



Comprehensive Annual Financial Report
For The Year Ended June 30, 2015

Redlands' City Council Members

Paul Foster, Mayor

Jon P. Harrison, Mayor Pro Tempore

Paul T. Barich, Council Member

Patricia L. Gilbreath, Council Member

John E. James, Council Member

N. Enrique Martinez, City Manager

Tina T. Kundig, Finance Director

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CITY OF REDLANDS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR FISCAL YEAR ENDED JUNE 30, 2015

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FINANCE DEPARTMENT

City of
REDLANDS

Incorporated 1888
35 Cajon Street, Redlands, CA 92373

Tina T. Kundig
Finance Director

December 17, 2015

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, 2015.

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, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City’s financial statements for the Fiscal Year ended June 30, 2015, were fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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



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

PROFILE OF THE GOVERNMENT

The City of Redlands, incorporated in 1888, is located 63 miles east of Los Angeles, 110 miles north of San Diego, and 500 miles southeast of San Francisco. It lies within the San Bernardino Valley in the southwestern portion of San Bernardino County, covering an area of 36 square miles, within the heart of the Inland Empire. It serves a population of 69,814 residents.

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

Local economy. City of Redlands' economy is based largely in the service and trade sectors (health care, retail trade, government, and education) and light manufacturing. The region has a varied manufacturing and industrial base that has added to the relative stability of the unemployment rate over the years. However, during the downturn in the economy, the unemployment rate rose to a high in 2010 of 10.5%, declining in the following year to 9.7% and again the next year to 7%. The rates continued to decline to 6.0% in calendar year 2013 and to 4.7% in 2014. Redlands' unemployment rate remains lower than its neighboring communities. Since 2005, the annual unemployment rate for the City has ranged from a low of 3.4% to a high of 10.5%.

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

The City's property tax base had showed steady growth from Fiscal Year 2000-2001, increasing from \$3.2 billion in that year to \$7.7 billion in Fiscal Year 2008-2009. However, for the 2009-2010 tax roll, the City of Redlands experienced a net taxable value decrease of 1.9%. Decreases occurred, again, for the 2010-2011 and 2011-2012 tax rolls, at 2.5% and 1.9%, respectively. After three years of decreases, the City experienced net taxable value increases of 1.9% and 2.7%, respectively, for the 2012-2013 and 2013-2014 tax rolls, and another net taxable value increase of 5.5% for the 2014-2015 tax roll, which was slightly less than the 6.1% increase experienced countywide. The assessed value increase between 2013-2014 and 2014-2015 was \$418 million. The change attributed to the 0.454% Proposition 13 inflation adjustment was \$19.7 million, which accounted for 4.7% of all growth experienced in the City.

The largest assessed value increase was reported on an industrial property owned by AMB Institutional Alliance Fund III at 1651 California Street following a Proposition 8 review granted between 2010 and 2013. The property values have been reinstated in line with current market values for an increase of \$24.9 million or 44% above last years' enrolled values. This is the site of Weber Distribution, Inc. and MGA Entertainment. Duke Realty Limited Partnership at 2300 W. San Bernardino Avenue purchased their industrial property in 2012 after the property had been reduced as a result of appeal filings. The current value of that property reflects the sale price for an increase of \$18.1 million. The site is leased by the Clorox Company. The largest decline was posted on four vacant irrigated properties owned by Redlands RE Holdings LLC on San Bernardino Avenue west of Texas Street. The sites were purchased in 2011 for less than the previously enrolled value and that sale price has been distributed among the properties for a combined decline of \$5.4 million. Industrial property owned by CLPF-Redlands Business Center

at 2125 W. San Bernardino Avenue, the site of a distribution warehouse, sold for \$43 million in 2013.

The housing market continued to improve in 2014, although the pace of improvement has slowed due to the increase of interest rates and tight inventories. In most areas, foreclosure levels are back at historical norms, as seen in 2006, before the real estate recession. Median sale prices for real estate have continued to increase steadily, but at a slower pace than seen in 2013. The numbers of sale transactions have declined relative to 2013. The median sale price of a single family home in Redlands from January through August 2014 was \$305,000, representing a \$25,000, or 8.9% increase in median sale price from 2013.

Development activity in Fiscal Year 2014-2015 improved after recent years of declines. Redlands realized the opening of a new regional shopping center in 2015, which included a number of national retailers. The Mountain Grove Shopping Center opened with its first tenant, Nordstrom Rack, in the spring, and additional name-brand retailers opened shortly thereafter. In addition to Nordstrom Rack, these new stores and service providers (some to open in 2016), include 24-Hour Fitness, Bahama Buck, Banana Republic, buy buy Baby, Gap, Chipotle, Habit Burger Grill, Hobby Lobby, Home Goods, Jimmy Johns, Justice, Lane Bryant, Kirkland's, MOD Pizza, Old Navy, Ross Dress For Less, Sketchers, Tilly's, TJ Maxx, Ulta Beauty, WaBa Grill and Yogurtland. A 16-screen, state-of-the-art, Harkins Theatres entertainment complex is currently under construction and will be opening at the Mountain Grove Shopping Center in 2016.

In addition to the Mountain Grove project, there were many other notable additions to the business landscape, including new downtown restaurants (Bricks and Birch, Hund & Bier Haus and IL Volo Trattoria and Deli Market), specialty retailers and service providers (Bohocheri Women's Clothing, Escape Craft Brewery, Hospitality Technology Systems, and Redlands Fitt Factory), and the addition of new logistics/distribution facilities (APL Logistics/Colgate-Palmolive, Core Health & Fitness, and Polaris ATV).

Business investment continued as developers, home builders, and corporate interests selected Redlands for industrial, office, retail, and housing projects. Significant industrial developments that have been completed, or that are currently under construction, include logistics building projects by Hillwood Investment Properties (499,724 square feet, 600,727 square feet, and 771,839 square feet).

Redlands Crossing, a new 250,000 square-foot power center that will be anchored by a 196,000 square-foot Walmart Supercenter, has progressed well over the past year and is currently in the plan check process. The retail development will include nine perimeter pads for additional retailers, as well as quick-serve and full-service restaurant tenants.

The Redland Promenade project, a 149,800 square-foot commercial center located south of the Interstate 10 freeway and west of Eureka Street, broke ground and is planned to include retail, restaurant and office uses.

LaSalle Medical associates has become part of the growing Redlands' healthcare sector and has purchased a 13,584 square-foot professional office building in the Spectrum Center on West Redlands Boulevard. LaSalle, one of the largest independent medical practice association groups in the region, with offices in Los Angeles, Riverside, and San Bernardino counties, will occupy approximately fifty percent of the building. LaSalle will lease the balance of the facility to first American Title Company.

New housing, to support new businesses and their employees, was constructed over the past year including an executive-level development by Melia Homes. The Charleston Estates project

includes large luxury-appointed residences with up to five bedrooms, five and one-half baths and three car garages. The homes feature classic Spanish, Cottage and Tuscan architecture and include central or entry courtyards and covered outdoor rooms that promote active family living and entertaining.

In support of the community, the Municipal Utilities and Engineering Department (MUED) embarked on a number of transportation projects during Fiscal Year 2014-2015. The transportation projects include PARIS Paving 2013 (35-566) and the PARIS Paving 2014 (567-960) design. Since the PARIS program's inception in 2013, 110 lane miles of streets have been paved. In addition to the street resurfacing projects, MUED has also managed projects related to construction of the Redlands Boulevard and Alabama Street intersection improvements, whereby a 22 foot offset is being corrected. Other improvements have included renovation of sidewalks and ADA ramps, including Safe Routes to Schools, Cycle 8 and SRS 2010; striping projects, such as Highway Safety Improvement Program (HSIP) Cycle 4; and bus pads Transportation Development Act (TDA) grant projects.

In addition to the transportation projects, MUED completed Interstate 10 underpass improvements, consisting of improvements to three freeway underpasses that entailed painting, the installation of LED lights, and the installation of twenty murals depicting historically significant buildings and citrus company labels. Additionally, a number of utility related projects were completed including the Ward Way Reservoir Recoating project; the 2013 Water CIP Phase II project, which resulted in over three miles of new pipe; and the Brookside Water Pipeline, Fern and San Timoteo Pipeline and Highline Relocation Pipeline replacement projects. Other utility projects include the Agate No 1 well rehabilitation project and SCADA improvement project, the design of the 2014 CIP Water, Sewer, and Nonpotable pipeline replacement project, and the Colton and 6th nonpotable pipeline installation project.

Park projects undertaken by the department during Fiscal Year 2014-2015 included the construction of the Orange Blossom Trail Phase I, design of Orange Blossom Trail Phase II, and the planning of Orange Blossom Trail Phase III.

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

To date, the Successor Agency has complied with the requirements of AB1X 26/AB and 1484 by submitting its Enforceable Obligation Payment Schedule (EOPS), Recognized Obligation Payment Schedules (ROPS), and other required documents. Successor Agency and City staff continue to respond to the ever-changing requirements of the State of California Department of Finance (DOF) and were notified pursuant to a letter from the Attorney General, dated August 25, 2014, that the DOF concurs that a loan of \$3,157,400 made from the City to the Successor Agency in July, 2012, was for enforceable obligations of the Successor Agency from July 2012 through December 2012, including the principal and interest on tax allocation bonds which were due on August 1, 2012. As of the year ending June 30, 2015, that loan has been repaid in full by the Successor Agency.

On September 8, 2015, the DOF approved the Successor Agency's Long-Term Property Management Plan, and in the upcoming months, the Successor Agency will be transferring ownership of properties designated for a governmental purpose to the City and disposing of those

properties not specified for a governmental purpose in accordance with this Plan. Further discussion about the Successor Agency can be found in Note 15 of the Notes to the Basic Financial Statements.

Long-term financial outlook/planning. Prior to, and over the last decade, the City has faced financial challenges as a result of the State Budget crisis, increases in PERS rates, increases in employee contracts, and employee retirements, and in recent years, faced the impacts associated with the greatest downturn in our economy that had been seen in years. At times during this period, despite some years of growth in property taxes, sales taxes, and development, the City's General Fund expenditures and uses exceeded its revenues and sources, thereby causing a decline in the General Fund's Unreserved (Unassigned) Fund Balance. As a result, the City began to focus on financial policy decisions to balance the budget, establish minimum reserve levels, as well as to review service levels, enhance revenue opportunities, evaluate reorganizations and develop capital improvement plans. These actions helped the City's General Fund achieve net increases in its fund balance in Fiscal Year 2006-2007, by \$1.4 million, and again in Fiscal Year 2007-2008, by \$1.9 million. These actions over the two years proved invaluable to the City as the downturn in the economy hit in Fiscal Year 2008-2009. In the fall of Fiscal Year 2008-2009, the City Council, the City Manager, and the executive staff examined the potential impacts the downturn in the economy would have on the City, particularly as a result of a significant decline in sales tax revenue and a slowdown in development activity. Departmental budgets were reduced wherever possible and an early retirement incentive program was established, along with a furlough program for all employees that began during the second half of Fiscal Year 2008-2009. As a result of these efforts and some improvement in certain revenue categories, the fund balance of the City's General Fund increased by \$3.7 million during that year. Despite the positive outcome to Fiscal Year 2008-2009, the City continued to face challenges in Fiscal Year 2009-2010 as a result of the poor economic climate and continued declines in sales taxes and development revenues, along with declines in property taxes, franchise fees, and other taxes. With continuation of the furlough program, continued emphasis on reducing expenditures, and some better than expected revenues, the General Fund Unreserved (unassigned) Fund Balance reached \$5.8 million by that year-end, exceeding projections by \$1.25 million.

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

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

With continued cost-savings and an improving economy, the General Fund reported unassigned fund balance, excluding \$2 million in designated receipts, of \$12.5 million as of June 30, 2015. Further review of the General Fund is included within Management's Discussion and Analysis which follows the independent auditor's report.

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

A significant undertaking and key priority in the Strategic Plan includes update of the City's General Plan. The General Plan provides a blueprint for all future development in the City. General plans typically have a 20-year planning horizon. The City of Redlands' General Plan was last updated in 1995, with the exception of the plan's Housing Element, which was updated in 2014 pursuant to State planning and zoning laws. In March 2015, the City Council authorized staff to undertake a comprehensive update of the City's General Plan. Community outreach is a key component of the General Plan update. The current update process includes a General Plan Steering Committee made up of various stakeholders throughout the City's geographic and planning areas, online crowd-sourcing, community meetings and individual stakeholder interviews. The budgeted \$1.12 million update is projected to be completed within 2 ½ years.

As one of the five priorities in the Strategic Plan, economic development encompasses a number of areas. Central to any economic growth is the City's core Historic Downtown retail and entertainment district. The downtown is a major contributor to the City's economic health, generating approximately \$2.5 million in annual sales tax revenue to the City. Considering its contribution to the overall economic well-being of the City, investments in the downtown are designed to retain current businesses, attract new business and drive retail and tourist activity to the downtown through infrastructure improvements, beautification and new "destination" attractions. In Fiscal Year 2014-2015, the City's investments in the downtown included \$215,000 from one-time non-General Fund revenues to beautify three "gateway" entrances to the City from Interstate 10. As previously mentioned, improvements included paint, installation of new energy efficient lighting and the addition of 22 murals, depicting historic aspects of the City. One segment of the previously mentioned PARIS street resurfacing included resurfacing of the central downtown streets. Other improvements included addition of new lighting, amenities such as bicycle racks, outdoor seating for dining and decorative planters. Perhaps the most ambitious of the downtown improvements was the transformation and repurposing of an existing alleyway into a public park with pedestrian enhancements including pavers, raised planters, decorative planters, outdoor dining areas, artistic elements and arched trellises and gateways. The Orange Street Alley park opened in July, 2015, and was paid for through a combination of one-time non-General Fund revenues, park maintenance and utility construction funds. Recently the City entered into a licensing agreement with a downtown business to lease a portion of the alley for outdoor dining.

As part of fiscal accountability, the Strategic Plan identifies the sustainability of the City's various enterprise funds. In 2015, the City Council adopted a business plan for one such enterprise, Hillside Memorial Park Cemetery. The business plan introduced a financing model and various new products and services designed to modernize operations of the cemetery, making it competitive with other memorial parks in the region and reverse decades of financial deterioration that saw Hillside cemetery running a consistent deficit in revenue to operating expenses. The business and financial plan included a recommendation to borrow cemetery endowment monies to fund some of these recommended improvements. At June 30, 2015, the Cemetery had borrowed \$68,685 from the Cemetery Endowment for these efforts. Additionally, shortly after the end of the fiscal year, a new Cemetery Manager was hired with responsibility for implementing the plan and marketing the cemetery.

Another key priority identified in the Strategic Plan under infrastructure, and as one of its important long term initiatives, is the continual effort by the City of Redlands to embrace technology at a rapid pace to achieve efficiency in service delivery. Representative of this effort is the City Council's Five-Year Information Technology (IT) Master Plan, which resulted from a comprehensive and thorough assessment of the City's existing technology infrastructure, operational requirements and service delivery needs. The IT Master Plan provides a set of initiatives and priorities for categories such as, IT Infrastructure, Data Security, Mobile Computing, and Best Practices. In keeping with the City Council's promotion of these efforts, funds are directed towards IT Master Plan projects each year from the Department of Innovation and Technology's operating budget. Originally in April, 2013, the IT Master Plan set forth 103 such initiatives. Because the Plan's success depends on continual updates, expansion and revisions, there are now 154 initiatives. Of these, 114 or 74%, are marked as either completed, in progress, or have been funded in the next fiscal year.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Redlands for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance department. Special recognition is due to Assistant Finance Director, Tom Steele, Senior Accountant, Jacquelyn Guest, and Principal Accountant/Internal Auditor, James Garland, for their efforts in overseeing the compilation of the accounting data and interfacing with our auditors; and to the accounting firm of Lance, Soll & Lunghard, LLP, and to Tricia Swope, Senior Administrative Assistant.

Respectfully submitted,



Tina T. Kundig
Finance Director



Government Finance Officers Association

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

Presented to

**City of Redlands
California**

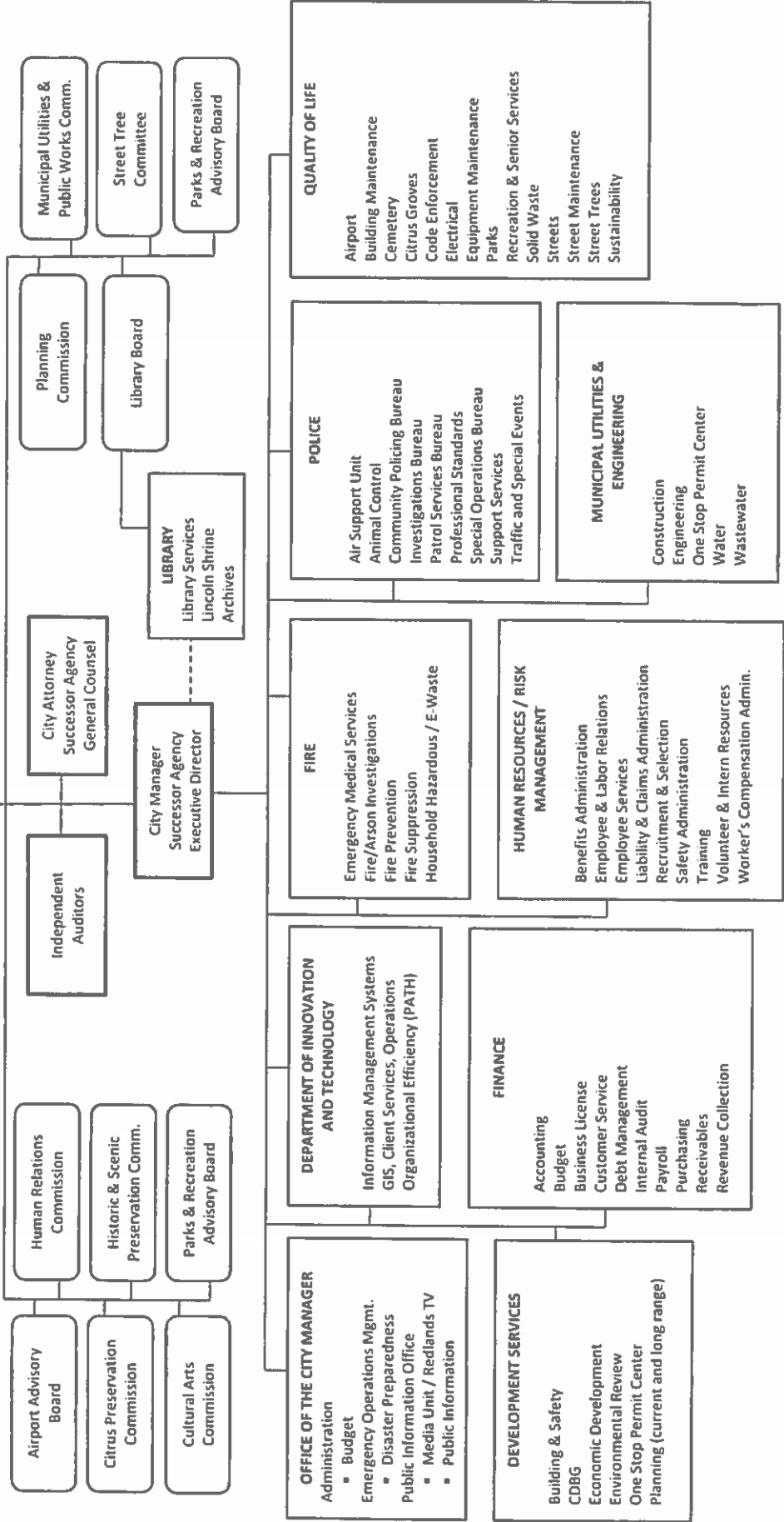
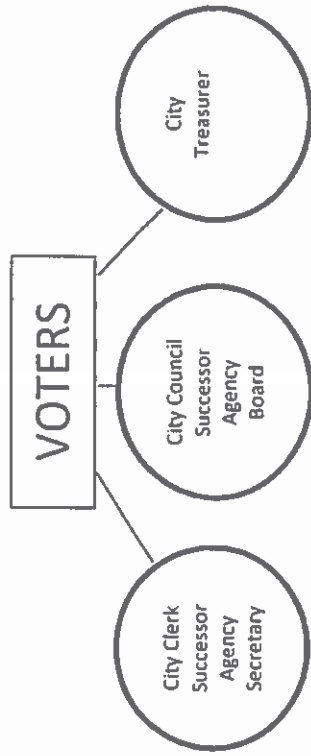
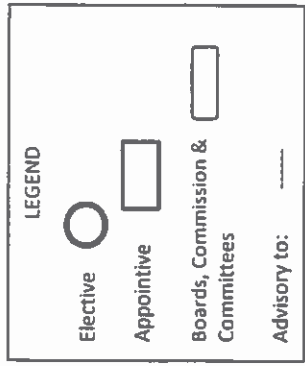
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

City of Redlands, CA
 Organizational Chart
 Approved by:

 N. Enrique Martínez, City Manager
 Effective July, 2015



CITY OF REDLANDS
PRINCIPAL OFFICERS

CITY COUNCIL (Elected)	Paul Foster, Mayor Jon P. Harrison, Mayor Pro Tem Paul T. Barich, Councilmember Patricia L. Gilbreath, Councilmember John E. James, Councilmember
CITY MANAGER	N. Enrique Martinez
CITY CLERK (Elected)	A. Samuel Irwin
CITY TREASURER (Elected)	Robert E. Dawes
CITY ATTORNEY	Daniel J. McHugh
CHIEF INFORMATION OFFICER	Danielle Garcia
DEVELOPMENT SERVICES DIRECTOR	Oscar W. Orci
FINANCE DIRECTOR	Tina T. Kundig
FIRE CHIEF	Jeff L. Frazier
HUMAN RESOURCES DIRECTOR	Amy Martin
LIBRARY DIRECTOR	Donald McCue
MUNICIPAL UTILITIES & ENGINEERING DIRECTOR	Chris Diggs
POLICE CHIEF	Mark Garcia
QUALITY OF LIFE DIRECTOR	Christopher Boatman

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Redlands, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redlands, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the



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

United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Solt & Lughard, LLP

Brea California
December 28, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of Redlands provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Figure A-1

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

	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 position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow of resources, deferred inflow of resources, and liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City’s fiduciary funds do not currently contain capital assets, although they can
Type of financial inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Reporting the City as a Whole

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

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

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

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

Reporting the City's Most Significant Funds

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

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

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

Reporting the City's Fiduciary Responsibilities

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

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

CITY OF REDLANDS Statement of Net Position June 30, 2015

Table 1

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other Assets	\$ 74,947,781	\$ 69,022,988	\$ 71,957,125	\$ 82,028,223	\$ 146,904,906	\$ 151,051,211
Capital Assets	628,642,674	611,632,823	185,008,450	181,255,275	813,651,124	792,888,098
Total Assets	703,590,455	680,655,811	256,965,575	263,283,498	960,556,030	943,939,309
Deferred Outflows of Resources-Pension	5,862,568	-	1,312,875	-	7,175,443	-
Long-term Debt Outstanding	112,479,532	54,405,461	66,646,497	55,518,610	179,126,029	109,924,071
Other Liabilities	18,882,760	19,347,578	5,459,956	5,548,155	24,342,716	24,895,733
Total Liabilities	131,362,292	73,753,039	72,106,453	61,066,765	203,468,745	134,819,804
Deferred Inflows of Resources-Pension	18,004,962	-	3,643,575	-	21,648,537	-
Net Position:						
Net Investment in Capital Assets	625,683,667	609,555,372	164,359,808	157,413,884	790,043,475	766,969,256
Restricted	15,584,054	18,365,510	4,671,097	3,702,600	20,255,151	22,068,110
Unrestricted	(81,181,952)	(21,018,110)	13,497,517	41,100,249	(67,684,435)	20,082,139
Total Net Position	\$ 560,085,769	\$ 606,902,772	\$ 182,528,422	\$ 202,216,733	\$ 742,614,191	\$ 809,119,505

The increase in net position can provide an indication that the overall financial position of the City improved during the year, by a total of \$18,229,455 as indicated in the Changes in Net Position Table 2 that follows. Table 1 shows that the net position of the government-wide activities decreased by \$66,505,314 or 8.2%, from \$809,119,505 in 2014 to \$742,614,191 in 2015. Governmental Activities net position decreased by 7.7%, from \$606,902,772 at June 30, 2014 to \$560,085,769 at June 2015. The City's net position of business-type activities decreased by 9.7% from \$202,216,733 in 2014 to \$182,528,422 in 2015.

