	13,198,459	755,000	8.94	910,000	1,377,309	1.86		
2005	16,131,641	11,292,982	4,838,659	1,225,000	2.32	7,995,331	4,891,105	3,104,226	785,000	2.10	1,695,000	1,866,995	1.20		
2006	19,199,475	11,976,185	7,223,290	1,270,000	3.47	9,919,748	4,584,864	5,334,884	815,000	3.63	1,575,000	1,815,247	1.74		
2007	21,807,806	11,514,062	10,293,744	1,325,000	4.96	11,288,913	5,353,523	5,935,390	855,000	4.03	1,730,000	1,762,942	1.68		
2008	21,741,391	11,261,448	10,479,943	1,390,000	5.04	9,982,096	5,645,675	4,336,421	895,000	2.94	1,785,000	1,725,164	1.78		
2009	20,449,999	12,606,173	7,843,826	1,450,000	3.78	9,330,293	5,982,855	3,347,438	930,000	2.28	1,850,000	1,734,574	1.83		
2010	18,925,773	12,560,995	6,364,778	1,520,000	3.06	8,079,798	5,718,330	2,361,468	975,000	1.60	1,895,000	1,658,316	1.84		
2011	19,547,528	13,029,649	6,517,879	1,585,000	3.15	9,228,619	5,884,446	3,344,173	1,015,000	2.28	1,975,000	1,576,677	2.14		

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.

Source: City of Redlands

CITY OF REDLANDS
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2002	65,984	\$ 1,541,122,304	\$ 23,356	4.3%
2003	67,604	1,621,617,148	23,987	4.5%
2004	68,832	1,729,610,496	25,128	4.2%
2005	70,324	1,833,206,032	26,068	3.8%
2006	71,086	1,928,847,524	27,134	3.5%
2007	71,375	2,007,564,625	28,127	4.1%
2008	71,807	2,093,533,085	29,155	5.7%
2009	71,646	2,183,555,007	30,029	10.3%
2010	71,926	2,211,796,426	30,751	10.5%
2011	69,231	2,294,835,542	30,565	9.4%

- Sources:
- (1) State of California, Department of Finance - Demographic Research Unit
 - (2) State of California, Employment Development Department (data shown is for San Bernardino County; 2010-2011 figures are estimates based on the average percentage change in prior years)
 - (3) State of California, Employment Development Department Labor Market Information Section , Monthly Labor Force Data for cities and (CDP) October 2011 Preliminary

CITY OF REDLANDS
Principal Employers
Current Year and Nine Years Ago

Employer	2011		2002	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Redlands Unified School District	1,775	5.31%	1,600	4.98%
ESRI	1,530	4.58%	1,600	4.98%
RHS	1,450	4.34%	400	1.25%
U.S. Postal Service	1,400	4.19%	1,281	3.99%
Verizon	1,240	3.71%	73	0.23%
Redlands Community Hospital	900	2.69%	755	2.35%
University of Redlands	900	2.69%	620	1.93%
City Of Redlands	558	1.67%	466	1.45%
Beaver Medical Group	518	1.55%	483	1.50%
Wal-Mart Stores, Inc.	400	1.20%	261	0.81%
La-Z-Boy, Inc.	391	1.17%	455	1.42%
Total of Top Employers	11,062		7,994	
Total Employees in City	32,900		33,000	

NOTE:

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

For 2011, the June 2011 non-preliminary employment figure (was used.

For 2002, the June 2002 non-preliminary employment figure (36,291) was used.

Sources:

Redlands Chamber of Commerce

Hoovers Information Resources

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

CITY OF REDLANDS

City Employees
by Function

Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Full-time employees:										
City clerk's office	2	2	2	2	2	2	2	-	-	-
City manager's office	7	6	6	6	6	6	8	6	5	5
City treasurer's office	8	8	8	7	7	7	6	-	-	-
Community development	18	16	18	18	18	19	17	17	15	16
Finance	12	12	12	12	11	12	13	24	21	21
Fire	60	60	60	60	67	67	64	64	61	60
Human Resources	5	5	5	5	5	5	6	4	4	5
Library	21	21	21	21	21	21	20	20	17	15
Management information systems	4	4	4	4	4	4	10	14	11	8
Municipal utilities and engineering:										
Administration	19	18	23	23	29	31	34	26	23	23
Water	39	41	38	38	39	40	41	45	48	47
Wastewater	21	24	24	24	24	24	24	24	24	23
Police	138	151	157	154	161	161	149	158.5	132.5	128.5
Quality of life										
Administration, parks & streets	53	56	57	56	52	53	48	47	37	39
Equipment maintenance	14	15	15	15	15	15	15	11	11	9
Solid waste	38	42	44	42	40	40	39	37	38	34
Cemetery	7	7	7	7	5	3	3	3	3	3
Redevelopment	-	-	-	-	5	5	9	9.5	4.5	3.5
	<u>466</u>	<u>488</u>	<u>501</u>	<u>494</u>	<u>511</u>	<u>515</u>	<u>508</u>	<u>510</u>	<u>455</u>	<u>440</u>
Part-time employees ¹	-	-	-	-	72	67	56	45	40	47
At-will employees	-	-	-	-	10	10	-	-	-	-
Grant-funded employees	<u>7</u>	<u>13</u>	<u>16</u>	<u>14</u>	<u>15</u>	<u>14</u>	<u>14</u>	<u>3</u>	<u>11</u>	<u>7</u>
Total	<u>473</u>	<u>501</u>	<u>517</u>	<u>508</u>	<u>608</u>	<u>606</u>	<u>578</u>	<u>558</u>	<u>506</u>	<u>494</u>