The decrease in net position of the Governmental Activities of \$46.8 million included a restatement of net position and fund balances to account for the net pension liability under GASB No. 68 which reduced net position by \$69 million. The GASB 68 implementation resulted in almost \$6 million in deferred outflows of resources and \$18 million in deferred inflows of resources as shown in Table 1, as well as a net pension liability of \$57 million, which is the majority of the increase shown in long-term debt outstanding. This decrease in net position was partially offset by an increase in cash and investments of approximately \$4.1 million, \$1.4 million in due from other governments, and \$17 million in capital assets.

The increase in cash and investments was as a result of an increase in General Fund cash of \$3.2 million due to an improved economy, with Local Transportation Fund's cash decreasing by approximately \$1.3 million and minor changes in Public Facilities' and Other Governmental Funds' cash. A \$1.7 million increase resulting from the change in GASB 34 internal service fund allocation also contributed to the increase in cash and investments. Due from other governments increased primarily due to an increase in the Local Transportation Fund for grant monies due. That fund's current year balance of \$3.9 million includes \$3.6 million due for the Redlands/Alabama Street project, with \$2.6 million due from SANBAG and \$1 million from CALTRANS.

The majority of the \$17 million increase in capital assets related to an increase in Construction in Progress of \$18.1 million, with \$16 million in the Local Transportation Fund and \$1 million in the Measure I Fund for street construction projects mostly related to the City's Pavement Accelerated Rehabilitation Implementation Strategy (PARIS) program, and additional amounts in the General Fund for storm drain, street and ADA sidewalk construction. Completed buildings and improvements included \$3.7 million for the Sports Park project, \$454,000 for ADA compliance projects, \$420,000 for the Data Center, \$380,000 for various street, sidewalk and storm drain improvements, and \$220,000 for the LED conversion project. Additions to machinery and equipment were \$2.6 million, with \$2.3 million for rolling stock that included \$2.2 million for Public Safety: \$916,000 for police vehicles, \$1.2 million for two Fire engines and \$78,000 for other Fire vehicles. Additions to equipment were \$338,000, with \$309,000 for Information Technology computer and server upgrades and \$29,000 in Highways and Streets, relating to the City's fuel management system. Land increased by \$1.5 million with the purchase of the Emerald Necklace-Mistretta property using Open Space monies and right-of-way increased by \$1.9 million. Other capital asset changes, along with associated depreciation, are shown on the Capital Assets schedule in Note 5 of the Notes to the Financial Statements.

Net Position for Business-Type Activities decreased by \$19,688,311.

Current and Other Assets decreased by \$10.1 million. Major contributing factors to the change in Current and Other Assets were decreases in Water and Disposal assets and an increase in Sewer assets.

Water current and other assets, before deferred outflows of resources related to GASB 68, decreased by approximately \$1.6 million. The overall decrease included the elimination of a \$3 million receivable from the Successor Agency as a result of the Successor Agency's repayment to the Water Fund. While the loan repayment eliminated the receivable, it contributed to the net \$1.8 million increase in cash and investments in the Water Fund. Also contributing to the net change in cash and investments for Water was a decline in cash provided by operations, with cash received from customers declining by \$2.3 million dollars due to the drought and an increase in the amounts paid for goods and services of \$1.8 million. Accounts receivable balances decreased by \$339,000.

Disposal current and other assets, before deferred outflows of resources related to GASB 68, decreased by \$12.1 million, primarily resulting from the use of \$13.4 million of cash with fiscal agent monies associated with the 2013A Solid Waste Revenue bonds. As intended by this bond issue, these monies were transferred to the Local Transportation fund in support of the PARIS program for Solid Waste's share of street impacts caused by its heavy solid waste vehicles on City streets. Additionally, cash and investments and accounts receivable increased by \$1.1 million and \$278,000, respectively.

Sewer current and other assets, before deferred outflows of resources related to GASB 68, increased by \$2.9 million. An increase in cash accounted for all but \$20,000 of that increase. The current year's increase in cash was approximately \$1.3 million higher than the increase in cash last year because transfers to other funds to pay for utility cuts and past years' damage to the City's streets were required in the prior year, but not again in the current year.

Deferred outflows of resources for deferred pension related items associated with the implementation of GASB 68 amounted to \$1.3 million, with amounts for Water, Disposal, and Sewer at \$591,000, \$358,000 and \$321,000, respectively. Other non-major enterprise funds had \$43,000 in deferred pension outflows.

Capital assets increased by \$3.8 million. The majority of this increase was in the Water Fund which increased by \$4.4 million. The net increase in construction in progress in the Water Fund was \$1.7 million with additions of \$5.9 million and retirements of \$4.2 million. Construction in progress additions include the following projects: 2013 Water CIP Phase II, \$2.6 million; Highline Relocation Phase I, \$774,000; Ward Way Rehabilitation, \$719,000; 2014 Pipeline Replacement, \$670,000; Hinckley Construction Improvements, \$440,000; Agate Well Rehabilitation, \$142,000; SCADA System Improvements, \$140,000; Fern and San Timoteo Pipeline, \$132,000; Brookside Pipeline, \$113,000; and various other smaller projects relating to the City's water system. Infrastructure increases of \$4.5 million, were offset by \$2.1 million for infrastructure accumulated depreciation. There was a net increase in rolling stock of \$52,000 that occurred due to additions of \$421,000 for a backhoe and various trucks and vehicles and offset by \$368,000 in accumulated depreciation. Water Stock increased by \$300,000.

Capital assets in Disposal decreased by \$394,000. The decrease resulted primarily as a result of the \$499,000 adjustment for accumulated depreciation on buildings and improvements as well as an adjustment to construction in progress in the amount of \$73,000. These decreases were partially offset by a net increase of \$178,000 in rolling stock. Rolling stock additions of \$839,000 for two side loader trucks and one front loader, were offset by accumulated depreciation on rolling stock of \$661,000.

Sewer Capital Assets decreased by \$195,000. In Sewer, there was a net increase in construction in progress of \$404,000, with additions of \$1,045,000 million and retirements of \$641,000. Construction in progress additions included the following projects: Wastewater Generator Replacement, \$739,000; 2014 Sewer Line Replacement, \$211,000; 2013 Sewer CIP, \$93,000; and Digester 1 & 2 Cleaning and Assessment, \$2,000. Infrastructure increases of \$696,000 were offset by \$350,000 in infrastructure accumulated depreciation. Additions to machinery and equipment included \$21,000 for the purchase of three Optima CVE-12 wastewater samplers. Reductions to machinery and equipment included a \$128,000 adjustment for accumulated

depreciation. There was a net increase of \$29,000 in rolling stock which included current year additions of \$44,000 for a ¾ ton truck and two Cushman golf carts and offset by \$15,000 in accumulated depreciation. Finally, a reduction of \$867,000 was made for accumulated depreciation on buildings and improvements.

A schedule of Capital Assets for business-type activities can be found in Note 5 of the Notes to the Financial Statements.

Total liabilities of the business activities increased by \$11 million, with the majority of this included as an increase in long-term debt outstanding. The majority of the \$11.1 million increase in long-term debt outstanding resulted from the GASB 68 net pension liability of \$13 million, offset by net decreases in long-term debt shown in Note 6 of the Notes to the Financial Statements.

Implementation of GASB 68 resulted in a restatement of net position that reduced the net position of the business activities by \$15 million and included the \$1.3 million in deferred outflows and the \$13 million net pension liability discussed above, as well as \$3.6 million in deferred inflows of resources for pensions. This restatement of net position represented the majority of the \$19.7 million decrease in net position of the business-type activities from 2014 to 2015.

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

CITY OF REDLANDS
Change in Net Position – Year Ended June 30, 2015

Table 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for Services	\$ 14,610,638	\$ 14,251,677	\$ 46,457,271	\$ 46,338,314	\$ 61,067,909	\$ 60,589,991
Operating Contributions & Grants	8,607,394	7,195,092	180,000	180,000	8,787,394	7,375,092
Capital Contributions & Grants	4,666,849	2,117,482	4,593,429	3,433,586	9,260,278	5,551,068
General Revenues:						
Property Taxes	25,157,824	24,650,592	35,225	34,597	25,193,049	24,685,189
Sales Taxes	16,040,049	15,219,210	-	-	16,040,049	15,219,210
Franchises	3,735,682	3,235,114	-	-	3,735,682	3,235,114
Other Taxes	1,681,618	1,473,576	-	-	1,681,618	1,473,576
Use of Money and Property	467,427	517,169	921,859	1,053,356	1,389,286	1,570,525
Other	1,035,134	689,160	1,152,177	1,032,469	2,187,311	1,721,629
Gain (loss) on Sale of Capital Asset	-	-	4,840	28,334	4,840	28,334
Intergovernmental	424,385	165,974	-	-	424,385	165,974
Total Revenues	76,427,000	69,515,046	53,344,801	52,100,656	129,771,801	121,615,702
Program Expenses:						
General Government	10,229,535	10,423,298	-	-	10,229,535	10,423,298
Public Safety	40,920,668	40,235,772	-	-	40,920,668	40,235,772
Culture and Recreation	3,554,720	3,041,620	-	-	3,554,720	3,041,620
Highways and Streets	12,043,276	4,002,946	-	-	12,043,276	4,002,946
Library	1,929,752	1,913,756	-	-	1,929,752	1,913,756
Interest on Long-term Debt	1,297,837	1,447,056	-	-	1,297,837	1,447,056
Water	-	-	19,556,198	19,437,970	19,556,198	19,437,970
Disposal	-	-	12,201,957	11,131,004	12,201,957	11,131,004
Sewer	-	-	8,030,897	8,505,197	8,030,897	8,505,197
Groves	-	-	689,839	630,488	689,839	630,488
Non-Potable Water	-	-	73,383	81,897	73,383	81,897
Cemetery	-	-	681,223	493,616	681,223	493,616
Aviation	-	-	333,061	421,012	333,061	421,012
Total Expenses	69,975,788	61,064,448	41,566,558	40,701,184	111,542,346	101,765,632
Increase in Net Position before						
Extraordinary Gain and Transfers	6,451,212	8,450,598	11,778,243	11,399,472	18,229,455	19,850,070
Extraordinary Gain	-	-	-	2,024,168	-	2,024,168
Transfers	16,113,690	10,654,350	(16,113,690)	(10,654,350)	-	-
Increase (decrease) Net Position	22,564,902	19,104,948	(4,335,447)	2,769,290	18,229,455	21,874,238
Beginning Net Position	606,902,772	587,831,519	202,216,733	199,447,443	809,119,505	787,278,962
Restatement of Net Position	(69,381,905)	(33,695)	(15,352,864)	-	(84,734,769)	(33,695)
Ending Net Position	\$ 560,085,769	\$ 606,902,772	\$ 182,528,422	\$ 202,216,733	\$ 742,614,191	\$ 809,119,505

Governmental Activities

Revenues for the City's governmental activities increased by \$6,911,954 or 9.9% from \$69,515,046 in 2014 to \$76,427,000 in 2015. Total governmental activity expenses increased by \$8,911,340, or 14.6%, from \$61,064,448 in 2014 to \$69,975,788 in 2015. The cost of all *government-wide* activities increased by \$9,776,714, or 9.6%, from \$101,765,632 in 2014 to \$111,542,346 in 2015. As shown in the Statement of Activities, the amount that taxpayers financed for these activities through City taxes was \$42,090,907 while other costs were paid by those who directly benefited from the programs, in the amount of \$14,610,638, by other governments and organizations that subsidized certain programs with operating contributions and grants, in the amount of \$8,607,394, or capital contributions and grants in the amount of \$4,666,849. Overall, the City's governmental program revenues were \$27,884,881, 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 \$358,961 or 2.5% in 2015. General Government charges for services increased by \$338,980, with the largest increase for building permits and development fees, cumulatively increasing by \$777,000. This increase was largely offset by a decrease of \$714,000 due to the elimination of waste import fees. Other changes in General Government included increases of \$236,000 in general government service charge, \$122,000 in city attorney services reimbursement and \$45,000 in Downtown Redlands Business Association revenues, with a decrease of \$149,000 in business licenses. Other smaller increases and decreases made up the remainder. Public Safety charges for services increased by \$58,917, with increases of \$229,000 in the General Fund, most notably in mutual aid and cost recovery reimbursement, at approximately \$95,000 each. This increase in Public Safety was offset by decreases in Traffic Safety of \$41,000, Asset Forfeiture of \$80,000, Police Grants of \$47,000 and \$2,000 in paramedic non-resident fees and household hazardous waste program income. Highways and Streets decreased by \$35,819, with increases in landfill mitigation fees of \$54,000, NPDES permits of \$4,000, street trench cut fees of \$3,000 and litter and street cleaning fees of \$2,000, offset by decreases of \$88,000 in various permit and planning fees and \$11,000 in WQMP review fees. Minor decreases in charges for services were noted for Culture and Recreation and Library, \$1,187 and \$1,930, respectively.

Operating Contributions and Grants increased by \$1,412,302, or 19.6% from prior year. The largest increase was in Highways and Streets at \$2,171,849. That increase resulted from an increase of \$475,000 in Federal Community Development Block Grants (CDBG), consisting of an increase of \$582,000 for the 2014 ADA Sidewalk Improvement Project and offset by various other increases and decreases in CDBG projects; an increase in the General Capital Improvement Fund of \$210,000, primarily as a result of a state grant of \$218,000 for the Orange Blossom Trail; and an increase of \$5,000 in Downtown Redlands Business Area Fund for the Farmer's Market Promotion Program grant. These increases were offset by decreases of \$62,000 in the Emergency Services fund, primarily from a decline in donations; in State Gas Tax revenues of \$431,000; and in the Local Transportation Fund of \$622,000, consisting of decreases of \$308,000 in state grants, largely due to the Safe Routes to Schools Cycle 8 grant, \$554,000 in federal grants that included a decline of \$675,000 relating to Safe Routes to Schools Cycle 10 and \$68,000 in street replacement/haul permits; The Local Transportation Fund decreases were offset by increases of \$121,000 for the Highway Safety Improvement Program (striping) grant, \$126,000 for cost recovery relating to the Alabama at City Creek project, and \$153,000 in miscellaneous receipts, consisting of transfers from the Nevada Palmetto Grove sale proceeds for designated public benefit projects. Finally, a \$2.6 million increase occurred in this category as a result of conversion entries made in the prior and current years to adjust deferred revenues.

Public Safety operating contributions and grants decreased by \$853,979. Various state grants decreased by \$13,000, while various federal police grants decreased by \$450,000. The remaining decrease of \$391,000 in operating contributions and grants resulted from conversion entries made in the prior and current years to adjust deferred revenues.

General Government operating contributions and grants increased by \$94,432 with General Fund fire grants increasing by \$63,000, emergency preparedness grants increasing by \$120,000, and federal reimbursement for Police drug enforcement overtime decreasing by \$14,000. In the Disaster Recovery Fund, grant reimbursements for various storm-related disasters decreased by \$75,000.

Capital Contributions and Grants increased by \$2,549,367 or 120.4%. The majority of the increase, \$2,701,327, in Highways and Streets, was due to increases in the following impact fees: \$784,000 in Public Facilities, \$837,000 in Arterial Streets, \$1.2 million Freeway Interchanges, and \$23,000 in Traffic Signals. These increases were offset by decreases of \$117,000 in Storm Drain fees and \$1,400 for resident contribution to sidewalks. Culture and Recreation Capital Contributions and Grants decreased by \$151,960 with decreases in Open Space acquisition and Park and Open Space fees of \$67,000 and \$85,000, respectively.

Property Taxes increased by \$507,232 or 2.1%, over prior year. The greatest increase was in the General Fund, \$1,159,000, where current secured taxes, alone, increased by \$1.2 million. This increase was offset by a decrease of \$654,000 in the General Debt Service fund due to the maturity of the City's General Obligation Bond. Nominal increases occurred overall for the Assessment Districts, with a nominal decrease in the Paramedic Tax.

Sales Taxes increased by \$820,839, or 5.4%. The City's general sales tax receipts increased by \$747,000 during the fiscal year due to the improving economy and Measure I Sales Tax increased by \$74,000.

Franchise Fees increased by \$500,568 or 15.5%. Increases occurred in the amounts of \$423,000, \$41,000, \$29,000 and \$8,000 for the Gas Company, SCE, Verizon, and Time Warner, respectively.

Other taxes, which include Possessory Interest, Transient Occupancy Tax and Mining Tax, increased by \$208,042 or 14.1%, with these taxes increasing by \$16,000, \$116,000 and \$76,000, respectively

Use of Money and Property decreased by \$49,742 or 9.6%. In the General Fund, decreases were \$56,000, including decreases of \$32,000, \$15,000, and \$9,000 for investment income, finance charges, and rental income, respectively. Investment income in all other funds decreased by \$4,000. An increase of \$10,000 resulted from conversion entries in the current and prior years relating to internal balances.

Other Revenues increased by \$345,974 or 50.2%. General Fund other revenues increased by \$255,000, primarily as a result of monies from the Nevada Palmetto Grove sale proceeds to fund public benefit projects which included the Library HVAC project, the Parks Restroom and Parking Lot Rehabilitation projects, and the Day of Service 2015 project. The Park Development Fund revenues increased by \$86,000 also from the Nevada Palmetto Grove Sale Proceeds for improvements to Heritage Park. Increases in other funds were approximately \$4,000.

Intergovernmental revenues increased by \$258,411 or 155.7%, with the majority of the increase in General Fund State Mandated Cost reimbursements at \$260,000 and a decrease of \$1,000 in Motor Vehicle License fees from final payments in this category, and a \$400 decrease in AB 2766 Air Quality subvention.

General Government expenses decreased by \$193,763 or 1.9%. This category of expenses includes many of the City's General Fund departments, as well as some non-General Fund expenses including Air Quality Improvement (221), Downtown Redlands Business Area (236), Parking Authority (237), Community Development Block Grant (243), Community Facilities Assessment District 2004-1 (261), Landscape Maintenance District (263), and Disaster Recovery (270). The largest variance in this category is included in General Fund and reflects an increase of \$286,000. Information about the General Fund will be included under the discussion of major funds. In addition to the General Fund increase, Air Quality Improvement increased by \$90,000 as a result of matching funds for alternative fuel solid waste vehicles; Downtown Redlands Business Area increased by \$61,000 with program expenses increasing to promote the downtown area; CFD 2004-1 increased by \$12,000 to provide improved maintenance within the assessment district; Disaster Recovery increased by \$30,000 due to costs associated with August, 2014 storm damage; and minor increases occurred for the Parking Authority, at \$2,000, and for Landscape Maintenance at \$300. The increases in these funds were partially offset by a decrease of \$81,000 in the CDBG Fund because a \$150,000 loan made in prior year as part of the Economic Development Loan program did not occur again in the current year and a decrease of \$3,000 with elimination of the Neighborhood Initiative Program. Additionally, a major reason for the change in this category from year to year is due to the GASB 34 conversion entries. In the current year, entries included increases for depreciation, \$191,213, compensated absences, \$106,141, the OPEB obligation, \$267,649, and a reclassification, \$100,919; and decreases for GASB 68, \$167,723, and Internal Service Funds, \$1,571,461.

Public Safety expenses increased by \$684,896 or 1.7%. In total, Police department expenditures decreased by \$421,000, primarily resulting from a decrease in Police Grants of \$445,000 and Asset Forfeiture of \$108,000, with General fund expenses increasing by \$132,000. In the General Fund, Police field Services decreased by \$142,000, in large part due to a decrease in banked leave buy back, while Support services increased by \$283,000, largely due to an increase in worker's compensation. Fire department expenses which include Emergency Services and Household Hazardous Waste programs increased by \$679,000. An increase of \$378,000 in the General Fund, \$251,000 in Emergency Services, and \$50,000 in Household Hazardous Waste, contributed to the increase in Fire. In the General Fund, Fire Suppression had the biggest increase, at \$237,000, with notable increases that included \$113,000 in pension costs, \$68,000 in legal, and \$54,000 in health costs. Emergency Services increased by \$251,000 with an overall increase in salaries and benefits of \$350,000 that included increases of \$218,000 in constant staffing overtime, \$50,000 in pensions and \$26,000 in health costs. The increase in salaries and benefits was partially offset by decreases in services and supplies, with the most significant decreases found in communication services and rental and special departmental supplies. Also contributing to the net increase in this category are changes in GASB 34 entries from year to year, which for the current year, includes increases of \$392,995 for compensated absences, \$1,805,726 for the OPEB obligation, and \$931,789 for depreciation; and decreases of \$54,047 for GASB 68 and \$47,463 for Internal Service Funds. Together, these entries are \$426,833 greater than last year.

Culture and Recreation expenses increased by \$513,100 or 16.9%. Expenses in the General Fund increased by \$55,000, with Recreation increasing by \$25,000, Senior Services by \$10,000 and Parks by \$20,000. Recreation's increase resulted from an increase in salaries and benefits of \$15,000 due to a reduction in part-time staff and an increase in full-time staff with benefits. Services and supplies for recreation programs increased by \$10,000. The increase in the Senior Services division was as a result of increased salaries and benefits of \$29,000 that included increases in both part-time and full-time staff, offset by a decrease in services of \$22,000, most notably in garage charges and special contractual services. Supplies for Senior programs increased by \$3,000 over prior year. The Parks division increased by \$20,000 with a decrease of salaries and benefits of \$33,000 and an increase in services of \$54,000 that included a \$20,000 increase in garage charges and a \$32,000 increase in special contractual. Expenses in Open Space Fund decreased by \$11,000, while those in the Park and Open Space Fund increased by \$197,000, with the latter including increases of \$96,000 relating to Heritage Park improvements, \$30,000 for the Orange Street Alley project, and a 15% grant match for the Orange Blossom

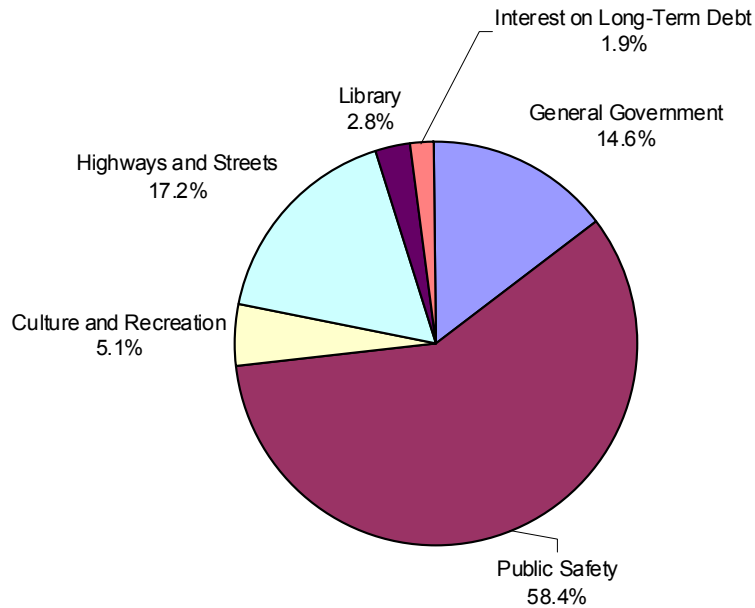
Trail in the amount of \$75,630. Net changes in GASB 34 conversion entries from year to year also impacted the overall change in this category. GASB 34 conversion entries for the current year included increases of \$878,302 for depreciation, \$152,382 for the OPEB obligation, \$27,292 for compensated absences, and \$355 for Internal Service Funds; and a decrease of \$33,828 for GASB 68. Together, these entries are \$272,762 greater than last year.

Highways and Streets increased by \$8,040,330 or 200.9%. Overall, non-capital expenses in the current year increased by \$194,000. This includes decreases of \$209,000 in the General Fund and \$146,000 in the Measure I Sales Tax Fund. The largest decrease in the General Fund was in the Public Works Engineering division at \$275,000 due to higher costs having been incurred in the prior year for the Storm Drain Master Plan; other decreases were noted for Code Enforcement, \$39,000, and Street Trees, \$13,000. Quality of Life Administration and Electrical increased by \$91,000 and \$28,000, respectively. Measure I Sales Tax expenses were higher in the prior year in salaries and benefits and in special contractual services due to the use of Measure I dollars for work on the Redlands and Alabama Street Improvements project. Local Transportation increased by \$332,000, with increases of \$210,000 in salaries and benefits, \$243,000 in general government service charges, and \$232,000 in other professional services, primarily for the Redlands and Alabama Street Improvements. The increases in Local Transportation were offset with the a net decrease in other expenses, with the largest decrease in special contractual services at \$317,331, due to the higher costs incurred in the prior year for the Alabama City Creek project; the Storm Drain Fund increased by \$86,000, primarily due to increased costs associated with the Opal Basin construction project, while other impact fee funds, collectively, increased by \$96,000. The General Capital Improvement Fund increased by \$35,000 primarily in relation to the Department of Energy – Energy Efficiency Facilities Upgrades project with increases in professional services costs in the current year compared to machinery and equipment maintenance costs incurred in the prior year. However, the major reason for the significant increase from prior year is due to the year to year net change in GASB 34 entries. In the current year, GASB 34 entries include an increase of \$3,445,325 for the loss on the disposal of infrastructure and an adjustment of \$4,390,506 for depreciation, \$21,820 for compensated absences, \$497,782 for the OPEB obligation, and \$3,815 for Internal Service Funds. Decreases included a reclassification entry for capital outlay in the amount of \$2,349,225 and \$70,978 for GASB 68.

Library expenses increased by \$15,996, or .8%. Current expenses increased by \$62,000, primarily as a result of an increase of \$121,000 in salaries and benefits, offset by decreases of \$33,000, \$12,000 and \$11,000, respectively, for property insurance, special departmental supplies, and information technology charges. A GASB 68 pension expense resulted in a further decrease of \$44,704, with the net change in GASB 34 conversion entries from prior year for OPEB and internal balances making up the remaining difference.

Interest on Long-Term Debt decreased by \$149,219, or 10.3%. Interest payments on outstanding debt decreased from prior year by approximately \$172,000, while interest on fire equipment and vehicle leases increased by \$26,000. The remaining difference was due to minor changes in fiscal agent fees and net changes in conversion entries from prior year. Current year conversion entries included a decrease of \$60,695 for interest payable, a decrease of \$48,004 for amortization of premium on the 2003 Certificate of Participation Lease Revenue bonds, and an increase of \$70,397 for current year accreted interest on the Pension Obligation bonds.

Expenses by Functions Governmental Activity



Business-Type Activities

In total, revenues of the City's Business-Type Activities (See Table 2) increased by \$1,244,145, or 2.4%, from \$52,100,656 in 2014 to \$53,344,801 in 2015 and expenses increased by \$865,374, or 2.1%, from \$40,701,184 in 2014 to \$41,566,558 in 2015.

Charges for Services in all of the Business-Type Activities increased by \$118,957 or 0.3%.

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

Charges for Services in the Water Fund decreased by \$1,235,924, or 5.3%. This is primarily a result of the continued drought experienced by the state. These conditions have led to implementation of required watering restrictions and increased conservation measures by residents. There were no rate increases in 2014 or 2015.

Charges for Services in the Disposal Fund increased by \$1,263,298, or 10.9%, due to an additional rate increase of 11.5% effective January, 2015. There was also an increase of 11% in 2014.

Charges for Services in the Sewer Fund increased by \$112,144, or 1.2%. There were no rate increases in 2014 or 2015.

Charges for services in the Groves Fund increased by \$57,870, or 7.8%, because of favorable market conditions that positively impacted the market for the citrus from City groves.

Charges for services in the Non-Potable Water Fund decreased \$55,703, or 10.0%.

Charges for Services in the Cemetery Fund decreased by \$22,496, or 6.0%. The small increase in cemetery lots was offset by decreases in internment fees and reduced revenues for crypts.

Charges for Services in the Aviation Fund decreased by \$232, or 1.4%. This change is due to variations in the tie-down customer billings and gate access fees.

Operating Contributions and Grants are the same as 2014 in the Disposal fund, relating to current year funding from the South Coast Air Quality Management District for alternative fuel vehicle purchases.

Capital Contributions and Grants increased by \$1,159,843, or 33.8%. Increases in impact fees were noted in Disposal and Sewer in the amounts of \$889,612 and \$155,542, respectively. Water impact fees decreased by \$412,393. Capital contributions for infrastructure increased in the Water Fund, \$308,910, the Sewer Fund, \$20,820, and in the Non potable Water Fund, \$207,352 for water and sewer lines. In the Aviation Fund, grant revenues decreased by \$10,000 relating to receipts of FAA Airfield Lighting Improvement grant monies.

Property taxes increased by \$628, or 1.8% in the Aviation Fund. Unsecured property taxes for aircraft in the current year were \$35,225 compared to \$34,597 in the prior year.

Use of Money and Property decreased by \$131,497, or 12.5%. The greatest differences were noted in Water, Disposal and Sewer, with decreases of \$77,224, \$40,466 and \$14,617, respectively, resulting from decreases in investment earnings due to a combination of stabilized rates of return and the amount of cash available for investment. Collectively, the non-major enterprise funds increased by \$810 in this category.

Other Revenues increased by \$119,708, or 11.6%, primarily due to one-time reimbursements in the Water Fund.

Gain on Sale of Property decreased from prior year by \$23,494, or 82.9% as a result of the sale of surplus equipment.

Operating expenses of the City's Business Activities, taken from the Statement of Revenues, Expenses, and Changes in Fund Net Position, increased for Water by \$60,167, or 0.3%, and for Disposal by \$862,123, or 8.1%, and decreased for Sewer by \$440,845, or 5.3%. The increase in the Water Fund was due to slight variations in administration and general, transmission, distribution & treatment, and personnel services. Disposal increased in maintenance and repairs and depreciation expenses, at \$479,435 and \$650,625, respectively. Sewer personnel services and administration and general decreased by \$78,346 and \$204,417, respectively, with a reduction in utility plant operations of \$74,958.

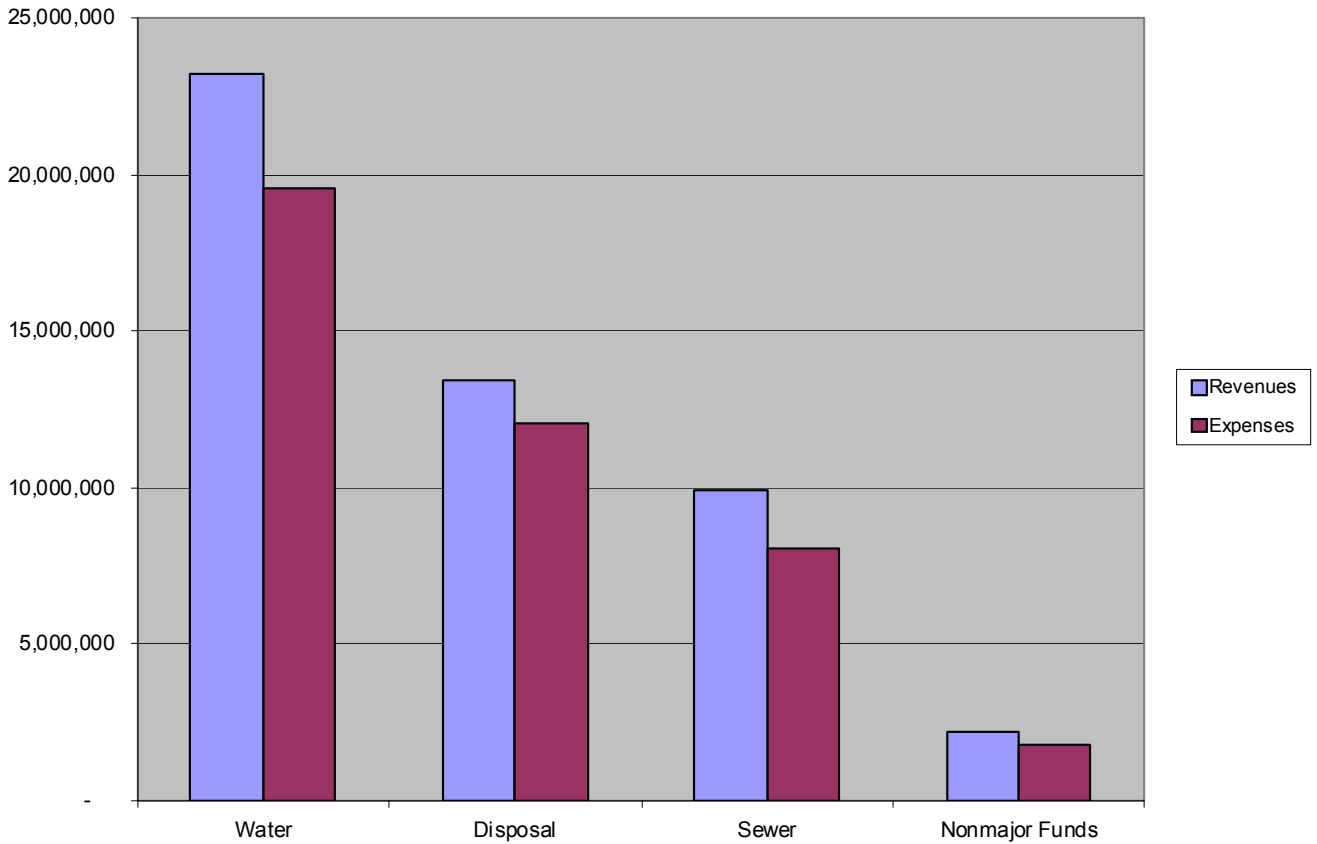
Operating expenses in the Groves Fund increased over prior year by \$59,650, or 9.5%, primarily in administration and general expense.

In the Aviation Fund, operating expenses decreased, by \$90,839, or 32.9%. Decreases were in all categories, with the greatest decrease found in administration and general.

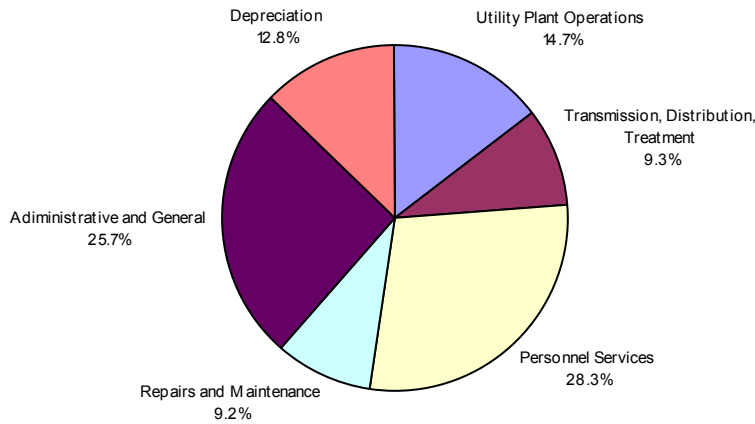
Cemetery operating expenses increased by \$186,256, or 37.9%. The greatest differences include \$127,852 in administration and general and \$60,685 in repairs and maintenance.

Operating expenses of the Non-Potable Water Fund decreased \$8,514, or 10.4%. This was due to a decrease in transmission and distribution costs from the 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 2015, the total fund balance reported for the general fund was \$31,810,555, an increase of \$3,462,877, or 12.2%, from the prior year fund balance of \$28,347,678. 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 59.9% of general fund expenditures, however only \$14,510,450 of the \$31.8 million fund balance is unassigned. The unassigned fund balance of \$14.5 million, together with the \$7.9 million fund balance committed to stabilization arrangement (contingencies), is the only portion of fund balance readily available for spending and represents 42.2% of general fund expenditures. With the changes in reporting fund equity required by GASB 54, included in the unassigned balance is \$2,025,402 of designated receipts, which are held in a separate fund that was previously reported as a special revenue fund. When the \$2 million of designated receipts are excluded, \$12,485,048 is unassigned, resulting in an available general fund balance of 38.4% of expenditures when added to the \$7.9 million of committed fund balance. Total general fund expenditures this year were \$2,075,533, or 4.1% greater than prior year and total general fund revenues were \$3,716,979, or 6.7% 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 \$747,132 from prior year with increase in the state sales tax compensation allocation and the Bradley Burns sales tax at \$694,737; Public Safety Sales Tax (Prop. 172) increased by \$52,395.
- Property Taxes increased by \$1,158,968, primarily due to an increase of \$1,199,465 in current secured taxes, net decreases in prior year collections.
- Franchise Fees increased \$500,568. As previously discussed, fees from SCE, the Gas Company, Verizon and Time Warner increased over prior year.

- “Other” Taxes increased a total of \$208,042, with increases of \$116,021 in Transient Occupancy Taxes, \$15,676 in Possessory Interest, and \$76,245 in Mining Taxes.
- Licenses and Permits reflect an increase of \$404,851, mostly due to the increase in building permits, \$193,328 and plan checks, \$229,561.
- Intergovernmental Revenues increased by a net amount of \$444,287, primarily the result of an increase in federal reimbursements of \$200,054 and an increase in State mandated cost reimbursements of \$259,852.
- Charges for Services reflect an overall increase of \$522,980 from prior year. While there are variations over and under in each revenue account, the most significant increases include \$236,494 in general government service charges and \$209,966 in general plan reviews. The most significant declines include \$714,350 in waste import fees and \$149,445 in business licenses.
- Use of Money and Property decreased by \$56,491, with a decrease of \$32,498 in investment income, \$15,083 in finance charges and \$9,870 in rental.
- Miscellaneous Revenue increased by \$255,221 which is the result of an increase in reimbursements from designated deposits for the reimbursement of special projects.

The **Local Transportation** fund accounts for the receipt and expenditure of street and road construction funds including the City’s Pavement Accelerated Rehabilitation Implementation Strategy (PARIS) program. Expenditures in this fund were \$17,693,413, a portion of which was funded with the proceeds of the Solid Waste Bonds issued as a result of the significant impact that Solid Waste vehicles have on the City’s streets. This is an increase of \$5,021,548 from last year, or 39.6%.

The **Public Facilities Development** fund accounts for the collection and related expenditure of development impact fees designated for constructing new and upgrading existing public facilities. This fund holds Advances Payable to other funds totaling \$7,841,510. The funds and amounts owed include the General Fund in the amount of \$7,362,399, the Open Space Fund and Park and Open Space Development Fund, \$113,080 each, the Storm Drain Construction Fund, \$101,180, and the Water Fund, \$151,771. This is a decrease from last year of \$257,674 due to repayments of \$18,116, each, to the Open Space and Park and Open Space Development Funds and \$222,091 to the General Fund, offset by additions to the loans for unpaid interest of \$260 and \$389 owed to the Storm Drain and Water Funds, respectively. The increase in fund balance is a result of an increase in development activity sufficient enough to cover debt service obligations.

Major Enterprise Funds. The **Water Fund** has a total net position of \$113,909,275 at the end of the fiscal year; \$6,733,659 is unrestricted. The **Disposal Fund** has a total net position of \$1,073,488 at the end of the fiscal year; unrestricted is a deficit \$9,502,780. The **Sewer Fund** has a total net position of \$47,712,399 at the end of the fiscal year; \$14,837,466 is unrestricted. These funds account for the respective utility services provided by the City. Other factors concerning the finances of these funds have already been addressed in the discussion of the City’s business-type activities.

GENERAL FUND BUDGET

Differences between the Adopted Budget and the final amended 2014-2015 budget of the General Fund can be briefly summarized as follows:

- Total Revenues - \$3,469,517 increase in the budget.
- General Government - \$242,659 increase in the budget
- Public Safety - \$413,943 decrease in the budget.
- Culture and Recreation - \$47,526 decrease in the budget.
- Highways and Streets - \$247,202 decrease in the budget.
- Library – \$4,564 decrease in the budget.

- Capital Outlay - \$3,502,719 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	\$ 57,983,665	\$ 59,461,739	\$ 1,478,074
General Government	11,270,440	10,403,863	866,577
Public Safety	32,492,888	32,435,219	57,669
Culture and Recreation	2,271,354	2,313,790	(42,436)
Highways and Streets	3,518,583	3,541,150	(22,567)
Library	1,796,205	1,824,593	(28,388)
Capital Outlay	4,042,719	2,352,008	1,690,711
Debt Service	258,609	258,608	1
Total Expenditures	\$ 55,650,798	\$ 53,129,231	\$ 2,521,567

Actual revenues were over the amended budget estimates by \$1,478,074. The largest increase was in the Taxes category at \$925,171. The Charges for Services category ended the fiscal year over budget by \$227,987, as did Use of Money and Property by \$44,826. Licenses and Permits exceeded budget estimates by \$285,907. Miscellaneous revenue ended the year under budget estimates by \$300,281. This revenue includes amounts tied to reimbursement for specific project activity that had not been completed by the end of the fiscal year. Overall, actual revenues exceeded the original adopted budget by \$4,947,591 and were \$3,547,065 higher than prior year actual amounts. This is due to the conservative approach taken to estimate revenues and provide stabilization in economic conditions.

General Government expenditures ended the year under budget by 7.7%. This is a result of savings achieved in most departments totaling \$1,032,328, offset by overages in City Council, City Manager and City Attorney, totaling \$165,751.

Public Safety expenditures were under budget by \$57,669, or 0.2%. The Police Department ended under \$132,794, while the Fire Department was over \$75,125. This was due to an unexpected payment to the State in the amount of \$75,000 and additional communication charges.

This fiscal year, Highways and Streets expenditures ended over budget by \$22,567. This increase was largely due to overages in the Quality of Life Divisions of \$49,543, offset by \$26,981 in savings in Engineering. Together, expenditures resulted in an increase over budget of 0.6%.

Overall, Culture and Recreation was over budget as a result of increases in the salaries and benefit and services categories of the Parks Division, offset by savings in the services and supplies of the Recreation and Senior Services in the Community Services Division. Together they came in over budget with a net increase at the end of the year of \$42,435, or 1.9%.

Library expenditures were over budget by \$28,388, or 1.6% at year-end. This was largely due to an increase in the payoff of accrued leave balances.

Actual capital expenditures were under budget by \$1,690,711, or 41.8% at year-end. This is due to the budgeting for various equipment purchases and park, street and storm drain improvements which had not yet been spent by June 30. These balances will be carried into the new fiscal year.

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

The overall favorable variance of \$2,521,567, or 4.5%, was achieved by careful review and monitoring of all categories of expenditures, by all departments, as well as better than expected revenues due to an improving economy. With the difficult economic conditions that have existed in recent years, budget monitoring has become more critical than ever before, requiring the cooperative efforts of management and staff at every level.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounted to \$813,651,124 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, water stock, rights of way and construction in progress.

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

The City recognized a net change in construction in progress totaling \$6,467,542. This amount, includes various resurfacing and sidewalk improvements, but was largely a result of the City's ongoing Pavement Accelerated Rehabilitation Strategy (PARIS) program. Also, as a part of the completion of new street and utility infrastructure activity, \$5,085,491, the City recognized an increase of \$1,953,170 in rights of way. Buildings and improvements increased by \$7,702,854. This includes a wide variety of City facility upgrades including construction of a building to house communication equipment (Data Center), the Alley Park project, the beginning of Orange Blossom Trail construction, Gateway beautification projects, LED street light conversions, the LNG/CNG fueling station and other many other improvements city-wide. Other activity includes the purchase of property for open space, \$1,500,763, replacement of Police and Fire vehicles, \$1,977,060, and the purchase of water stock, \$300,000.

Overall, the City's net capital assets increased by \$20,763,026 for the fiscal year ended June 30, 2015, or 2.62% over prior year. This increase includes net depreciation changes of \$5,609,866 in the current year.

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

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2015	2014	2015	2014	2015	2014	Percent of Change
Land	\$ 31,124,102	\$ 29,581,544	\$ 28,325,632	\$ 28,325,632	\$ 59,449,734	\$ 57,907,176	2.66%
Buildings & Improvements	29,164,956	21,519,092	84,581,431	84,524,441	113,746,387	106,043,533	7.26%
Machinery/Equip./Vehicles	21,325,949	19,129,999	17,832,450	16,707,103	39,158,399	35,837,102	9.27%
Infrastructure	188,152,872	188,246,264	141,662,300	136,483,417	329,815,172	324,729,681	1.57%
Water Stock	408,125	408,125	9,881,460	9,581,460	10,289,585	9,989,585	3.00%
Rights of Way	439,846,428	437,893,258	-	-	439,846,428	437,893,258	0.45%
Construction in Progress	29,713,784	25,270,714	49,206,901	47,182,429	78,920,685	72,453,143	8.93%
Accum. Depreciation	(111,093,542)	(110,416,173)	(146,481,724)	(141,549,207)	(257,575,266)	(251,965,380)	2.23%
Total	\$ 628,642,674	\$ 611,632,823	\$ 185,008,450	\$ 181,255,275	\$ 813,651,124	\$ 792,888,098	2.62%

Internal Service Fund capital assets, in the net amount of \$394,507 are included in Governmental Activities.

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

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

Long-Term Liabilities

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

- In Fiscal Year 2012, the City began drawing on an approved \$13,663,033 State Revolving Fund Loan with the State Department of Public Health for water treatment plant upgrades; \$9,766,030 was disbursed through June 30, 2015 and a loan payment of \$380,628 was made.
- The current year net increase in OPEB obligation reported as required by GASB 45 totals \$5,579,405.
- The City experienced an increase of \$378,148 in compensated absences.
- There was an increase to the claims payable liability in the amount of \$58,446.
- Payments of \$7,943,729 for principal and \$2,522,737 for interest were made on existing debt.
- In 2014, the City entered into a lease purchase for two new replacement fire engines in the amount of \$1,183,031.