¹ Data not available for all fiscal years.

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

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

Source: City of Redlands Budget

CITY OF REDLANDS
Operating Indicators
by Function
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Calls for service ¹	48,124	55,512	63,727	63,560	59,182	56,821	61,184	58,702	54,725	52,611
Emergency calls for service ¹	8,900	9,699	10,521	11,178	11,970	16,546	2,643	2,730	3,091	2,333
Citations issued ¹	8,180	9,338	8,291	5,410	5,242	7,390	3,754	7,639	6,516	5,688
Fire:										
Number of incidents	6,340	6,675	7,116	7,040	7,625	8,038	7,885	8,113	8,239	8,470
Inspections performed ¹	2,355	2,456	2,498	2,576	2,737	3,610	2,296	3,145	2,794	2,247
Building and safety:										
Permits issued ²	2,385	2,876	3,070	2,997	2,838	2,967	2,446	1,453	1,721	1,647
Inspections performed ²	10,970	12,228	15,961	15,679	17,273	14,611	15,868	12,543	7,920	8,506
Parks and recreation:										
Community center attendance	46,968	36,211	45,228	35,160	62,048	69,861	85,216	68,093	37,973	22,398
Senior center attendance	48,788	47,941	43,644	42,496	43,374	43,633	41,258	34,899	43,706	29,008
Joslyn center attendance	40,175	47,292	43,201	49,808	39,328	40,830	38,960	43,989	37,477	26,707
Youth sports attendance	20,963	12,980	15,781	17,781	14,859	4,665	7,284	10,991	6,787	1,538
Adult sports attendance	14,780	10,255	11,989	20,418	19,797	17,427	30,509	10,259	10,260	4,735
Water:										
Number of services	19,357	19,670	20,140	20,500	21,047	21,450	21,547	21,667	21,534	22,487
Average daily consumption (thousands of gallons)	28,200	25,700	25,400	27,000	23,553	29,458	33,650	22,346	29,960	26,960
Solid waste:										
Recycled materials (tons) ²	21,058	24,502	29,794	37,123	38,083	40,851	34,317	37,334	28,329	25,194
Refuse disposed (tons) ²	52,034	54,599	56,865	59,745	61,607	58,402	57,480	54,171	78,832	81,428
Library:										
Number of volumes	134,032	138,513	136,671	138,446	141,310	140,644	141,241	142,050	142,945	144,229

¹ Data is calendar year, instead of fiscal year. Data is by Fiscal Year for 2009.

² Data not available for all years.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	4	4	4	4	4	4	4	2	2	2
Fire:										
Fire stations	3	3	3	4	4	4	4	4	4	4
Public works:										
Streets (miles)	290	305	307	310	312	315	315	315	315	315
Traffic signals (city-owned)	54	58	61	61	64	68	68	68	68	68
Parks and recreation:										
Parks (acreage)	250	250	250	250	250	230	230	260	260	260
Groves (acreage)	268	200	175	175	196	192	204	204	204	195
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	361	368	381	387	407	416	421	404	386	386
Maximum daily production capacity (thousands of gallons)	45,400	45,400	55,400	59,000	50,000	50,000	55,000	55,000	55,000	55,000
Non Potable Water *										
Water mains (miles)	-	-	-	-	-	-	-	28	28,46	29,06
Maximum daily production capacity (thousands of gallons)	-	-	-	-	-	-	-	4,500	4,500	4,500
Wastewater:										
Sewers (miles)	215	222	222	226	232	239	239	241	239	242
Daily capacity of wastewater plant (thousands of gallons)	9,500	9,500	9,500	9,500	9,500	5,500	5,500	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

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