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)
	2015	2014	2015	2014	2015	2014	Percent of Change
Capital Lease Obligations	\$ 1,338,028	\$ 405,880	\$ -	\$ -	\$ 1,338,028	\$ 405,880	229.66%
Taxable Pension Bonds	18,367,081	19,966,684	-	-	18,367,081	19,966,684	-8.01%
Certificates of Participation	3,155,000	4,885,000	-	-	3,155,000	4,885,000	-35.41%
Add: Issuance Premium	144,014	192,018	-	-	144,014	192,018	-25.00%
Revenue Bonds	-	-	16,455,000	19,630,000	16,455,000	19,630,000	-16.17%
Add: Issuance Premium	-	-	1,598,407	1,906,947	1,598,407	1,906,947	-16.18%
Notes Payable	-	-	16,429,544	17,496,799	16,429,544	17,496,799	-6.10%
Lease Payable	1,620,979	1,671,571	-	-	1,620,979	1,671,571	-3.03%
Claims Payable	3,447,764	3,389,318	-	-	3,447,764	3,389,318	1.72%
Compensated Absences	7,540,623	7,110,620	991,443	1,043,298	8,532,066	8,153,918	4.64%
Net OPEB Obligation	20,071,239	16,784,370	10,909,559	8,617,023	30,980,798	25,401,393	21.96%
Landfill Closure Liability	-	-	7,596,639	6,824,543	7,596,639	6,824,543	11.31%
Total	\$ 55,684,728	\$ 54,405,461	\$ 53,980,592	\$ 55,518,610	\$ 109,665,320	\$ 109,924,071	-0.24%

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

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CITY OF REDLANDS

STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 65,401,317	\$ 59,317,744	\$ 124,719,061
Cash and investments with fiscal agent	2,120,868	4,783,116	6,903,984
Receivables:			
Accounts	1,045,359	6,324,900	7,370,259
Taxes	2,948,116	155	2,948,271
Internal balances	(1,487,513)	1,487,513	-
Prepaid costs	137,771	-	137,771
Due from other governments	4,621,756	43,697	4,665,453
Inventories	160,107	-	160,107
Capital assets not being depreciated	501,092,439	87,413,993	588,506,432
Capital assets, net of depreciation	127,550,235	97,594,457	225,144,692
Total Assets	703,590,455	256,965,575	960,556,030
Deferred Outflows of Resources:			
Deferred pension related items	5,862,568	1,312,875	7,175,443
Total Deferred Outflows of Resources	5,862,568	1,312,875	7,175,443
Liabilities:			
Accounts payable	7,126,999	2,576,814	9,703,813
Accrued liabilities	2,565,493	669,464	3,234,957
Accrued interest	489,308	284,508	773,816
Unavailable revenue	-	43,697	43,697
Unearned revenue	265,362	66,008	331,370
Deposits payable	8,412,617	1,819,465	10,232,082
Due to other governments	22,981	-	22,981
Noncurrent liabilities:			
Due within one year	9,421,949	5,506,092	14,928,041
Due in more than one year	28,717,246	37,564,941	66,282,187
Net pension liability	56,794,804	12,665,905	69,460,709
Other post employment benefits liability	17,545,533	10,909,559	28,455,092
Total Liabilities	131,362,292	72,106,453	203,468,745
Deferred Inflows of Resources:			
Deferred pension related items	18,004,962	3,643,575	21,648,537
Total Deferred Inflows of Resources	18,004,962	3,643,575	21,648,537
Net Position:			
Net investment in capital assets	625,683,667	164,359,808	790,043,475
Restricted for:			
Public safety	1,342,404	-	1,342,404
Highway and streets	1,718,958	-	1,718,958
Capital projects	8,130,903	4,208,497	12,339,400
Debt service	2,128,561	462,600	2,591,161
Endowment - nonexpendable	2,095,402	-	2,095,402
CFD Assessment	167,826	-	167,826
Unrestricted	(81,181,952)	13,497,517	(67,684,435)
Total Net Position	\$ 560,085,769	\$ 182,528,422	\$ 742,614,191

See Notes to Financial Statements

CITY OF REDLANDS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 10,229,535	\$ 10,625,356	\$ 509,066	\$ -
Public safety	40,920,668	1,975,667	694,263	-
Culture and recreation	3,554,720	295,199	-	319,764
Highway and streets	12,043,276	1,681,146	7,404,065	4,347,085
Library	1,929,752	33,270	-	-
Interest on long-term debt	1,297,837	-	-	-
Total Governmental Activities	69,975,788	14,610,638	8,607,394	4,666,849
Business-Type Activities:				
Water	19,556,198	22,217,588	-	1,470,346
Disposal	12,201,957	12,887,067	180,000	1,211,023
Sewer	8,030,897	9,688,884	-	1,694,708
Groves	689,839	798,577	-	-
Non-Potable Water	73,383	499,211	-	207,352
Cemetery	681,223	349,472	-	-
Aviation	333,061	16,472	-	10,000
Total Business-Type Activities	41,566,558	46,457,271	180,000	4,593,429
Total Primary Government	\$ 111,542,346	\$ 61,067,909	\$ 8,787,394	\$ 9,260,278

General Revenues:

Taxes:

Property taxes, levied for general purpose

Sales taxes

Franchise taxes

Other taxes

Use of money and property

Other

Gain on sale of capital asset

Intergovernmental (unrestricted)

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 904,887	\$ -	\$ 904,887
(38,250,738)	-	(38,250,738)
(2,939,757)	-	(2,939,757)
1,389,020	-	1,389,020
(1,896,482)	-	(1,896,482)
(1,297,837)	-	(1,297,837)
(42,090,907)	-	(42,090,907)
-	4,131,736	4,131,736
-	2,076,133	2,076,133
-	3,352,695	3,352,695
-	108,738	108,738
-	633,180	633,180
-	(331,751)	(331,751)
-	(306,589)	(306,589)
-	9,664,142	9,664,142
(42,090,907)	9,664,142	(32,426,765)
25,157,824	35,225	25,193,049
16,040,049	-	16,040,049
3,735,682	-	3,735,682
1,681,618	-	1,681,618
467,427	921,859	1,389,286
1,035,134	1,152,177	2,187,311
-	4,840	4,840
424,385	-	424,385
16,113,690	(16,113,690)	-
64,655,809	(13,999,589)	50,656,220
22,564,902	(4,335,447)	18,229,455
606,902,772	202,216,733	809,119,505
(69,381,905)	(15,352,864)	(84,734,769)
\$ 560,085,769	\$ 182,528,422	\$ 742,614,191

CITY OF REDLANDS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General	Special Revenue Funds	
		Local Transportation	Public Facilities Development
Assets:			
Cash and investments	\$ 32,097,920	\$ 3,290,292	\$ 430,838
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	839,182	-	-
Taxes	2,750,735	-	-
Prepaid costs	118,760	-	-
Due from other governments	193,000	3,876,288	-
Due from other funds	306,205	-	-
Advances to other funds	7,362,399	-	-
Total Assets	\$ 43,668,201	\$ 7,166,580	\$ 430,838
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,272,866	\$ 2,624,706	\$ -
Accrued payroll	2,077,464	35,419	-
Unearned revenues	-	-	-
Deposits payable	8,186,433	330	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	7,841,510
Total Liabilities	11,536,763	2,660,455	7,841,510
Deferred Inflows of Resources:			
Unavailable revenues	320,883	3,876,288	-
Total Deferred Inflows of Resources	320,883	3,876,288	-
Fund Balances:			
Nonspendable	7,481,159	-	-
Restricted	-	629,837	-
Committed	7,935,152	-	-
Assigned	1,883,794	-	-
Unassigned	14,510,450	-	(7,410,672)
Total Fund Balances	31,810,555	629,837	(7,410,672)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 43,668,201	\$ 7,166,580	\$ 430,838

CITY OF REDLANDS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Cash and investments	\$ 22,484,719	\$ 58,303,769
Cash and investments with fiscal agents	2,120,868	2,120,868
Receivables:		
Accounts	133,397	972,579
Taxes	197,381	2,948,116
Prepaid costs	-	118,760
Due from other governments	552,468	4,621,756
Due from other funds	-	306,205
Advances to other funds	396,025	7,758,424
Total Assets	\$ 25,884,858	\$ 77,150,477
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 2,746,388	\$ 6,643,960
Accrued payroll	288,812	2,401,695
Unearned revenues	265,362	265,362
Deposits payable	225,854	8,412,617
Due to other governments	22,981	22,981
Due to other funds	306,205	306,205
Advances from other funds	-	7,841,510
Total Liabilities	3,855,602	25,894,330
Deferred Inflows of Resources:		
Unavailable revenues	487,712	4,684,883
Total Deferred Inflows of Resources	487,712	4,684,883
Fund Balances:		
Nonspendable	327,340	7,808,499
Restricted	14,954,217	15,584,054
Committed	6,698,593	14,633,745
Assigned	-	1,883,794
Unassigned	(438,606)	6,661,172
Total Fund Balances	21,541,544	46,571,264
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 25,884,858	\$ 77,150,477

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CITY OF REDLANDS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund balances of governmental funds		\$ 46,571,264
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		628,248,167
Deferred outflows related to pension related items are not included in the governmental fund activity:		
Contributions made after the measurement date	\$ 5,416,045	
Differences between actual contributions and the proportionate share of contributions	<u>175,933</u>	5,591,978
Deferred inflows related to pension related items are not included in the governmental fund activity:		
Difference between projected and actual earnings on pension plans investments	(16,000,575)	
Differences in proportions	<u>(1,253,429)</u>	(17,254,004)
Long-term debt, net pension liability and compensated absences that have not been included in the governmental fund activity:		
Capital leases payable	(1,338,028)	
Taxable pension funding bonds	(18,367,081)	
Certificates of participation payable	(3,155,000)	
I-Bank Sports Park lease	(1,620,979)	
Unamortized bond premiums/discounts	(144,014)	
Net pension liability	(54,184,301)	
Compensated Absences	<u>(7,244,136)</u>	(86,053,539)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		(17,545,533)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(489,308)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		4,684,883
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>(3,668,139)</u>
Net Position of governmental activities		<u><u>\$ 560,085,769</u></u>

CITY OF REDLANDS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds		
	General	Local Transportation	Public Facilities Development
Revenues:			
Taxes	\$ 44,181,939	\$ -	\$ -
Licenses and permits	6,705,813	-	1,676,140
Intergovernmental	598,987	432,662	-
Charges for services	6,850,892	-	-
Use of money and property	229,776	19,335	-
Miscellaneous	878,621	348,822	-
Total Revenues	59,446,028	800,819	1,676,140
Expenditures:			
Current:			
General government	10,403,863	-	-
Public safety	32,435,219	-	-
Culture and recreation	2,313,790	-	-
Highway and streets	3,541,150	1,441,192	33,523
Library	1,824,593	-	-
Capital outlay	2,352,008	16,252,221	-
Debt service:			
Principal retirement	211,482	-	-
Interest and fiscal charges	47,126	-	2,108
Total Expenditures	53,129,231	17,693,413	35,631
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,316,797	(16,892,594)	1,640,509
Other Financing Sources (Uses):			
Transfers in	4,888,212	16,485,485	-
Transfers out	(7,656,924)	-	(1,081,395)
Proceeds from sale of capital asset	15,711	-	-
Contributions to other governments	(100,919)	-	-
Total Other Financing Sources (Uses)	(2,853,920)	16,485,485	(1,081,395)
Net Change in Fund Balances	3,462,877	(407,109)	559,114
Fund Balances, Beginning of Year	28,347,678	1,036,946	(7,969,786)
Fund Balances, End of Year	\$ 31,810,555	\$ 629,837	\$ (7,410,672)

CITY OF REDLANDS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 2,433,234	\$ 46,615,173
Licenses and permits	3,200,520	11,582,473
Intergovernmental	4,570,603	5,602,252
Charges for services	432,203	7,283,095
Use of money and property	182,190	431,301
Miscellaneous	673,536	1,900,979
Total Revenues	11,492,286	73,415,273
Expenditures:		
Current:		
General government	637,490	11,041,353
Public safety	5,456,449	37,891,668
Culture and recreation	477,871	2,791,661
Highway and streets	1,091,272	6,107,137
Library	-	1,824,593
Capital outlay	4,542,396	23,146,625
Debt service:		
Principal retirement	3,489,992	3,701,474
Interest and fiscal charges	1,293,768	1,343,002
Total Expenditures	16,989,238	87,847,513
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,496,952)	(14,432,240)
Other Financing Sources (Uses):		
Transfers in	8,568,234	29,941,931
Transfers out	(5,242,106)	(13,980,425)
Proceeds from sale of capital asset	372	16,083
Contributions to other governments	-	(100,919)
Total Other Financing Sources (Uses)	3,326,500	15,876,670
Net Change in Fund Balances	(2,170,452)	1,444,430
Fund Balances, Beginning of Year	23,711,996	45,126,834
Fund Balances, End of Year	\$ 21,541,544	\$ 46,571,264

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CITY OF REDLANDS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds \$ 1,444,430

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	\$ 25,479,767	
Depreciation	(6,391,810)	
Capital assets from capital leases	1,183,031	
Contribution from Internal Service Fund	2,906	
Disposals	<u>(3,445,325)</u>	\$ 16,828,569

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

Issuance of capital lease	(1,183,031)	
Principal repayments on capital leases	250,883	
Principal repayments on certificates of participation	1,730,000	
Principal repayment of I-Bank Sports Park lease	50,592	
Amortization of bond premiums/discounts	48,004	
Principal repayments on taxable pension obligation bonds	1,670,000	
Accredited interest on taxable pension obligation bonds	<u>(70,397)</u>	2,496,051

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 67,557

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. (548,248)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense. (2,875,921)

Pension obligation expenses is an expenditure in the governmental funds, but reduce the Net Pension Liability in the statement of net position. 371,280

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 2,975,601

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. 1,805,583

Change in net position of governmental activities \$ 22,564,902

CITY OF REDLANDS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			Other Enterprise Funds
	Water	Disposal	Sewer	
Assets:				
Current:				
Cash and investments	\$ 19,649,147	\$ 15,846,277	\$ 19,949,646	\$ 3,872,674
Receivables:				
Accounts	3,093,686	1,905,319	1,297,378	28,517
Taxes	-	-	-	155
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	43,697
Inventories	-	-	-	-
Total Current Assets	22,742,833	17,751,596	21,247,024	3,945,043
Noncurrent:				
Advances to other funds	1,368,308	960,930	-	-
Capital assets - net of accumulated depreciation	117,902,716	9,607,771	39,093,875	18,404,088
Cash and investment with fiscal agent	1,042,340	2,929,395	811,381	-
Total Noncurrent Assets	120,313,364	13,498,096	39,905,256	18,404,088
Total Assets	143,056,197	31,249,692	61,152,280	22,349,131
Deferred Outflows of Resources:				
Deferred pension related items	591,258	357,514	321,241	42,862
Total Deferred Outflows of Resources	591,258	357,514	321,241	42,862
Total Assets and Deferred Outflows of Resources	\$ 143,647,455	\$ 31,607,206	\$ 61,473,521	\$ 22,391,993
Liabilities, Deferred Inflows of Resources, and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 1,051,210	\$ 1,068,696	\$ 314,988	\$ 141,920
Accrued payroll	300,483	195,385	153,986	19,610
Interest payable	11,950	190,717	81,841	-
Deferred revenues	-	-	-	43,697
Unearned revenues	-	66,008	-	-
Deposits payable	1,039,513	-	-	779,952
Landfill closure	-	859,447	-	-
Accrued compensated absences	430,619	136,313	181,115	7,210
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	1,536,220	1,145,000	1,210,168	-
Total Current Liabilities	4,369,995	3,661,566	1,942,098	992,389
Noncurrent:				
Advances from other funds	-	-	-	2,246,152
Accrued compensated absences	176,705	57,078	-	2,403
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	12,893,480	12,689,309	5,008,774	-
Net OPEB obligation	4,952,962	2,947,277	2,819,564	189,756
Net pension liability	5,704,140	3,449,100	3,099,158	413,507
Landfill closure	-	6,737,192	-	-
Total Noncurrent Liabilities	23,727,287	25,879,956	10,927,496	2,851,818
Total Liabilities	28,097,282	29,541,522	12,869,594	3,844,207
Deferred Inflows of Resources:				
Deferred pension related items	1,640,898	992,196	891,528	118,953
Total Deferred Inflows of Resources	1,640,898	992,196	891,528	118,953
Net Position:				
Net investment in capital assets	103,473,016	9,607,771	32,874,933	18,404,088
Restricted for capital projects	3,240,000	968,497	-	-
Restricted for debt service	462,600	-	-	-
Unrestricted	6,733,659	(9,502,780)	14,837,466	24,745
Total Net Position	113,909,275	1,073,488	47,712,399	18,428,833
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 143,647,455	\$ 31,607,206	\$ 61,473,521	\$ 22,391,993

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

Net Position per Statement of Net Position

CITY OF REDLANDS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015

	Business-Type Activities - Enterprise Funds	Governmental Activities- Internal Service Funds
	<u>Totals</u>	<u>Service Funds</u>
Assets:		
Current:		
Cash and investments	\$ 59,317,744	\$ 7,097,548
Receivables:		
Accounts	6,324,900	72,780
Taxes	155	-
Prepaid costs	-	19,011
Due from other governments	43,697	-
Inventories	-	160,107
Total Current Assets	65,686,496	7,349,446
Noncurrent:		
Advances to other funds	2,329,238	-
Capital assets - net of accumulated depreciation	185,008,450	394,507
Cash and investment with fiscal agent	4,783,116	-
Total Noncurrent Assets	192,120,804	394,507
Total Assets	257,807,300	7,743,953
Deferred Outflows of Resources:		
Deferred pension related items	1,312,875	270,590
Total Deferred Outflows of Resources	1,312,875	270,590
Total Assets and Deferred Outflows of Resources	\$ 259,120,175	\$ 8,014,543
Liabilities, Deferred Inflows of Resources, and Net Position:		
Liabilities:		
Current:		
Accounts payable	\$ 2,576,814	\$ 483,039
Accrued payroll	669,464	163,798
Interest payable	284,508	-
Deferred revenues	43,697	-
Unearned revenues	66,008	-
Deposits payable	1,819,465	-
Landfill closure	859,447	-
Accrued compensated absences	755,257	228,853
Accrued claims and judgments	-	1,723,882
Bonds, notes, and capital leases	3,891,388	-
Total Current Liabilities	10,966,048	2,599,572
Noncurrent:		
Advances from other funds	2,246,152	-
Accrued compensated absences	236,186	67,634
Accrued claims and judgments	-	1,723,882
Bonds, notes, and capital leases	30,591,563	-
Net OPEB obligation	10,909,559	2,525,706
Net pension liability	12,665,905	2,610,503
Landfill closure	6,737,192	-
Total Noncurrent Liabilities	63,386,557	6,927,725
Total Liabilities	74,352,605	9,527,297
Deferred Inflows of Resources:		
Deferred pension related items	3,643,575	750,958
Total Deferred Inflows of Resources	3,643,575	750,958
Net Position:		
Net investment in capital assets	164,359,808	394,507
Restricted for capital projects	4,208,497	-
Restricted for debt service	462,600	-
Unrestricted	12,093,090	(2,658,219)
Total Net Position	181,123,995	(2,263,712)
Total Liabilities, Deferred Inflows of Resources and Net Position	259,120,175	\$ 8,014,543
	1,404,427	
	\$ 182,528,422	

CITY OF REDLANDS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Water	Disposal	Sewer	Other Enterprise Funds
Operating Revenues:				
Sales and service charges	\$ 22,217,588	\$ 12,887,067	\$ 9,688,884	\$ 1,663,732
Miscellaneous	636,336	6	-	370,717
Total Operating Revenues	22,853,924	12,887,073	9,688,884	2,034,449
Operating Expenses:				
Administration and general	3,895,890	3,501,564	1,805,129	1,154,768
Utility plant operations	4,077,248	-	1,869,751	-
Transmission, distribution & treatment	3,706,943	-	-	34,267
Personnel services	4,809,196	3,674,881	2,548,617	371,160
Repairs and maintenance	192,273	3,165,470	258,346	80,492
Premiums paid out	-	-	-	-
Depreciation expense	2,518,536	1,159,761	1,359,230	131,340
Total Operating Expenses	19,200,086	11,501,676	7,841,073	1,772,027
Operating Income (Loss)	3,653,838	1,385,397	1,847,811	262,422
Nonoperating Revenues (Expenses):				
Intergovernmental	-	180,000	-	-
Interest revenue	254,781	373,562	243,272	50,244
Interest expense	(383,319)	(577,722)	(193,018)	(5,759)
Miscellaneous income	125,625	-	-	20,585
Miscellaneous expense	(3,132)	-	(2,013)	-
Property taxes	-	-	-	35,225
Grants	-	-	-	10,000
Gain on disposal of capital assets	2,633	2,207	-	-
Total Nonoperating Revenues (Expenses)	(3,412)	(21,953)	48,241	110,295
Income (Loss) Before Transfers and Contributions	3,650,426	1,363,444	1,896,052	372,717
Transfers in	31,576	-	-	-
Transfers out	(378,778)	(15,649,077)	(85,835)	(31,576)
Contributions	1,470,346	1,211,023	1,694,708	207,352
Changes in Net Position	4,773,570	(13,074,610)	3,504,925	548,493
Net Position:				
Beginning of Year, as previously reported	116,049,927	18,328,894	47,964,090	18,381,570
Restatements	(6,914,222)	(4,180,796)	(3,756,616)	(501,230)
Beginning of Fiscal Year, as restated	109,135,705	14,148,098	44,207,474	17,880,340
End of Fiscal Year	\$ 113,909,275	\$ 1,073,488	\$ 47,712,399	\$ 18,428,833

Changes in Net Position

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

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

CITY OF REDLANDS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds Totals	Governmental Activities- Internal Service Funds
Operating Revenues:		
Sales and service charges	\$ 46,457,271	\$ 13,194,278
Miscellaneous	1,007,059	611,349
Total Operating Revenues	47,464,330	13,805,627
Operating Expenses:		
Administration and general	10,357,351	6,556,389
Utility plant operations	5,946,999	-
Transmission, distribution & treatment	3,741,210	-
Personnel services	11,403,854	2,718,572
Repairs and maintenance	3,696,581	2,529,247
Premiums paid out	-	326,361
Depreciation expense	5,168,867	145,610
Total Operating Expenses	40,314,862	12,276,179
Operating Income (Loss)	7,149,468	1,529,448
Nonoperating Revenues (Expenses):		
Intergovernmental	180,000	-
Interest revenue	921,859	38,282
Interest expense	(1,159,818)	(2,156)
Miscellaneous income	146,210	-
Miscellaneous expense	(5,145)	-
Property taxes	35,225	-
Grants	10,000	-
Gain on disposal of capital assets	4,840	-
Total Nonoperating Revenues (Expenses)	133,171	36,126
Income (Loss) Before Transfers and Contributions	7,282,639	1,565,574
Transfers in	31,576	3,012,211
Transfers out	(16,145,266)	(2,860,027)
Contributions	4,583,429	-
Changes in Net Position	(4,247,622)	1,717,758
Net Position:		
Beginning of Year, as previously reported	200,724,481	(817,172)
Restatements	(15,352,864)	(3,164,298)
Beginning of Fiscal Year, as restated	185,371,617	(3,981,470)
End of Fiscal Year	181,123,995	\$ (2,263,712)
	(4,247,622)	
	(87,825)	
	\$ (4,335,447)	

CITY OF REDLANDS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Disposal</u>	<u>Sewer</u>	<u>Other Enterprise Funds</u>
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 23,495,869	\$ 11,559,185	\$ 9,656,400	\$ 1,987,422
Cash paid to suppliers for goods and services	(9,075,801)	(2,445,160)	(2,102,109)	(299,574)
Cash payments for claims	-	-	-	-
Cash paid to employees for services	(7,831,739)	(4,902,868)	(3,875,282)	(1,131,225)
Net Cash Provided (Used) by Operating Activities	6,588,329	4,211,157	3,679,009	556,623
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(295,448)	(15,576,066)	(48,416)	(31,576)
Cash transfers in	31,576	-	-	-
Cash received from other activities	122,493	-	-	20,585
Advance to other funds	(3,514)	-	-	(61,866)
Advance from other funds	-	61,866	-	71,810
Advance to successor agency	3,024,060	-	-	-
Intergovernmental	-	180,000	-	35,225
Grants received	-	-	-	10,000
Net Cash Provided (Used) by Non-Capital Financing Activities	2,879,167	(15,334,200)	(48,416)	44,178
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(6,567,272)	(838,996)	(1,109,748)	(97,086)
Principal paid on long term debt	(1,996,933)	(1,297,994)	(1,255,868)	-
Interest paid on capital debt	(397,076)	(588,872)	(208,089)	(5,759)
Cash contributions received from developers	1,060,046	1,211,023	1,602,308	207,352
Proceeds from sales of capital assets	2,633	2,207	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,898,602)	(1,512,632)	(971,397)	104,507
Cash Flows from Investing Activities:				
Investment fees	-	-	-	-
Interest received	254,781	373,562	243,272	50,244
Net Cash Provided (Used) by Investing Activities	254,781	373,562	243,272	50,244
Net Increase (Decrease) in Cash and Cash Equivalents	1,823,675	(12,262,113)	2,902,468	755,552
Cash and Cash Equivalents at Beginning of Year	18,867,812	31,037,785	17,858,559	3,117,122
Cash and Cash Equivalents at End of Year	\$ 20,691,487	\$ 18,775,672	\$ 20,761,027	\$ 3,872,674

CITY OF REDLANDS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Disposal</u>	<u>Sewer</u>	<u>Other Enterprise Funds</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 3,653,838	\$ 1,385,397	\$ 1,847,811	\$ 262,422
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	2,518,536	1,159,761	1,359,230	131,340
(Increase) decrease in accounts receivable	339,375	(277,906)	(33,612)	(3,580)
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in due from other governments	2,613	21,351	1,128	(43,447)
(Increase) decrease in prepaid expense	46,192	31,350	23,843	3,192
(Increase) decrease in deferred outflows	(29,565)	(17,877)	(16,064)	(2,143)
Increase (decrease) in deferred inflows	1,640,898	992,196	891,528	118,953
Increase (decrease) in accounts payable	(1,145,529)	688,960	2,145	78,127
Increase (decrease) in accrued payroll	(39,325)	(11,353)	(24,882)	(3,360)
Increase (decrease) in deposits payable	299,957	-	-	61,329
Increase (decrease) in deferred revenue	-	-	-	43,697
Increase (decrease) in net pension liability	(1,771,775)	(1,071,333)	(962,635)	(128,442)
Increase (decrease) in net OPEB obligation	1,028,963	617,391	604,303	41,879
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	44,151	(78,876)	(13,786)	(3,344)
Increase (decrease) in landfill closure liability	-	772,096	-	-
Total Adjustments	2,934,491	2,825,760	1,831,198	294,201
Net Cash Provided (Used) by Operating Activities	\$ 6,588,329	\$ 4,211,157	\$ 3,679,009	\$ 556,623
Non-Cash Investing, Capital, and Financing Activities:				
Contributions from developers	\$ 410,300	\$ -	\$ 92,400	\$ -
Capital assets transferred to City	(83,330)	(73,011)	(37,419)	-
Amortization of premiums on debt	47,890	182,994	77,656	-

CITY OF REDLANDS

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2015**

	Totals	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from customers and users	\$ 46,698,876	\$ 13,776,609
Cash paid to suppliers for goods and services	(13,922,644)	(8,746,353)
Cash payments for claims	-	(267,915)
Cash paid to employees for services	(17,741,114)	(2,874,685)
Net Cash Provided (Used) by Operating Activities	15,035,118	1,887,656
Cash Flows from Non-Capital Financing Activities:		
Cash transfers out	(15,951,506)	(2,860,027)
Cash transfers in	31,576	3,012,211
Cash received from other activities	143,078	-
Advance to other funds	(65,380)	-
Advance from other funds	133,676	-
Advance to successor agency	3,024,060	-
Intergovernmental	215,225	-
Grants received	10,000	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(12,459,271)	152,184
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(8,613,102)	(326,892)
Principal paid on long term debt	(4,550,795)	-
Interest paid on capital debt	(1,199,796)	-
Cash contributions received from developers	4,080,729	-
Proceeds from sales of capital assets	4,840	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(10,278,124)	(326,892)
Cash Flows from Investing Activities:		
Investment fees	-	(2,156)
Interest received	921,859	38,282
Net Cash Provided (Used) by Investing Activities	921,859	36,126
Net Increase (Decrease) in Cash and Cash Equivalents	(6,780,418)	1,749,074
Cash and Cash Equivalents at Beginning of Year	70,881,278	5,348,474
Cash and Cash Equivalents at End of Year	\$ 64,100,860	\$ 7,097,548

CITY OF REDLANDS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2015

	<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 7,149,468	\$ 1,529,448
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:		
Depreciation	5,168,867	145,610
(Increase) decrease in accounts receivable	24,277	(30,429)
(Increase) decrease in inventory	-	(16,845)
(Increase) decrease in due from other governments	(18,355)	1,411
(Increase) decrease in prepaid expense	104,577	(3,774)
(Increase) decrease in deferred outflows	(65,649)	(13,531)
Increase (decrease) in deferred inflows	3,643,575	750,958
Increase (decrease) in accounts payable	(376,297)	(51,046)
Increase (decrease) in accrued payroll	(78,920)	35,559
Increase (decrease) in deposits payable	361,286	-
Increase (decrease) in deferred revenue	43,697	-
Increase (decrease) in net pension liability	(3,934,185)	(810,854)
Increase (decrease) in net OPEB obligation	2,292,536	410,948
Increase (decrease) in claims and judgments	-	58,446
Increase (decrease) in compensated absences	(51,855)	(118,245)
Increase (decrease) in landfill closure liability	772,096	-
Total Adjustments	7,885,650	358,208
Net Cash Provided (Used) by Operating Activities	\$ 15,035,118	\$ 1,887,656
Non-Cash Investing, Capital, and Financing Activities:		
Contributions from developers	\$ 502,700	\$ -
Capital assets transferred to City	(193,760)	-
Amortization of premiums on debt	308,540	-

CITY OF REDLANDS

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	<u>Agency Funds</u>	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
Assets:		
Cash and investments	\$ 5,347,695	\$ 3,388,617
Cash and investments with fiscal agents	2,782,896	3,660,745
Receivables:		
Note	-	123,632
Accrued interest	239,900	-
Capital assets:		
Capital assets, not being depreciated	-	2,833,418
Total Assets	<u>\$ 8,370,491</u>	<u>10,006,412</u>
Liabilities:		
Accounts payable	\$ 237,553	961
Accrued payroll	-	8,329
Accrued interest	-	470,557
Deposits payable	8,119,888	3,000
Due to city of Redlands	13,050	-
Long-term liabilities:		
Due in one year	-	2,470,000
Due in more than one year	-	20,910,000
Total Liabilities	<u>\$ 8,370,491</u>	<u>23,862,847</u>
Net Position:		
Held in trust for other purposes		<u>(13,856,435)</u>
Total Net Position		<u>\$ (13,856,435)</u>

CITY OF REDLANDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2015

	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
Additions:	
Taxes	\$ 4,507,639
Interest and change in fair value of investments	250,593
Contributions from City	100,919
Miscellaneous	<u>14</u>
Total Additions	<u>4,859,165</u>
Deductions:	
Administrative expenses	250,000
Contractual services	17,104
Interest expense	<u>1,167,216</u>
Total Deductions	<u>1,434,320</u>
Changes in Net Position	3,424,845
Net Position - Beginning of the Year	<u>(17,281,280)</u>
Net Position - End of the Year	<u>\$ (13,856,435)</u>

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Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

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

Blended Component Units

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

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

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

Related Organizations

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

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

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

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

Government-wide Financial Statements

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

Fund Financial Statements

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

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

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were

Note 1: Summary of Significant Accounting Policies (Continued)

collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Proprietary and Fiduciary Funds

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, proprietary and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary and fiduciary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary and fiduciary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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

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

Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses. Private-purpose trust funds account for the assets and liabilities of other agencies and report additions such as taxes and deductions such as administrative and contract services.

c. Fund Classification

The City utilizes the following broad categories of funds:

Major Funds

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

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

General Fund

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

Note 1: Summary of Significant Accounting Policies (Continued)

Local Transportation

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

Public Facilities Development

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

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

Water Fund

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

Disposal Fund

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

Sewer Fund

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

Additionally the government reports the following fund types:

Capital Project

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

Debt Service Funds

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

Internal Service Funds

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

Note 1: Summary of Significant Accounting Policies (Continued)

Permanent Fund

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

Agency Funds

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

Private-Purpose Trust Fund

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

d. Investments

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

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

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

e. Cash Equivalents

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

f. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position of fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources for pension contributions made after the actuarial measurement date which will be expensed in the following year and for actuarial adjustments due to the proportionate share of the risk pool's total contributions made to the pension liability which will be amortized over the expected average remaining service life time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time. The government has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grant revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the government has deferred inflows relating to the net pension liability reported in the government-wide and proprietary statements of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments. This amount is deferred and amortized straight-line over a five year period. The government also reports deferred inflows for deferred charges on debt refunding.

Note 1: Summary of Significant Accounting Policies (Continued)

h. Encumbrances

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

i. Fund Equity

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

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

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

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

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

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

Fund Balance Flow Assumptions

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

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption

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

Stabilization Arrangement

As described in Chapter 3.06 of the Municipal Code, the City has established a stabilization arrangement committing a minimum of 12% of the sum of the General Fund's operating expenses and operating transfers out. The balance at June 30, 2015, is \$7,935,152 and is included in committed fund balance. These funds may be used only when the City is faced with an unforeseen or uncontrollable event which includes but is not limited to:

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

j. Inventory

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

k. Compensated Absences

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

I. Cash and Investments with Fiscal Agent

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

m. Property Taxes

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

n. Bond Discounts

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

o. Use of Estimates

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

p. Effect of New Accounting Standards

During the fiscal year ended June 30, 2015, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

Note 1: Summary of Significant Accounting Policies (Continued)

GASB Statement No. 68 – *Accounting and financial Reporting for Pensions—an Amendment of GASB Statement No. 27* will improve the decision-usefulness of information in local government employer entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014.

GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a local government employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of GASB Statement No. 71 are effective for financial statements beginning after June 15, 2014.

Note 2: Stewardship, Compliance and Accountability

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

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

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

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 3: Cash and Investments

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 124,719,061
Cash and investments held by fiscal agent	6,903,984

Fiduciary Funds:

Cash and investments	8,736,312
Cash and investments held by fiscal agent	6,443,641
Total cash and investments	<u>\$ 146,802,998</u>

Cash and investments as of June 30, 2015, consist of the following:

Cash on hand	\$ 5,500
Deposits with financial institutions	3,338,592
Investments	143,458,906
Total cash and investments	<u>\$ 146,802,998</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, 2015

Note 3: Cash and Investments (Continued)

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

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 3: Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Federal agency securities	\$ 57,453,642	\$ 10,024,620	\$ 1,997,980	\$ 45,431,042
U.S. treasury notes	7,969,060	-	2,010,620	5,958,440
Corporate bonds	15,130,620	1,940,000	4,049,210	9,141,410
Certificates of deposit	17,871,567	3,486,495	6,959,023	7,426,049
Tennessee Valley Authority	1,092,980	-	1,092,980	-
Municipal bonds	2,531,180	548,960	-	1,982,220
Mutual funds	211,155	211,155	-	-
LAIF	26,850,814	26,850,814	-	-
Held by fiscal agent:				
Federal agency securities	1,532,663	1,532,663	-	-
Money market funds	10,577,493	10,577,493	-	-
Investment contracts	2,237,732	2,237,732	-	-
Total	\$ 143,458,906	\$ 57,409,932	\$ 16,109,813	\$ 69,939,161

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 3: Cash and Investments (Continued)

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Rating as of Year End	
				AAA/Aa	Not Rated
Federal agency securities	\$ 57,453,642	N/A	\$ -	\$ 57,453,642	\$ -
Tennessee Valley Authority	1,092,980	N/A	-	1,092,980	-
U.S. treasury notes	7,969,060	N/A	7,969,060	-	-
Corporate bonds	15,130,620	A	-	15,130,620	-
Certificates of deposit	17,871,567	N/A	-	-	17,871,567
Municipal bonds	2,531,180	N/A	-	-	2,531,180
Mutual funds	211,155	A	-	211,155	-
LAIF	26,850,814	N/A	-	-	26,850,814
Held by bond trustee:					
Federal agency securities	1,532,663	N/A	-	1,532,663	-
Money market funds	10,577,493	A	-	10,577,493	-
Investment contracts	2,237,732	N/A	-	-	2,237,732
Total	\$ 143,458,906		\$ 7,969,060	\$ 85,998,553	\$ 49,491,293

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 Home Loan Bank	Federal agency securities	\$ 22,002,120
Federal National Mortgage Association	Federal agency securities	14,976,800
Federal Home Loan Mortgage Corporation	Federal agency securities	13,474,872

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 3: Cash and Investments (Continued)

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

Investment in State Investment Pool

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

Note 4: Interfund Receivables, Payables and Transfers

a. Due To/From Other Funds:

As of June 30, 2015, the City had the following due to/from other funds:

Funds	Due To Other Funds <hr/> Nonmajor Governmental Funds <hr/>
Due From Other Funds:	
General Fund	\$ 306,205

The interfund balances were made to cover negative cash balances at June 30, 2015.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

b. Advances To/From Other Funds:

As of June 30, 2015, advances to/from other funds were as follows:

Funds	Advances from other funds		Total
	Public Facilities Development	Nonmajor Proprietary Funds	
Advances to other funds:			
General Fund	\$ 7,362,399	\$ -	\$ 7,362,399
Nonmajor governmental funds	327,340	68,685	396,025
Water Fund	151,771	1,216,537	1,368,308
Disposal Fund	-	960,930	960,930
Total	<u>\$ 7,841,510</u>	<u>\$ 2,246,152</u>	<u>\$ 10,087,662</u>

The General Fund has advances of \$7,362,399 to the Public Facilities Development Fund to provide funding for capital expenditures and debt service coverage on the COP's issued for capital facilities. The payable will be refunded through future development impact fee collections. Additional advances were made to the Public Facilities Fund to assist in debt service payments on the COP's. At June 30, 2015, these advances were from the Open Space Fund for \$113,080, the Park Development Fund for \$113,080, the Storm Drain Construction Fund for \$101,180, and the Water Fund for \$151,771.

An advance of \$68,685 was made from the Cemetery Endowment to the Cemetery Fund to provide funding for capital expenditures. The Water Fund and Disposal Fund advanced the Cemetery and Aviation Funds \$2,177,467 to provide funding for capital expenditures.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

c. Transfers In/Out:

Transfers in and out for the year ended June 30, 2015, were as follows:

Funds	Transfers Out		
	General Fund	Public Facilities Development	Nonmajor Governmental Funds
Transfers In:			
General Fund	\$ -	\$ 121,685	\$ 4,223,777
Local Transportation Fund	-	-	1,018,329
Nonmajor Governmental Funds	4,756,924	959,710	-
Internal Service Funds	2,900,000	-	-
Total	\$ 7,656,924	\$ 1,081,395	\$ 5,242,106

Funds	Transfers Out					
	Water	Disposal	Sewer	Nonmajor Enterprise Funds	Internal Service	Total
Transfers In:						
General Fund	\$ 276,366	\$ 189,210	\$ 68,747	\$ -	\$ 8,427	\$ 4,888,212
Local Transportation Fund	102,412	15,347,656	17,088	-	-	16,485,485
Nonmajor Governmental Funds	-	-	-	-	2,851,600	8,568,234
Water Fund	-	-	-	31,576	-	31,576
Internal Service Funds	-	112,211	-	-	-	3,012,211
Total	\$ 378,778	\$ 15,649,077	\$ 85,835	\$ 31,576	\$ 2,860,027	\$ 32,985,718

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

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Transfers	Additions	Deletions	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 29,581,544	\$ -	\$ 1,542,558	\$ -	\$ 31,124,102
Water rights	408,125	-	-	-	408,125
Rights of way	437,893,258	-	1,953,170	-	439,846,428
Construction in progress	25,270,714	(13,693,441)	18,136,511	-	29,713,784
Total capital assets not being depreciated	493,153,641	(13,693,441)	21,632,239	-	501,092,439
Capital assets being depreciated:					
Infrastructure	188,246,264	8,500,149	322,613	8,916,154	188,152,872
Buildings and improvements	21,519,092	5,193,292	2,452,572	-	29,164,956
Machinery, equipment and vehicles	19,129,999	-	2,585,172	389,222	21,325,949
Total capital assets being depreciated	228,895,355	13,693,441	5,360,357	9,305,376	238,643,777
Less accumulated depreciation for:					
Infrastructure	83,146,117	-	4,090,840	5,470,829	81,766,128
Buildings and improvements	10,027,457	-	1,249,114	-	11,276,571
Machinery, equipment and vehicles	17,242,599	-	1,197,466	389,222	18,050,843
Total accumulated depreciated	110,416,173	-	6,537,420	5,860,051	111,093,542
Total capital assets being depreciated, net	118,479,182	13,693,441	(1,177,063)	3,445,325	127,550,235
Governmental activities:					
Capital assets, net	\$ 611,632,823	\$ -	\$ 20,455,176	\$ 3,445,325	\$ 628,642,674
	Beginning Balance	Transfers	Additions	Deletions	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 28,325,632	\$ -	\$ -	\$ -	\$ 28,325,632
Water rights	9,581,460	-	300,000	-	9,881,460
Construction in progress	47,182,429	(4,681,470)	6,899,702	193,760	49,206,901
Total capital assets not being depreciated	85,089,521	(4,681,470)	7,199,702	193,760	87,413,993
Capital assets being depreciated:					
Infrastructure	136,483,417	4,681,470	502,700	5,287	141,662,300
Buildings and improvements	84,524,441	-	56,990	-	84,581,431
Machinery, equipment and vehicles	16,707,103	-	1,361,697	236,350	17,832,450
Total capital assets being depreciated	237,714,961	4,681,470	1,921,387	241,637	244,076,181
Less accumulated depreciation for:					
Infrastructure	66,656,894	-	2,449,993	-	69,106,887
Buildings and improvements	61,448,583	-	1,522,067	-	62,970,650
Machinery, equipment and vehicles	13,443,730	-	1,196,807	236,350	14,404,187
Total accumulated depreciation	141,549,207	-	5,168,867	236,350	146,481,724
Total capital assets being depreciated, net	96,165,754	4,681,470	(3,247,480)	5,287	97,594,457
Business-type activities:					
Capital assets, net	\$ 181,255,275	\$ -	\$ 3,952,222	\$ 199,047	\$ 185,008,450

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 5: Capital Assets (Continued)

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

	Governmental Activities	Business-Type Activities
General government	\$ 191,213	\$ -
Public safety	931,789	-
Highway and streets	4,390,506	-
Culture and recreation	878,302	-
Water	-	2,518,536
Disposal	-	1,159,761
Sewer	-	1,359,230
Nonmajor proprietary funds	-	131,340
Internal service	145,610	-
Total	<u>\$ 6,537,420</u>	<u>\$ 5,168,867</u>

Note 6: Long-Term Liabilities

Governmental Activities:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Amount Due Within One Year
Compensated absences	\$ 7,110,620	\$ 4,145,921	\$ 3,715,918	\$ 7,540,623	\$ 3,781,869
Claims payable (Note 7)	3,389,318	1,516,199	1,457,753	3,447,764	1,723,882
OPEB Obligation (Note 10)	16,784,370	6,573,738	3,286,869	20,071,239	-
2007 Series Taxable Pension					
Funding Bonds	20,820,000	-	1,670,000	19,150,000	1,860,000
Less: (accrued interest)	(853,316)	-	(70,397)	(782,919)	-
Certificate of Participation:					
2003 Lease Revenue Refunding	4,885,000	-	1,730,000	3,155,000	1,785,000
Add: unamortized premium	192,018	-	48,004	144,014	-
Capital leases payable	405,880	1,183,031	250,883	1,338,028	219,012
I-Bank Sports Park Lease	1,671,571	-	50,592	1,620,979	52,186
Total governmental activities long-term liabilities	<u>\$ 54,405,461</u>	<u>\$ 13,418,889</u>	<u>\$ 12,139,622</u>	<u>\$ 55,684,728</u>	<u>\$ 9,421,949</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, \$296,487 of compensated absences and \$2,525,706 of OPEB Obligation for internal service funds are included in the above amounts. Also, for the governmental activities, compensated absences and OPEB are generally liquidated by the General Fund.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 6: Long-Term Liabilities (Continued)

Capital Leases Payable

The City has entered into several lease agreements for various equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The assets acquired under capital leases are machinery, equipment and vehicles. The total cost was \$3,104,363. The outstanding balance at June 30, 2015, is \$1,338,028.

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

Year Ending June 30	Amount
2016	\$ 258,609
2017	258,609
2018	136,924
2019	136,924
2020	136,924
2021 - 2026	<u>578,716</u>
Total minimum lease payments	1,506,706
Less: Amount representing interest	<u>(168,678)</u>
Total minimum lease payments	<u>\$ 1,338,028</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, 2015, is \$19,150,000.

The annual requirements to amortize pension funding bonds outstanding as of June 30, 2015, are as follows:

Year Ending June 30	2007 Taxable Pension Funding Bonds	
	Principal	Interest
2016	\$ 1,860,000	\$ 997,159
2017	2,060,000	892,069
2018	2,280,000	775,679
2019	2,515,000	646,859
2020	1,220,000	505,506
2021-2025	4,830,000	1,519,765
2026-2030	1,245,000	1,031,965
2031-2035	2,010,000	714,142
2036-2040	<u>1,130,000</u>	<u>101,514</u>
	19,150,000	
Less unaccreted discount	<u>(782,919)</u>	
Totals	<u>\$ 18,367,081</u>	<u>\$ 7,184,658</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 6: Long-Term Liabilities (Continued)Certificates of Participation2003 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, 2015, was \$3,155,000 with an unamortized premium of \$144,014.

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

Year Ending June 30	2003 Lease Revenue Refunding COP	
	Principal	Interest
2016	\$ 1,785,000	\$ 113,125
2017	775,000	49,125
2018	595,000	14,875
Totals	<u>\$ 3,155,000</u>	<u>\$ 177,125</u>

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 6: Long-Term Liabilities (Continued)

I-Bank Sports Park Lease Payable

On December 1, 2006, the City entered into this agreement for the purpose of obtaining additional funds to complete the Sports Park project. The City has agreed to pay the amount over thirty years commencing on the date of the lease, which carries an annual interest rate of 3.15% with principal and interest payments due every six months starting August 1, 2007, and payable in full on August 1, 2036. The City pledged the Community Center to obtain this loan with I-Bank. At June 30, 2015, the outstanding balance of the I-Bank Sports Park lease payable balance was \$1,620,979.

The annual retirements to amortize lease payable outstanding as of June 30, 2015, are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ 102,425
2017	102,399
2018	102,372
2019	102,344
2020	102,314
2021-2025	511,123
2026-2030	510,265
2031-2035	509,264
2036 - 2041	<u>203,393</u>
Total minimum lease payments	2,245,899
Less: Amount representing interest	<u>(624,920)</u>
Total minimum lease payments	<u><u>\$ 1,620,979</u></u>

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 6: Long-Term Liabilities (Continued)

Business-Type Activities:

The following is a summary of changes in business-type long-term liabilities, including landfill closure liability, for the year ended June 30, 2015:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015	Amount Due Within One Year
Compensated absences	\$ 1,043,298	\$ 774,457	\$ 826,312	\$ 991,443	\$ 755,257
OPEB obligation (Note 10)	8,617,023	4,585,072	2,292,536	10,909,559	-
Landfill closure (Note 13)	6,824,543	772,096	-	7,596,639	859,447
Revenue Bonds:					
2012A Water refunding	2,355,000	-	1,160,000	1,195,000	1,195,000
Add: unamortized premium	47,890	-	47,890	-	-
2012A Wastewater refunding	3,775,000	-	900,000	2,875,000	925,000
Add: unamortized premium	226,754	-	77,656	149,098	-
2013A Solid Waste Revenue	13,500,000	-	1,115,000	12,385,000	1,145,000
Add: unamortized premium	1,632,303	-	182,994	1,449,309	-
Total	<u>38,021,811</u>	<u>6,131,625</u>	<u>6,602,388</u>	<u>37,551,048</u>	<u>4,879,704</u>
Notes payable:					
Agricultural drainage water management loan program	119,843	-	119,843	-	-
California recycled water project	3,473,056	-	278,212	3,194,844	285,168
Safe drinking water project	4,137,870	-	288,572	3,849,298	146,822
Hinckley water treatment plant upgrade	9,766,030	-	380,628	9,385,402	194,398
Total notes payable	<u>17,496,799</u>	<u>-</u>	<u>1,067,255</u>	<u>16,429,544</u>	<u>626,388</u>
Total business-type activities long- term liabilities	<u>\$ 55,518,610</u>	<u>\$ 6,131,625</u>	<u>\$ 7,669,643</u>	<u>\$ 53,980,592</u>	<u>\$ 5,506,092</u>

2012A Water Refunding Revenue Bonds

The \$3,480,000 of Water Refunding Revenue Bonds, issue of 2012, consists of serial bonds with varying interest rates ranging from 2% to 3%. Interest is payable semiannually on March 1 and September 1. Serial bonds mature annually on September 1, 2013 through September 1, 2015. The revenues of the Water Fund are pledged as security toward the payment of this debt. The net proceeds were used to refinance the 1999 Water Refunding Revenue Bonds. The amount outstanding at June 30, 2015, was \$1,195,000 with an unamortized premium of \$0. The City completed the advance refunding to reduce its total debt service payments by \$373,017 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$338,150.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015
Note 6: Long-Term Liabilities (Continued)

The annual requirements to amortize bonds payable subsequent to June 30, 2015, are as follows:

Year Ending June 30	2012A Water Refunding Revenue Bonds	
	Principal	Interest
2016	\$ 1,195,000	\$ 17,925
Totals	\$ 1,195,000	\$ 17,925

2012A Wastewater Refunding Revenue Bonds

The \$4,655,000 of Wastewater Refunding Revenue Bonds, issue of 2012, Series A, consists of serial bonds with varying interest rates from 2% to 4%. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually September 1, 2013 through September 1, 2017. The revenues of the Wastewater Fund are pledged as security toward the payment of this debt. The net proceeds were used to refinance the 1999A Wastewater Refunding Revenue Bonds. The amount outstanding at June 30, 2015, was \$2,875,000 with an unamortized premium of \$149,098. The City completed the advance refunding to reduce its total debt service payments by \$704,295 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$657,994.

The annual requirements to amortize bonds payable subsequent to June 30, 2015 are as follows:

Year Ending June 30	2012A Wastewater Revenue Refunding Bonds	
	Principal	Interest
2016	\$ 925,000	\$ 91,875
2017	960,000	58,800
2018	990,000	19,800
Totals	\$ 2,875,000	\$ 170,475

2013A Solid Waste Revenue Bonds

The \$13,500,000 of Solid Waste Revenue Bonds, issue of 2013, Series A, consists of serial bonds with varying interest rates from 3% to 5%. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually September 1, 2014 through September 1, 2023. The revenues of the Disposal Fund are pledged as security toward the payment of this debt. The proceeds were used to finance a portion of the cost of acquisition and construction of street improvements within the City of Redlands. The amount outstanding at June 30, 2015, was \$12,385,000 with an unamortized premium of \$1,449,309. The City completed the advance refunding to reduce its total debt service payments by \$704,295 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$657,994.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 6: Long-Term Liabilities (Continued)

The annual requirements to amortize bonds payable subsequent to June 30, 2015, are as follows:

Year Ending June 30	2013A Solid Waste Revenue Refunding Bonds	
	Principal	Interest
2016	\$ 1,145,000	\$ 554,975
2017	1,185,000	514,100
2018	1,235,000	465,700
2019	1,290,000	408,750
2020	1,360,000	342,500
2021-2025	6,170,000	636,250
Totals	<u>\$ 12,385,000</u>	<u>\$ 2,922,275</u>

Pledged Revenues

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

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses)	Annual Debt Service Payments	Debt Service as a Percentage of Pledged Revenue
Water revenues	\$ 5,759,502	\$ 1,213,250	21%
Wastewater revenues	3,799,735	1,019,250	27%
Solid waste revenues	2,596,420	1,703,875	66%

Notes Payable

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

On September 2, 2003, the City entered into a loan agreement with the California Water Resources Control Board in the amount of \$7,918,234 to assist in financing the construction of advanced wastewater treatment facilities at the existing wastewater treatment plant. The note carries an annual interest rate of 2.5% with principal and interest payments due annually starting November 30, 2005. The amount outstanding at June 30, 2015, was \$3,194,844.

CITY OF REDLANDS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 6: Long-Term Liabilities (Continued)

On January 30, 2004, the City entered into a loan agreement with the State of California, Department of Water Resources in the amount of \$1,664,876 to assist in financing construction of a project which will enable the City to meet safe drinking water standards. As of June 30, 2006, the loan had been increased to \$6,100,844. The note carries an annual interest rate of 2.34% with principal and interest payments due every six months starting January 1, 2006. At June 30, 2015, the City has \$3,849,298 in outstanding principal.

On June 21, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Hinckley water treatment plant upgrade. The City may borrow up to \$13,663,033 or the eligible costs of the project, whichever is less. The loan has an interest rate of 2.5017% with maturities through 2034. Principal and interest is due every six months starting January 1, 2011. The outstanding balance at June 30, 2015, is \$9,385,402.

The annual requirements for the notes payable outstanding as of June 30, 2015, are as follows:

Year Ending June 30	Total Notes Payable	
	Principal	Interest
2016	\$ 626,388	\$ 242,305
2017	987,235	385,112
2018	1,011,537	360,799
2019	1,036,461	335,887
2020	1,061,986	310,362
2021-2025	5,715,385	1,146,348
2026-2030	3,350,686	534,709
2031-2035	2,639,866	167,920
Totals	<u>\$ 16,429,544</u>	<u>\$ 3,483,442</u>

Note 7: Claims Payable

On June 30, 2015, and throughout 2014-2015, the City was self-insured for the first \$1,000,000 per occurrence for commercial general liability and automobile liability. The City purchased excess liability insurance to provide additional coverage of \$10,000,000 per occurrence with a \$10,000,000 aggregate. The City also purchased airport liability insurance including commercial general liability, Personal & Advertising Injury, Products Completed, and Hangerkeepers Limit in a single limit liability amount of \$10,000,000 per occurrence. For workers' compensation and employer's liability, the City was self-insured for \$1,000,000 per occurrence with excess coverage of \$25,000,000 for worker's compensation per occurrence with a \$25,000,000 aggregate, and \$1,000,000 for employer's liability per occurrence.

At June 30, 2015, \$1,492,318 and \$1,955,446 have been accrued for general liability and workers' compensation claims, respectively. All funds of the City participate in the worker's compensation program and make payments to the Workers' Compensation Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims. The Liability Insurance Internal Service Fund receives an annual operating transfer from the General Fund to cover operating costs including payment of claims. The liability for unpaid claims for general liability and workers' compensation is discounted to reflect anticipated future investment earnings, assuming a five percent interest rate. Settled claims have not exceeded the commercial coverage in the past three years.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Claims Payable (Continued)

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, 2015 are dependent on future developments, based upon information provided from the City Attorney, outside counsel and others involved with the administration of the programs, the City's management believes that the aggregate accrual is adequate to cover such losses.

Reconciliation of the changes in the City's aggregate liabilities for the year ended June 30, 2015, is as follows:

2014-2015	Beginning of Year	Claims and Changes in Estimates	Claim Payments	End of Year
Liability claims	\$ 1,405,651	\$ 336,833	\$ 250,166	\$ 1,492,318
Workers' compensation	1,983,667	1,179,366	1,207,587	1,955,446
	<u>\$ 3,389,318</u>	<u>\$ 1,516,199</u>	<u>\$ 1,457,753</u>	<u>\$ 3,447,764</u>
2013-2014	Beginning of Year	Claims and Changes in Estimates	Claim Payments	End of Year
Liability claims	\$ 886,000	\$ 519,651	\$ -	\$ 1,405,651
Workers' compensation	2,554,000	505,554	1,075,887	1,983,667
	<u>\$ 3,440,000</u>	<u>\$ 1,025,205</u>	<u>\$ 1,075,887</u>	<u>\$ 3,389,318</u>

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 8: Fund Balance and Net Position

a. Fund Balance Classifications

At June 30, 2015, the City reports the following fund balance classifications:

	General	Local Transportation	Public Facilities Development	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable					
Prepaid costs	\$ 118,760	\$ -	\$ -	\$ -	\$ 118,760
Advances to other funds	7,362,399	-	-	327,340	7,689,739
Restricted					
Public safety	-	-	-	522,879	522,879
Police programs and equipment	-	-	-	819,525	819,525
Street maintenance	-	-	-	451	451
Street reconstruction/improvement projects	-	629,837	-	7,501,066	8,130,903
Debt service	-	-	-	2,128,561	2,128,561
Storm drain improvements	-	-	-	1,718,507	1,718,507
Endowment	-	-	-	2,095,402	2,095,402
CFD assessment	-	-	-	167,826	167,826
Committed					
Stabilization arrangement	7,935,152	-	-	-	7,935,152
Park and open space acquisition/improvement	-	-	-	1,512,511	1,512,511
Downtown Redlands Business Association	-	-	-	160,181	160,181
Street reconstruction/improvement projects	-	-	-	5,025,901	5,025,901
Assigned					
Public works	775,882	-	-	-	775,882
Capital Projects	1,107,912	-	-	-	1,107,912
Unassigned	14,510,450	-	(7,410,672)	(438,606)	6,661,172
Total Fund Balances	\$ 31,810,555	\$ 629,837	\$ (7,410,672)	\$ 21,541,544	\$ 46,571,264

b. Fund Balance/Net Position Deficits

At June 30, 2015, the following governmental funds have fund deficits:

	Deficit Amount
Special Revenue Funds:	
Public Facilities Development	\$ 7,410,672
Emergency Service	8,994
Parking Authority	19,300
General Capital Improvement	325,698
Community Development Block Grant	5,609
Supplemental Law Enforcement	21,333
Landscape Maintenance District	1
Disaster Recovery	57,671
Enterprise Fund:	
Cemetery	1,158,236
Internal Service Fund:	
Information Technology	1,859,367
Workers' Compensation Self-Insurance	1,115,736
Equipment Maintenance	1,417,497

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 8: Fund Balance and Net Position (Continued)

c. Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2015, exceeded the appropriations of the following funds/departments:

	Budget	Actual	Variance
General Fund:			
City council	\$ 282,403	\$ 291,264	\$ (8,861)
City Manager	734,332	882,886	(148,554)
City attorney	496,578	504,914	(8,336)
Fire	10,579,546	10,654,671	(75,125)
Parks	1,515,456	1,571,382	(55,926)
Highways and streets	3,518,583	3,541,150	(22,567)
Library	1,796,205	1,824,593	(28,388)
Contributions	-	100,919	(100,919)
Special revenue:			
Public Facilities Development			
Highways and streets	15,500	33,523	(18,023)
Debt Service	-	2,108	(2,108)
Household Hazardous Waste			
Public Safety	126,071	176,295	(50,224)
Air Quality Improvement			
General government	29,969	90,000	(60,031)
Transfers out	-	18,329	(18,329)
Traffic Safety			
Transfers out	198,569	219,254	(20,685)
Parking authority			
General government	20,316	21,583	(1,267)
Police grants			
Transfers out	-	2,020	(2,020)
Park and open space			
Culture and recreation	126,778	213,337	(86,559)
Debt Service	50,529	50,592	(63)
Arterial Street Construction			
Highways and streets	27,295	44,080	(16,785)
Freeway interchanges			
Highways and streets	8,221	34,065	(25,844)
Street lighting district #1			
Highways and streets	25,000	25,376	(376)
CFD 2004-1 assessment			
General government	90,773	114,955	(24,182)
Landscape maintenance district			
General government	30,001	38,759	(8,758)
Debt Service:			
General Debt Service			
Interest and fiscal charges	1,049,432	1,049,556	(124)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 8: Fund Balance and Net Position (Continued)

d. Restatement of Net Position and Fund Balances:

Fund balance in the following funds have been restated for:

Statement of Net Position	
Governmental activities	
To account for the net pension liability under GASB No. 68	\$ (69,381,905)
Business-Type Activities	
To account for the net pension liability under GASB No. 68	<u>(15,352,864)</u>
	<u>\$ (84,734,769)</u>

Note 9: Defined Benefit Pension Plan

a. Agent Multiple-Employer Defined Benefit Plans

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The City of Redlands contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments 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. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, California 95814.

Benefits Provided

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Defined Benefit Pension Plan (Continued)

<u>Miscellaneous</u>	
	Miscellaneous Plan
	Prior to
Hire date	September 1, 2013
Benefit formula	2.0% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively
Required employee contribution rates	6.800%
Required employer contribution rates	15.083%

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

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms of the Plan:

<u>Description</u>	<u>Number of members</u>
Active members	278
Transferred members	108
Terminated members	119
Retired members and beneficiaries	418
Total	<u>923</u>

Contribution Description

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

For the year ended June 30, 2015, the employer contributions recognized as a reduction to the net pension liability for all the Plan was \$2,614,893.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Defined Benefit Pension Plan (Continued)

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Note 9: Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Agent Multiple-Employer Defined Benefit Pension Plan. More information can be found on the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 9: Defined Benefit Pension Plan (Continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

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

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

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2013 (Valuation Date) (1)	\$ 132,645,267	\$ 97,842,061	\$ 34,803,206
Changes Recognized for the Measurement Period:			
Service Cost	2,703,390	-	2,703,390
Interest on the Total Pension Liability	9,786,094	-	9,786,094
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contribution from the Employer	-	2,614,893	(2,614,893)
Contributions from Employees	-	1,378,971	(1,378,971)
Net Investment Income (2)	-	16,743,903	(16,743,903)
Benefit Payments including Refunds of Employee Contributions	(7,031,419)	(7,031,419)	-
Net Changes During 2013-14	5,458,065	13,706,348	(8,248,283)
Balance at: 6/30/2014 (Measurement Date) (1)	\$ 138,103,332	\$ 111,548,409	\$ 26,554,923

(1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

(2) Net of administrative expenses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Defined Benefit Pension Plan (Continued)

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.5%)	Discount Rate +1% (8.5%)
Plan's Net Pension Liability/(Assets)	\$ 43,712,552	\$ 26,554,923	\$ 12,269,119

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2013), the net pension liability was \$34,803,206. For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense/(income) of (\$8,248,282) for the Plan.

Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ 7,639,001
City contributions subsequent to the measurement date	2,752,530	-
Total	\$ 2,752,530	\$ 7,639,001

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 9: Defined Benefit Pension Plan (Continued)

\$2,752,530 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (1,909,750)
2016	(1,909,750)
2017	(1,909,750)
2018	(1,909,751)
Total	<u>\$ (7,639,001)</u>

b. Cost Sharing Multiple Employer Defined Benefit Pension Plans**General Information about the Pension Plan*****Plan Descriptions***

All qualified permanent and probationary employees are eligible to participate in the Local Government's separate Safety (police and fire) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015
Note 9: Defined Benefit Pension Plan (Continued)

	Safety cost-sharing plans	
	Safety Fire*	Safety Police*
	Prior to	Prior to
Hire date	January 1, 2013	January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 50
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	3.000%, 50+ yrs
Required employee contribution rates	8.986%	8.980%
Required employer contribution rates	28.370%	28.078%

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

Contribution Description

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

For the year ended June 30, 2015, the employer contributions recognized as a reduction to the net pension liability for all cost-sharing plans were \$4,246,980.

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension
Safety Fire	\$ 19,333,929
Safety Police	23,571,857
Total Net Pension Liability	<u>\$ 42,905,786</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 9: Defined Benefit Pension Plan (Continued)

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014, was as follows:

	Safety Cost-Sharing Plans	
	Fire	Police
Proportion - June 30, 2013	0.53183%	0.65059%
Proportion - June 30, 2014	0.51544%	0.62842%
Change - Increase (Decrease)	-0.01639%	-0.02217%

For the year ended June 30, 2015, the City recognized pension expense of \$4,192,933. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ 12,756,107
Adjustment due to Difference in Proportions	175,933	36,746
Differences between the employer's contributions and the employer's proportionate share of contributions	-	1,216,683
City contributions subsequent to the measurement date	4,246,980	-
Total	\$ 4,422,913	\$ 14,009,536

\$4,246,980 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (3,459,498)
2016	(3,459,498)
2017	(3,469,438)
2018	(3,445,169)
Total	\$ (13,833,603)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

All other actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. More information can be found on the CalPERS website.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 9: Defined Benefit Pension Plan (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 9: Defined Benefit Pension Plan (Continued)

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

Safety Cost-Sharing Plans			
Plan	Discount Rate - 1% 6.50%	Current Discount 7.50%	Discount Rate +1% 8.50%
Safety Fire	\$ 33,022,729	\$ 19,333,929	\$ 8,054,949
Safety Police	40,426,581	23,571,857	9,684,292
TOTAL:	\$ 73,449,310	\$ 42,905,786	\$ 17,739,241

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

Note 10: Other Post-Employment Benefits Plan

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

Plan Description

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

City's Funding Policy

The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2014-15, the City contributed \$3,308,666 to the plan from the General Fund. Upon retirement, City's employees who are not eligible for fully paid medical benefits based on service may elect to convert the value of their sick leave for payment of the balance of the premiums which are not paid by the City.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 9,034,875
Interest on net OPEB obligation	1,079,559
Adjustment to annual required contribution	<u>(1,226,363)</u>
Annual OPEB cost (expense)	8,888,071
Contributions made	<u>3,308,666</u>
Increase/(decrease) in Net OPEB obligation	5,579,405
Net OPEB obligation - beginning of year	<u>25,401,393</u>
Net OPEB obligation - end of year	<u><u>\$ 30,980,798</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 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
6/30/2013	\$ 9,518,243	\$ 3,030,757	31.8%	\$ 20,061,308
6/30/2014	8,272,277	2,932,192	35.4%	25,401,393
6/30/2015	8,888,072	3,308,666	37.2%	30,980,798

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, was as follows:

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

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

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

Actuarial Methods and Assumptions

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

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

Note 11: Contingencies

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

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

CITY OF REDLANDS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 12: Construction Commitments

The following material construction commitments existed at June 30, 2015:

Project Name	Contract Amount	Expenditures to date as of June 30, 2015	Remaining Commitments
PARIS Resurfacing Project	\$ 4,497,000	\$ 2,116,156	\$ 2,380,844
2014 Pipeline Replacement	2,340,890	670,032	1,670,858
Redlands and Alabama St. Improvements	5,035,000	348,610	4,686,390
Paris Resurfacing Project (567-960)	6,000,000	4,709,556	1,290,444

Note 13: Solid Waste Landfill

State and federal laws and regulations require the City to provide financial assurance for closure and postclosure costs of the California Street Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for fifteen years after closure. Although closure and postclosure activities will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$7,596,639 reported as landfill closure and postclosure liability at June 30, 2015, represents the cumulative amount reported to date based on the use of 60.91 percent of the total estimated capacity of the landfill including final covering. The City will recognize the remaining estimated costs of closure and postclosure care of \$800,000 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform closure and postclosure activities in 2015 dollars. The City expects to close the landfill in the year 2042. Actual costs may differ due to inflation, changes in technology or changes in regulations.

The City is required by state and federal laws and regulations to maintain adequate funds to provide financial assurance for closure and postclosure costs through one of a combination of alternative mechanisms. For closure costs, the City has established an enterprise fund mechanism with a separate fund, the California Street Landfill Closure fund. For postclosure costs, the City has entered into a Pledge of Revenue Agreement with the California Integrated Waste Management Board. The City is in compliance with these requirements. At June 30, 2015, \$6,349,924 is held for landfill closure. The City expects that future inflation costs will be paid from future annual operating revenues in the enterprise fund. Postclosure costs are agreed to be covered by revenue from solid waste customer billings which is deposited directly into the Disposal enterprise fund.

Note 14: Debt Without Government Commitment

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

Note 14: Debt Without Government Commitment (Continued)

In September 2001, the City issued for and on behalf of the Community Facilities District No. 2001-1 (Northwest Development Project) \$9,255,000 aggregate principal amount of 2001 Special Tax Bonds to finance the acquisition of certain public improvements with appurtenant work and incidental expenses within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2002 to 2015 are serial bonds payable in annual installments of \$170,000 to \$355,000 while bonds maturing in the year 2022 in the amount of \$3,175,000 and bonds maturing in the year 2026 in the amount of \$2,535,000 are term bonds. The interest rates on the bonds range from 3.75% to 6.45%. The outstanding balance at June 30, 2015, was \$6,065,000.

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, 2015, was \$8,845,000.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

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

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

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

a. Cash and Investments

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

Cash and investments pooled with the City	\$ 3,388,617
Cash and investments with fiscal agent	<u>3,660,745</u>
	<u>\$ 7,049,362</u>

b. Notes Receivable

A note in the amount of \$40,000 is receivable in monthly installments of \$182 beginning in July 2010, including interest payments at 0.9% due from inception. The note is secured by the deed of trust and assignment of rents and is guaranteed by the debtor. The full amount will be due in June 2030. An additional note of \$150,000 is receivable in monthly installments of \$658 beginning in October 2011, including an interest at 0.51% due from inception with annual adjustments to reflect the LAIF rate up to a maximum percentage of 3.17%. The note is secured by the deed of trust. The full amount will be due in October 2031. As of June 30, 2015, the notes receivable balance is \$123,632.

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

c. Capital Assets

An analysis of capital assets as of June 30, 2015, follows:

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

d. Amount Due to City

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

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

CITY OF REDLANDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

e. Long-Term Debt

The following is a summary of changes in the long-term liabilities of the Successor Agency as of June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Fiduciary Activities					
Tax Allocation Bonds					
1998 Refunding Series A	\$ 15,660,000	\$ -	\$ 1,435,000	\$ 14,225,000	\$ 1,500,000
2003 Series A	6,855,000	-	640,000	6,215,000	670,000
2007 Refunding Series A	3,220,000	-	280,000	2,940,000	300,000
Total	\$ 25,735,000	\$ -	\$ 2,355,000	\$ 23,380,000	\$ 2,470,000

A description of the individual issues of bonds of the Successor Agency of the Former Redevelopment Agency outstanding as of June 30, 2015, follows:

1998A Tax Allocation Refunding Bonds

In December of 1998, the Agency issued \$31,805,000 in 1998 Tax Allocation Refunding Bonds, Series A with interest rates of 3.7% to 5%. This was a current refunding of the following: \$6,145,000 of outstanding 1994 Refunding Parking Lease Revenue Bonds with a variable interest rate; \$19,710,000 of outstanding 1994 Subordinated Tax Allocation Refunding Bonds with a variable interest rate; and \$3,680,000 of outstanding 1987 Tax Allocation Refunding Bonds with interest rates of 4.5% to 7%. The net proceeds of \$30,488,750 (after payment of \$1,316,250 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities, those securities were deposited in an irrevocable trust with an escrow agent to refund the noted bonds. As a result, these refunded bonds are considered defeased. The reserve requirement was \$2,151,100 and the reserve as of June 30, 2015 was \$2,237,732. On February 1, 2012, this debt was transferred to the Successor Agency which took over responsibility of winding down the operations of the former Agency upon dissolution. At June 30, 2015, the outstanding principal was \$14,225,000.

The annual debt service requirements as of June 30, 2015, are as follows:

Year Ending June 30	1998A Tax Allocation Bonds	
	Principal	Interest
2016	\$ 1,500,000	\$ 649,725
2017	1,575,000	576,100
2018	1,650,000	498,875
2019	1,725,000	418,056
2020-2023	7,775,000	782,000
Totals	\$ 14,225,000	\$ 2,924,756

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

2003A Tax Allocation Bonds

In November of 2003, the Agency issued \$17,300,000 in 2003 Tax Allocation Bonds, Series A with interest rates of 2% to 4.25%. The proceeds of the bond were used to provide funds for redevelopment activities in the Project Area, fund a deposit to a debt service reserve account, and to pay for costs incurred in connection with the issuance, sale, and delivery of the Series 2003A Bonds, including the premium for a municipal bond insurance policy. Interest on the Series 2003A Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and payable on February 1 and August 1 of each year, commencing February 1, 2004, until maturity or earlier redemption thereof. In August of 2007 a portion of the bond was defeased in an amount equal to \$4,300,000 through unspent proceeds of the bond. The reserve requirement was \$929,109 and the reserve as of June 30, 2015, was \$940,829. On February 1, 2012, this debt was transferred to the Successor Agency which took over responsibility of winding down the operations of the former Agency upon dissolution. At June 30, 2015, the outstanding principal was \$6,215,000.

The annual debt service requirements as of June 30, 2015, are as follows:

Year Ending June 30	2003A Tax Allocation Bonds	
	Principal	Interest
2016	\$ 670,000	\$ 258,781
2017	695,000	230,513
2018	720,000	200,850
2019	760,000	169,109
2020	785,000	134,853
2021-2025	2,585,000	178,788
Totals	<u>\$ 6,215,000</u>	<u>\$ 1,172,894</u>

2007A Tax Allocation Bonds

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

Interest on the Series 2007A Bond will be calculated on the basis of a 360-day year of twelve 30-day months and payable on February 1 and August 1 of each year, commencing February 1, 2008, until maturity in 2022 or earlier redemption thereof. The reserve requirement was \$464,000 and the reserve as of June 30, 2015, was \$477,438. On February 1, 2012 this debt was transferred to the Successor Agency which took over responsibility of winding down the operations of the former Agency upon dissolution. At June 30, 2015, the outstanding principal was \$2,940,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

The annual debt service requirements as of June 30, 2015, are as follows:

Year Ended June 30	2007A Tax Allocation Bonds	
	Principal	Interest
2016	\$ 300,000	\$ 162,322
2017	315,000	144,432
2018	340,000	125,378
2019	350,000	105,306
2019-2023	<u>1,635,000</u>	<u>197,085</u>
Totals	<u>\$ 2,940,000</u>	<u>\$ 734,523</u>

f. Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$28,212,172 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$4,507,639 and the debt service obligation on the bonds was \$3,522,216.

g. Insurance

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

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REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Budgetary Information

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

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

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

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

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	<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, as restated	\$ 28,347,678	\$ 28,347,678	\$ 28,347,678	\$ -
Resources (Inflows):				
Taxes	41,623,000	43,256,768	44,181,939	925,171
Licenses and permits	6,221,401	6,419,906	6,705,813	285,907
Intergovernmental	35,000	304,216	598,987	294,771
Charges for services	6,451,347	6,622,905	6,850,892	227,987
Use of money and property	129,000	184,950	229,776	44,826
Miscellaneous	46,400	1,178,902	878,621	(300,281)
Transfers in	4,347,693	4,626,790	4,888,212	261,422
Proceeds from sale of capital asset	8,000	16,018	15,711	(307)
Amounts Available for Appropriations	87,209,519	90,958,133	92,697,629	1,739,496
Charges to Appropriations (Outflow):				
General government				
City council	270,427	282,403	291,264	(8,861)
City clerk	221,636	256,971	196,530	60,441
City manager	691,066	734,332	882,886	(148,554)
Finance	1,975,732	2,009,400	1,827,087	182,313
City attorney	506,502	496,578	504,914	(8,336)
Human resources	3,475,358	3,308,240	3,301,201	7,039
Building maintenance	1,309,257	1,348,711	1,265,655	83,056
Development services	2,577,803	2,833,805	2,134,326	699,479
Public safety				
Police	22,802,403	21,913,342	21,780,548	132,794
Fire	10,104,428	10,579,546	10,654,671	(75,125)
Culture and recreation				
Community services	786,556	755,898	742,408	13,490
Parks	1,532,324	1,515,456	1,571,382	(55,926)
Highway and streets	3,765,785	3,518,583	3,541,150	(22,567)
Library	1,800,769	1,796,205	1,824,593	(28,388)
Capital outlay	540,000	4,042,719	2,352,008	1,690,711
Debt service:				
Principal retirement	207,018	211,483	211,482	1
Interest and fiscal charges	51,590	47,126	47,126	-
Transfers out	4,504,360	7,722,655	7,656,924	65,731
Contribution to other governments	-	-	100,919	(100,919)
Total Charges to Appropriations	57,123,014	63,373,453	60,887,074	2,486,379
Budgetary Fund Balance, June 30	\$ 30,086,505	\$ 27,584,680	\$ 31,810,555	\$ 4,225,875

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
LOCAL TRANSPORTATION
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,036,946	\$ 1,036,946	\$ 1,036,946	\$ -
Resources (Inflows):				
Intergovernmental	26,000	3,339,217	432,662	(2,906,555)
Use of money and property	10,000	10,000	19,335	9,335
Miscellaneous	-	3,521,339	348,822	(3,172,517)
Transfers in	3,245,574	3,056,775	16,485,485	13,428,710
State loan issued	4,035,000	3,050,000	-	(3,050,000)
Amounts Available for Appropriations	8,353,520	14,014,277	18,323,250	4,308,973
Charges to Appropriations (Outflow):				
Highway and streets	1,396,057	1,613,944	1,441,192	172,752
Capital outlay	9,113,100	23,655,035	16,252,221	7,402,814
Total Charges to Appropriations	10,509,157	25,268,979	17,693,413	7,575,566
Budgetary Fund Balance, June 30	\$ (2,155,637)	\$ (11,254,702)	\$ 629,837	\$ 11,884,539

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FACILITIES DEVELOPMENT
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (7,969,786)	\$ (7,969,786)	\$ (7,969,786)	\$ -
Resources (Inflows):				
Licenses and permits	794,000	1,129,000	1,676,140	547,140
Amounts Available for Appropriations	(7,175,786)	(6,840,786)	(6,293,646)	547,140
Charges to Appropriations (Outflow):				
Highway and streets	15,500	15,500	33,523	(18,023)
Debt service:				
Interest and fiscal charges	-	-	2,108	(2,108)
Transfers out	1,081,395	1,081,395	1,081,395	-
Total Charges to Appropriations	1,096,895	1,096,895	1,117,026	(20,131)
Budgetary Fund Balance, June 30	\$ (8,272,681)	\$ (7,937,681)	\$ (7,410,672)	\$ 527,009

CITY OF REDLANDS

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

	<u>2015</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 2,703,390
Interest	9,786,094
Benefit Payments, Including Refunds of employee Contributions	(7,031,419)
Net Change in Total Pension Liability	<u>5,458,065</u>
Total Pension Liability - Beginning	<u>132,645,267</u>
Total Pension Liability - Ending (a)	<u><u>\$ 138,103,332</u></u>
PLAN FIDUCIARY NET POSITION	
Contribution - Employer	\$ 2,614,893
Contribution - Employee	1,378,971
Net Investment Income (2)	16,743,903
Benefit Payments, Including Refunds of Employee Contributions	(7,031,419)
Net Change in Fiduciary Net Position	<u>13,706,348</u>
Plan Fiduciary Net Position - Beginning	<u>97,842,061</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 111,548,409</u></u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u><u>\$ 26,554,923</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.77%
Covered-Employee Payroll	\$ 16,826,776
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	157.81%

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

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

CITY OF REDLANDS

**PENSION PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Actuarially Determined Contribution	\$ 2,752,528
Contribution in Relation to the Actuarially Determined Contribution	<u>(2,752,528)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll (3) (4)	\$ 17,548,793
Contributions as a Percentage of Covered-Employee Payroll (3)	15.68%

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

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Assets valuation method	5-year smoothed market
Inflation	2.75%
Salary Increases	4.5% average, including inflation of 3.0%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	Minimum 50 years
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF REDLANDS

**SAFETY COST SHARING MULTIPLE-EMPLOYER PLANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Proportion of the Net Pension Liability	
Safety Fire Plan	0.31071%
Safety Police Plan	0.37882%
Proportionate Share of the Net Pension Liability	
Safety Fire Plan	\$ 19,333,929
Safety Police Plan	23,571,857
Covered-Employee Payroll	
Safety Fire Plan	\$ 6,181,999
Safety Police Plan	8,864,442
	<u>\$ 15,046,441</u>
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	
Safety Fire Plan	312.75%
Safety Police Plan	265.91%
Total Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	
Safety Fire Plan	81.08%
Safety Police Plan	83.03%

Notes to Schedule:

Benefit Changes: None.

Changes of Assumptions: None.

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

CITY OF REDLANDS

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

	<u>2015</u>
Actuarially Determined Contribution	
Safety Fire Plan	\$ 1,731,614
Safety Police Plan	2,515,366
Contribution in Relation to the Actuarially Determined Contribution	(4,246,980)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 14,342,188
Contributions as a Percentage of Covered-Employee Payroll	29.61%

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

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level percent of payroll
	30- year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period
Remaining amortization period	period
Assets valuation method	Market value
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment rate of return	7.50% net of pension plan investment expense, including inflation
	Minimum 50 years for miscellaneous tier 1, miscellaneous tier 2, safety tier 1, safety tier 2, and safety PEPRA. Minimum 52 years for miscellaneous PEPRA
Retirement age	
Mortality	Derived using CalPERS' Membership Data for all Funds

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds			
	Emergency Service	Household Hazardous Waste	State Gas Tax	Measure I Sales Tax
Assets:				
Cash and investments	\$ 224,498	\$ 136,487	\$ 451	\$ 3,790,130
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	9,882	-	-
Taxes	13,773	-	-	-
Due from other governments	-	37,911	-	-
Advances to other funds	-	-	-	-
Total Assets	\$ 238,271	\$ 184,280	\$ 451	\$ 3,790,130
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,560	\$ 36	\$ -	\$ 2,335,556
Accrued payroll	244,705	-	-	12,208
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	247,265	36	-	2,347,764
Deferred Inflows of Resources:				
Unavailable revenues	-	37,007	-	-
Total Deferred Inflows of Resources	-	37,007	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	147,237	451	1,442,366
Committed	-	-	-	-
Unassigned	(8,994)	-	-	-
Total Fund Balances	(8,994)	147,237	451	1,442,366
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 238,271	\$ 184,280	\$ 451	\$ 3,790,130

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

Special Revenue Funds

	Air Quality Improvement	Traffic Safety	Measure I (2010)	Open Space
Assets:				
Cash and investments	\$ 352,891	\$ 294	\$ 5,884,156	\$ 672,363
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	22,751	2,997	-	-
Taxes	-	-	174,544	-
Due from other governments	-	10,955	-	-
Advances to other funds	-	-	-	113,080
Total Assets	\$ 375,642	\$ 14,246	\$ 6,058,700	\$ 785,443
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 8,670	\$ -	\$ -
Accrued payroll	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	8,670	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	113,080
Restricted	375,642	5,576	6,058,700	-
Committed	-	-	-	672,363
Unassigned	-	-	-	-
Total Fund Balances	375,642	5,576	6,058,700	785,443
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 375,642	\$ 14,246	\$ 6,058,700	\$ 785,443

CITY OF REDLANDS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds			
	Downtown Redlands Business Area	Parking Authority	General Capital Improvement	Community Development Block Grant
Assets:				
Cash and investments	\$ 185,938	\$ 29,337	\$ -	\$ 9,175
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	5,044	463	85,000	-
Taxes	-	-	-	-
Due from other governments	11,945	-	218,300	43,014
Advances to other funds	-	-	-	-
Total Assets	\$ 202,927	\$ 29,800	\$ 303,300	\$ 52,189
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 20,409	\$ 2,999	\$ 38,168	\$ 19,165
Accrued payroll	10,392	-	5,869	1,188
Unearned revenues	-	-	10,080	14,464
Deposits payable	-	46,101	-	-
Due to other governments	-	-	-	22,981
Due to other funds	-	-	248,534	-
Total Liabilities	30,801	49,100	302,651	57,798
Deferred Inflows of Resources:				
Unavailable revenues	11,945	-	326,347	-
Total Deferred Inflows of Resources	11,945	-	326,347	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	160,181	-	-	-
Unassigned	-	(19,300)	(325,698)	(5,609)
Total Fund Balances	160,181	(19,300)	(325,698)	(5,609)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 202,927	\$ 29,800	\$ 303,300	\$ 52,189

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Asset Forfeiture	Police Grants	Supplemental Law Enforcement	Park and Open Space
Assets:				
Cash and investments	\$ 680,784	\$ 50,249	\$ 208,177	\$ 1,049,004
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Due from other governments	91,240	81,432	-	-
Advances to other funds	-	-	-	113,080
Total Assets	\$ 772,024	\$ 131,681	\$ 208,177	\$ 1,162,084
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 4,060	\$ 4,878	\$ 2,940	\$ 208,856
Accrued payroll	-	5,465	6,363	-
Unearned revenues	-	20,611	220,207	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	4,060	30,954	229,510	208,856
Deferred Inflows of Resources:				
Unavailable revenues	-	54,742	-	-
Total Deferred Inflows of Resources	-	54,742	-	-
Fund Balances:				
Nonspendable	-	-	-	113,080
Restricted	767,964	45,985	-	-
Committed	-	-	-	840,148
Unassigned	-	-	(21,333)	-
Total Fund Balances	767,964	45,985	(21,333)	953,228
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 772,024	\$ 131,681	\$ 208,177	\$ 1,162,084

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds			
	Arterial Street Construction	Traffic Signals	Freeway Interchanges	Street Lighting District #1
Assets:				
Cash and investments	\$ 1,788,988	\$ 904,729	\$ 2,390,004	\$ -
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	313
Due from other governments	-	-	-	-
Advances to other funds	-	-	-	-
Total Assets	\$ 1,788,988	\$ 904,729	\$ 2,390,004	\$ 313
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	306
Unearned revenues	-	-	-	-
Deposits payable	-	57,820	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	57,820	-	306
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	7
Committed	1,788,988	846,909	2,390,004	-
Unassigned	-	-	-	-
Total Fund Balances	1,788,988	846,909	2,390,004	7
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,788,988	\$ 904,729	\$ 2,390,004	\$ 313

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			Capital Projects Funds
	CFD 2004-1 Assessment	Landscape Maintenance District	Disaster Recovery	Storm Drain
Assets:				
Cash and investments	\$ 306,418	\$ 1,273	\$ -	\$ 1,799,916
Cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	33	149	-	-
Due from other governments	-	-	57,671	-
Advances to other funds	-	-	-	101,180
Total Assets	\$ 306,451	\$ 1,422	\$ 57,671	\$ 1,901,096
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 16,386	\$ 1,117	\$ -	\$ 79,712
Accrued payroll	306	306	-	1,704
Unearned revenues	-	-	-	-
Deposits payable	121,933	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	57,671	-
Total Liabilities	138,625	1,423	57,671	81,416
Deferred Inflows of Resources:				
Unavailable revenues	-	-	57,671	-
Total Deferred Inflows of Resources	-	-	57,671	-
Fund Balances:				
Nonspendable	-	-	-	101,180
Restricted	167,826	-	-	1,718,500
Committed	-	-	-	-
Unassigned	-	(1)	(57,671)	-
Total Fund Balances	167,826	(1)	(57,671)	1,819,680
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 306,451	\$ 1,422	\$ 57,671	\$ 1,901,096

CITY OF REDLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Debt Service Funds		Permanent Funds	Total Governmental Funds
	General Debt Service	Redlands Public Improvement Corporation	Cemetery Endowment	
Assets:				
Cash and investments	\$ -	\$ -	\$ 2,019,457	\$ 22,484,719
Cash and investments with fiscal agents	2,120,868	-	-	2,120,868
Receivables:				
Accounts	-	-	7,260	133,397
Taxes	8,569	-	-	197,381
Due from other governments	-	-	-	552,468
Advances to other funds	-	-	68,685	396,025
Total Assets	\$ 2,129,437	\$ -	\$ 2,095,402	\$ 25,884,858
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 876	\$ -	\$ -	\$ 2,746,388
Accrued payroll	-	-	-	288,812
Unearned revenues	-	-	-	265,362
Deposits payable	-	-	-	225,854
Due to other governments	-	-	-	22,981
Due to other funds	-	-	-	306,205
Total Liabilities	876	-	-	3,855,602
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	487,712
Total Deferred Inflows of Resources	-	-	-	487,712
Fund Balances:				
Nonspendable	-	-	-	327,340
Restricted	2,128,561	-	2,095,402	14,954,217
Committed	-	-	-	6,698,593
Unassigned	-	-	-	(438,606)
Total Fund Balances	2,128,561	-	2,095,402	21,541,544
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,129,437	\$ -	\$ 2,095,402	\$ 25,884,858

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CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Emergency Service	Household Hazardous Waste	State Gas Tax	Measure I Sales Tax
Revenues:				
Taxes	\$ 1,090,595	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	35,987	1,806,729	-
Charges for services	9,862	115,669	-	-
Use of money and property	-	-	-	24,869
Miscellaneous	8,185	-	-	-
Total Revenues	1,108,642	151,656	1,806,729	24,869
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	4,146,834	176,295	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	-	-	196,850
Capital outlay	-	2,979	-	1,036,619
Debt service:				
Principal retirement	39,400	-	-	-
Interest and fiscal charges	2,934	-	-	-
Total Expenditures	4,189,168	179,274	-	1,233,469
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,080,526)	(27,618)	1,806,729	(1,208,600)
Other Financing Sources (Uses):				
Transfers in	3,265,641	-	-	-
Transfers out	-	-	(2,018,323)	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	3,265,641	-	(2,018,323)	-
Net Change in Fund Balances	185,115	(27,618)	(211,594)	(1,208,600)
Fund Balances, Beginning of Year	(194,109)	174,855	212,045	2,650,966
Fund Balances, End of Year	\$ (8,994)	\$ 147,237	\$ 451	\$ 1,442,366

CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Air Quality Improvement</u>	<u>Traffic Safety</u>	<u>Measure I (2010)</u>	<u>Open Space</u>
Revenues:				
Taxes	\$ -	\$ -	\$ 1,113,124	\$ -
Licenses and permits	-	209,811	-	62,839
Intergovernmental	86,704	-	-	-
Charges for services	-	-	-	-
Use of money and property	4,864	-	47,060	9,383
Miscellaneous	-	-	-	-
Total Revenues	91,568	209,811	1,160,184	72,222
Expenditures:				
Current:				
General government	90,000	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	3,090
Highway and streets	-	-	-	-
Capital outlay	248,137	-	-	1,500,763
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	338,137	-	-	1,503,853
Excess (Deficiency) of Revenues Over (Under) Expenditures	(246,569)	209,811	1,160,184	(1,431,631)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(18,329)	(219,254)	-	-
Proceeds from sale of capital asset	-	-	-	372
Total Other Financing Sources (Uses)	(18,329)	(219,254)	-	372
Net Change in Fund Balances	(264,898)	(9,443)	1,160,184	(1,431,259)
Fund Balances, Beginning of Year	640,540	15,019	4,898,516	2,216,702
Fund Balances, End of Year	\$ 375,642	\$ 5,576	\$ 6,058,700	\$ 785,443

CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Downtown Redlands Business Area	Parking Authority	General Capital Improvement	Community Development Block Grant
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	4,994	-	729,378	844,010
Charges for services	306,672	-	-	-
Use of money and property	2,191	6,631	-	-
Miscellaneous	18,904	-	-	-
Total Revenues	332,761	6,631	729,378	844,010
Expenditures:				
Current:				
General government	342,536	21,583	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	261,444
Highway and streets	-	-	479,660	-
Capital outlay	60,390	-	576,536	582,565
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	402,926	21,583	1,056,196	844,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,165)	(14,952)	(326,818)	1
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(70,165)	(14,952)	(326,818)	1
Fund Balances, Beginning of Year	230,346	(4,348)	1,120	(5,610)
Fund Balances, End of Year	\$ 160,181	\$ (19,300)	\$ (325,698)	\$ (5,609)

CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Asset Forfeiture	Police Grants	Supplemental Law Enforcement	Park and Open Space
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	256,925
Intergovernmental	-	811,240	100,720	-
Charges for services	-	-	-	-
Use of money and property	2,347	-	1,673	9,997
Miscellaneous	410,087	80,000	-	86,180
Total Revenues	412,434	891,240	102,393	353,102
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	184,232	847,244	101,844	-
Culture and recreation	-	-	-	213,337
Highway and streets	-	-	-	-
Capital outlay	64,273	17,157	-	283,499
Debt service:				
Principal retirement	-	-	-	50,592
Interest and fiscal charges	-	-	-	51,858
Total Expenditures	248,505	864,401	101,844	599,286
Excess (Deficiency) of Revenues Over (Under) Expenditures	163,929	26,839	549	(246,184)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(2,020)	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	(2,020)	-	-
Net Change in Fund Balances	163,929	24,819	549	(246,184)
Fund Balances, Beginning of Year	604,035	21,166	(21,882)	1,199,412
Fund Balances, End of Year	\$ 767,964	\$ 45,985	\$ (21,333)	\$ 953,228

CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Arterial Street Construction	Traffic Signals	Freeway Interchanges	Street Lighting District #1
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 25,157
Licenses and permits	1,029,510	106,801	1,507,207	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	20,725	7,802	13,081	-
Miscellaneous	-	-	-	-
Total Revenues	1,050,235	114,603	1,520,288	25,157
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Highway and streets	44,080	13,884	34,065	25,376
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	44,080	13,884	34,065	25,376
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,006,155	100,719	1,486,223	(219)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(1,000,000)	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	(1,000,000)	-	-	-
Net Change in Fund Balances	6,155	100,719	1,486,223	(219)
Fund Balances, Beginning of Year	1,782,833	746,190	903,781	226
Fund Balances, End of Year	\$ 1,788,988	\$ 846,909	\$ 2,390,004	\$ 7

CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			Capital Projects Funds
	CFD 2004-1 Assessment	Landscape Maintenance District	Disaster Recovery	Storm Drain
Revenues:				
Taxes	\$ 131,421	\$ 29,192	\$ -	\$ -
Licenses and permits	-	-	-	27,427
Intergovernmental	-	-	150,841	-
Charges for services	-	-	-	-
Use of money and property	2,545	-	-	18,169
Miscellaneous	-	-	-	-
Total Revenues	133,966	29,192	150,841	45,596
Expenditures:				
Current:				
General government	114,955	38,759	29,657	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	-	-	297,357
Capital outlay	-	-	129,643	39,835
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	114,955	38,759	159,300	337,192
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,011	(9,567)	(8,459)	(291,596)
Other Financing Sources (Uses):				
Transfers in	-	9,819	521,754	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	9,819	521,754	-
Net Change in Fund Balances	19,011	252	513,295	(291,596)
Fund Balances, Beginning of Year	148,815	(253)	(570,966)	2,111,276
Fund Balances, End of Year	\$ 167,826	\$ (1)	\$ (57,671)	\$ 1,819,680

CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Debt Service Funds		Permanent Funds	Total Governmental Funds
	General Debt Service	Redlands Public Improvement Corporation	Cemetery Endowment	
Revenues:				
Taxes	\$ 43,745	\$ -	\$ -	\$ 2,433,234
Licenses and permits	-	-	-	3,200,520
Intergovernmental	-	-	-	4,570,603
Charges for services	-	-	-	432,203
Use of money and property	10,853	-	-	182,190
Miscellaneous	-	-	70,180	673,536
Total Revenues	54,598	-	70,180	11,492,286
Expenditures:				
Current:				
General government	-	-	-	637,490
Public safety	-	-	-	5,456,449
Culture and recreation	-	-	-	477,871
Highway and streets	-	-	-	1,091,272
Capital outlay	-	-	-	4,542,396
Debt service:				
Principal retirement	1,670,000	1,730,000	-	3,489,992
Interest and fiscal charges	1,049,556	189,420	-	1,293,768
Total Expenditures	2,719,556	1,919,420	-	16,989,238
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,664,958)	(1,919,420)	70,180	(5,496,952)
Other Financing Sources (Uses):				
Transfers in	2,851,600	1,919,420	-	8,568,234
Transfers out	(1,984,180)	-	-	(5,242,106)
Proceeds from sale of capital asset	-	-	-	372
Total Other Financing Sources (Uses)	867,420	1,919,420	-	3,326,500
Net Change in Fund Balances	(1,797,538)	-	70,180	(2,170,452)
Fund Balances, Beginning of Year	3,926,099	-	2,025,222	23,711,996
Fund Balances, End of Year	\$ 2,128,561	\$ -	\$ 2,095,402	\$ 21,541,544

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICE
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (194,109)	\$ (194,109)	\$ (194,109)	\$ -
Resources (Inflows):				
Taxes	1,100,000	1,100,000	1,090,595	(9,405)
Charges for services	12,000	15,000	9,862	(5,138)
Miscellaneous	33,000	3,000	8,185	5,185
Transfers in	2,884,650	3,287,946	3,265,641	(22,305)
Amounts Available for Appropriations	3,835,541	4,211,837	4,180,174	(31,663)
Charges to Appropriations (Outflow):				
Public safety	3,987,317	4,162,465	4,146,834	15,631
Capital outlay	-	7,038	-	7,038
Debt service:				
Principal retirement	39,400	39,400	39,400	-
Interest and fiscal charges	2,934	2,934	2,934	-
Total Charges to Appropriations	4,029,651	4,211,837	4,189,168	22,669
Budgetary Fund Balance, June 30	\$ (194,110)	\$ -	\$ (8,994)	\$ (8,994)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
HOUSEHOLD HAZARDOUS WASTE
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 174,855	\$ 174,855	\$ 174,855	\$ -
Resources (Inflows):				
Intergovernmental	-	36,120	35,987	(133)
Charges for services	115,000	114,500	115,669	1,169
Amounts Available for Appropriations	289,855	325,475	326,511	1,036
Charges to Appropriations (Outflow):				
Public safety	168,946	126,071	176,295	(50,224)
Capital outlay	-	2,979	2,979	-
Total Charges to Appropriations	168,946	129,050	179,274	(50,224)
Budgetary Fund Balance, June 30	\$ 120,909	\$ 196,425	\$ 147,237	\$ (49,188)

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 212,045	\$ 212,045	\$ 212,045	\$ -
Resources (Inflows):				
Intergovernmental	1,803,224	2,044,820	1,806,729	(238,091)
Amounts Available for Appropriations	2,015,269	2,256,865	2,018,774	(238,091)
Charges to Appropriations (Outflow):				
Transfers out	1,803,224	2,044,820	2,018,323	26,497
Total Charges to Appropriations	1,803,224	2,044,820	2,018,323	26,497
Budgetary Fund Balance, June 30	\$ 212,045	\$ 212,045	\$ 451	\$ (211,594)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
MEASURE I SALES TAX
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,650,966	\$ 2,650,966	\$ 2,650,966	\$ -
Resources (Inflows):				
Use of money and property	-	30,000	24,869	(5,131)
Transfers in	1,106,265	1,106,265	-	(1,106,265)
Amounts Available for Appropriations	3,757,231	3,787,231	2,675,835	(1,111,396)
Charges to Appropriations (Outflow):				
Highway and streets	244,082	201,568	196,850	4,718
Capital outlay	862,183	2,479,396	1,036,619	1,442,777
Total Charges to Appropriations	1,106,265	2,680,964	1,233,469	1,447,495
Budgetary Fund Balance, June 30	\$ 2,650,966	\$ 1,106,267	\$ 1,442,366	\$ 336,099

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 640,540	\$ 640,540	\$ 640,540	\$ -
Resources (Inflows):				
Intergovernmental	81,000	81,000	86,704	5,704
Use of money and property	4,500	5,000	4,864	(136)
Amounts Available for Appropriations	726,040	726,540	732,108	5,568
Charges to Appropriations (Outflow):				
General government	-	29,969	90,000	(60,031)
Capital outlay	-	485,502	248,137	237,365
Transfers out	-	-	18,329	(18,329)
Total Charges to Appropriations	-	515,471	356,466	159,005
Budgetary Fund Balance, June 30	\$ 726,040	\$ 211,069	\$ 375,642	\$ 164,573

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC SAFETY
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 15,019	\$ 15,019	\$ 15,019	\$ -
Resources (Inflows):				
Licenses and permits	258,450	184,300	209,811	25,511
Amounts Available for Appropriations	273,469	199,319	224,830	25,511
Charges to Appropriations (Outflow):				
General government	750	750	-	750
Transfers out	257,700	198,569	219,254	(20,685)
Total Charges to Appropriations	258,450	199,319	219,254	(19,935)
Budgetary Fund Balance, June 30	\$ 15,019	\$ -	\$ 5,576	\$ 5,576

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
MEASURE I (2010)
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,898,516	\$ 4,898,516	\$ 4,898,516	\$ -
Resources (Inflows):				
Taxes	975,000	1,020,500	1,113,124	92,624
Use of money and property	15,000	50,000	47,060	(2,940)
Amounts Available for Appropriations	5,888,516	5,969,016	6,058,700	89,684
Charges to Appropriations (Outflow):				
Transfers out	1,106,265	-	-	-
Total Charges to Appropriations	1,106,265	-	-	-
Budgetary Fund Balance, June 30	\$ 4,782,251	\$ 5,969,016	\$ 6,058,700	\$ 89,684

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
OPEN SPACE
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,216,702	\$ 2,216,702	\$ 2,216,702	\$ -
Resources (Inflows):				
Licenses and permits	50,000	70,000	62,839	(7,161)
Use of money and property	10,000	10,000	9,383	(617)
Proceeds from sale of capital asset	-	372	372	-
Amounts Available for Appropriations	2,276,702	2,297,074	2,289,296	(7,778)
Charges to Appropriations (Outflow):				
Culture and recreation	7,000	7,189	3,090	4,099
Capital outlay	-	1,500,763	1,500,763	-
Total Charges to Appropriations	7,000	1,507,952	1,503,853	4,099
Budgetary Fund Balance, June 30	\$ 2,269,702	\$ 789,122	\$ 785,443	\$ (3,679)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
DOWNTOWN REDLANDS BUSINESS AREA
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 230,346	\$ 230,346	\$ 230,346	\$ -
Resources (Inflows):				
Intergovernmental	-	79,056	4,994	(74,062)
Charges for services	250,000	270,000	306,672	36,672
Use of money and property	1,500	2,000	2,191	191
Miscellaneous	28,100	25,192	18,904	(6,288)
Amounts Available for Appropriations	509,946	606,594	563,107	(43,487)
Charges to Appropriations (Outflow):				
General government	394,616	452,647	342,536	110,111
Capital outlay	65,000	65,000	60,390	4,610
Total Charges to Appropriations	459,616	517,647	402,926	114,721
Budgetary Fund Balance, June 30	\$ 50,330	\$ 88,947	\$ 160,181	\$ 71,234

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE
 PARKING AUTHORITY
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (4,348)	\$ (4,348)	\$ (4,348)	\$ -
Resources (Inflows):				
Use of money and property	7,000	6,500	6,631	131
Amounts Available for Appropriations	2,652	2,152	2,283	131
Charges to Appropriations (Outflow):				
General government	18,916	20,316	21,583	(1,267)
Total Charges to Appropriations	18,916	20,316	21,583	(1,267)
Budgetary Fund Balance, June 30	\$ (16,264)	\$ (18,164)	\$ (19,300)	\$ (1,136)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
GENERAL CAPITAL IMPROVEMENT
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,120	\$ 1,120	\$ 1,120	\$ -
Resources (Inflows):				
Intergovernmental	-	2,210,975	729,378	(1,481,597)
Amounts Available for Appropriations	1,120	2,212,095	730,498	(1,481,597)
Charges to Appropriations (Outflow):				
Highway and streets	-	637,694	479,660	158,034
Capital outlay	-	1,574,400	576,536	997,864
Total Charges to Appropriations	-	2,212,094	1,056,196	1,155,898
Budgetary Fund Balance, June 30	\$ 1,120	\$ 1	\$ (325,698)	\$ (325,699)

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (5,610)	\$ (5,610)	\$ (5,610)	\$ -
Resources (Inflows):				
Intergovernmental	433,050	1,055,245	844,010	(211,235)
Amounts Available for Appropriations	427,440	1,049,635	838,400	(211,235)
Charges to Appropriations (Outflow):				
Culture and recreation	181,185	308,603	261,444	47,159
Capital outlay	251,865	741,033	582,565	158,468
Total Charges to Appropriations	433,050	1,049,636	844,009	205,627
Budgetary Fund Balance, June 30	\$ (5,610)	\$ (1)	\$ (5,609)	\$ (5,608)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
ASSET FORFEITURE
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 604,035	\$ 604,035	\$ 604,035	\$ -
Resources (Inflows):				
Use of money and property	-	-	2,347	2,347
Miscellaneous	319,175	190,698	410,087	219,389
Amounts Available for Appropriations	923,210	794,733	1,016,469	221,736
Charges to Appropriations (Outflow):				
Public safety	310,077	187,849	184,232	3,617
Capital outlay	67,169	100,658	64,273	36,385
Total Charges to Appropriations	377,246	288,507	248,505	40,002
Budgetary Fund Balance, June 30	\$ 545,964	\$ 506,226	\$ 767,964	\$ 261,738

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
POLICE GRANTS
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 21,166	\$ 21,166	\$ 21,166	\$ -
Resources (Inflows):				
Intergovernmental	-	1,272,326	811,240	(461,086)
Miscellaneous	-	80,000	80,000	-
Amounts Available for Appropriations	21,166	1,373,492	912,406	(461,086)
Charges to Appropriations (Outflow):				
Public safety	-	1,331,144	847,244	483,900
Capital outlay	-	42,347	17,157	25,190
Transfers out	-	-	2,020	(2,020)
Total Charges to Appropriations	-	1,373,491	866,421	507,070
Budgetary Fund Balance, June 30	\$ 21,166	\$ 1	\$ 45,985	\$ 45,984

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (21,882)	\$ (21,882)	\$ (21,882)	\$ -
Resources (Inflows):				
Intergovernmental	106,643	107,291	100,720	(6,571)
Use of money and property	-	1,686	1,673	(13)
Amounts Available for Appropriations	84,761	87,095	80,511	(6,584)
Charges to Appropriations (Outflow):				
Public safety	106,643	103,867	101,844	2,023
Total Charges to Appropriations	106,643	103,867	101,844	2,023
Budgetary Fund Balance, June 30	\$ (21,882)	\$ (16,772)	\$ (21,333)	\$ (4,561)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
PARK AND OPEN SPACE
YEAR ENDED JUNE 30, 2015**

	<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	\$ 1,199,412	\$ 1,199,412	\$ 1,199,412	\$ -
Resources (Inflows):				
Licenses and permits	40,000	200,000	256,925	56,925
Use of money and property	5,500	9,000	9,997	997
Miscellaneous	-	86,180	86,180	-
Amounts Available for Appropriations	1,244,912	1,494,592	1,552,514	57,922
Charges to Appropriations (Outflow):				
Culture and recreation	15,015	126,778	213,337	(86,559)
Capital outlay	-	580,060	283,499	296,561
Debt service:				
Principal retirement	50,529	50,529	50,592	(63)
Interest and fiscal charges	51,858	51,858	51,858	-
Total Charges to Appropriations	117,402	809,225	599,286	209,939
Budgetary Fund Balance, June 30	\$ 1,127,510	\$ 685,367	\$ 953,228	\$ 267,861

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
ARTERIAL STREET CONSTRUCTION
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,782,833	\$ 1,782,833	\$ 1,782,833	\$ -
Resources (Inflows):				
Licenses and permits	205,000	1,226,854	1,029,510	(197,344)
Use of money and property	17,000	17,000	20,725	3,725
Amounts Available for Appropriations	2,004,833	3,026,687	2,833,068	(193,619)
Charges to Appropriations (Outflow):				
Highway and streets	5,000	27,295	44,080	(16,785)
Transfers out	1,165,000	1,000,000	1,000,000	-
Total Charges to Appropriations	1,170,000	1,027,295	1,044,080	(16,785)
Budgetary Fund Balance, June 30	\$ 834,833	\$ 1,999,392	\$ 1,788,988	\$ (210,404)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SIGNALS
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 746,190	\$ 746,190	\$ 746,190	\$ -
Resources (Inflows):				
Licenses and permits	20,000	110,000	106,801	(3,199)
Use of money and property	6,600	6,600	7,802	1,202
Amounts Available for Appropriations	772,790	862,790	860,793	(1,997)
Charges to Appropriations (Outflow):				
Highway and streets	2,000	17,000	13,884	3,116
Transfers out	33,800	-	-	-
Total Charges to Appropriations	35,800	17,000	13,884	3,116
Budgetary Fund Balance, June 30	\$ 736,990	\$ 845,790	\$ 846,909	\$ 1,119

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
 FREEWAY INTERCHANGES
 YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 903,781	\$ 903,781	\$ 903,781	\$ -
Resources (Inflows):				
Licenses and permits	50,000	600,000	1,507,207	907,207
Use of money and property	5,260	7,500	13,081	5,581
Amounts Available for Appropriations	959,041	1,511,281	2,424,069	912,788
Charges to Appropriations (Outflow):				
Highway and streets	4,500	8,221	34,065	(25,844)
Total Charges to Appropriations	4,500	8,221	34,065	(25,844)
Budgetary Fund Balance, June 30	\$ 954,541	\$ 1,503,060	\$ 2,390,004	\$ 886,944

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING DISTRICT #1
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 226	\$ 226	\$ 226	\$ -
Resources (Inflows):				
Taxes	25,000	25,500	25,157	(343)
Amounts Available for Appropriations	25,226	25,726	25,383	(343)
Charges to Appropriations (Outflow):				
Highway and streets	25,000	25,000	25,376	(376)
Total Charges to Appropriations	25,000	25,000	25,376	(376)
Budgetary Fund Balance, June 30	\$ 226	\$ 726	\$ 7	\$ (719)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
CFD 2004-1 ASSESSMENT
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 148,815	\$ 148,815	\$ 148,815	\$ -
Resources (Inflows):				
Taxes	125,000	125,000	131,421	6,421
Use of money and property	3,500	2,500	2,545	45
Amounts Available for Appropriations	277,315	276,315	282,781	6,466
Charges to Appropriations (Outflow):				
General government	105,355	90,773	114,955	(24,182)
Total Charges to Appropriations	105,355	90,773	114,955	(24,182)
Budgetary Fund Balance, June 30	\$ 171,960	\$ 185,542	\$ 167,826	\$ (17,716)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
LANDSCAPE MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (253)	\$ (253)	\$ (253)	\$ -
Resources (Inflows):				
Taxes	30,000	30,000	29,192	(808)
Transfers in	-	-	9,819	9,819
Amounts Available for Appropriations	29,747	29,747	38,758	9,011
Charges to Appropriations (Outflow):				
General government	30,000	30,001	38,759	(8,758)
Total Charges to Appropriations	30,000	30,001	38,759	(8,758)
Budgetary Fund Balance, June 30	\$ (253)	\$ (254)	\$ (1)	\$ 253

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
DISASTER RECOVERY
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (570,966)	\$ (570,966)	\$ (570,966)	\$ -
Resources (Inflows):				
Intergovernmental	-	215,182	150,841	(64,341)
Transfers in	-	575,000	521,754	(53,246)
Amounts Available for Appropriations	(570,966)	219,216	101,629	(117,587)
Charges to Appropriations (Outflow):				
General government	-	29,658	29,657	1
Capital outlay	-	185,524	129,643	55,881
Total Charges to Appropriations	-	215,182	159,300	55,882
Budgetary Fund Balance, June 30	\$ (570,966)	\$ 4,034	\$ (57,671)	\$ (61,705)

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
STORM DRAIN
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,111,276	\$ 2,111,276	\$ 2,111,276	\$ -
Resources (Inflows):				
Licenses and permits	10,000	25,000	27,427	2,427
Use of money and property	20,000	20,000	18,169	(1,831)
Amounts Available for Appropriations	2,141,276	2,156,276	2,156,872	596
Charges to Appropriations (Outflow):				
Highway and streets	65,918	298,755	297,357	1,398
Capital outlay	-	240,643	39,835	200,808
Total Charges to Appropriations	65,918	539,398	337,192	202,206
Budgetary Fund Balance, June 30	\$ 2,075,358	\$ 1,616,878	\$ 1,819,680	\$ 202,802

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,926,099	\$ 3,926,099	\$ 3,926,099	\$ -
Resources (Inflows):				
Taxes	-	50,901	43,745	(7,156)
Use of money and property	1,000	10,554	10,853	299
Transfers in	2,714,337	2,719,432	2,851,600	132,168
Amounts Available for Appropriations	6,641,436	6,706,986	6,832,297	125,311
Charges to Appropriations (Outflow):				
Debt service:				
Principal retirement	1,670,000	1,670,000	1,670,000	-
Interest and fiscal charges	1,048,557	1,049,432	1,049,556	(124)
Transfers out	1,900,000	1,998,500	1,984,180	14,320
Total Charges to Appropriations	4,618,557	4,717,932	4,703,736	14,196
Budgetary Fund Balance, June 30	\$ 2,022,879	\$ 1,989,054	\$ 2,128,561	\$ 139,507

CITY OF REDLANDS

**BUDGETARY COMPARISON SCHEDULE
 REDLANDS PUBLIC IMPROVEMENT CORPORATION
 YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Transfers in	1,919,420	1,919,420	1,919,420	-
Amounts Available for Appropriations	1,919,420	1,919,420	1,919,420	-
Charges to Appropriations (Outflow):				
Debt service:				
Principal retirement	1,730,000	1,730,000	1,730,000	-
Interest and fiscal charges	189,420	189,420	189,420	-
Total Charges to Appropriations	1,919,420	1,919,420	1,919,420	-
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF REDLANDS

BUDGETARY COMPARISON SCHEDULE
 CEMETARY ENDOWMENT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,025,222	\$ 2,025,222	\$ 2,025,222	\$ -
Resources (Inflows):				
Miscellaneous	60,000	60,000	70,180	10,180
Amounts Available for Appropriations	2,085,222	2,085,222	2,095,402	10,180
Budgetary Fund Balance, June 30	\$ 2,085,222	\$ 2,085,222	\$ 2,095,402	\$ 10,180

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CITY OF REDLANDS

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2015**

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Assets:					
Current:					
Cash and investments	\$ 237,909	\$ 2,684,105	\$ 773,446	\$ 177,214	\$ 3,872,674
Receivables:					
Accounts	-	-	28,517	-	28,517
Taxes	-	-	-	155	155
Due from other governments	-	-	-	43,697	43,697
Total Current Assets	237,909	2,684,105	801,963	221,066	3,945,043
Noncurrent:					
Capital assets - net of accumulated depreciation	13,769,114	69,590	662,351	3,903,033	18,404,088
Total Noncurrent Assets	13,769,114	69,590	662,351	3,903,033	18,404,088
Total Assets	14,007,023	2,753,695	1,464,314	4,124,099	22,349,131
Deferred Outflows of Resources:					
Deferred pension related items	2,740	3,499	26,116	10,507	42,862
Total Deferred Outflows of Resources	2,740	3,499	26,116	10,507	42,862
Total Assets and Deferred Outflows of Resources	\$ 14,009,763	\$ 2,757,194	\$ 1,490,430	\$ 4,134,606	\$ 22,391,993
Liabilities, Deferred Inflows of Resources, and Net Position:					
Liabilities:					
Current:					
Accounts payable	\$ 55,492	\$ 3,844	\$ 47,443	\$ 35,141	\$ 141,920
Accrued payroll	978	846	13,678	4,108	19,610
Deferred revenues	-	-	-	43,697	43,697
Deposits payable	-	-	778,521	1,431	779,952
Accrued compensated absences	-	-	7,210	-	7,210
Total Current Liabilities	56,470	4,690	846,852	84,377	992,389
Noncurrent:					
Advances from other funds	-	-	1,285,222	960,930	2,246,152
Accrued compensated absences	-	-	2,403	-	2,403
OPEB obligation	-	-	189,756	-	189,756
Net pension liability	26,433	33,753	251,954	101,367	413,507
Total Noncurrent Liabilities	26,433	33,753	1,729,335	1,062,297	2,851,818
Total Liabilities	82,903	38,443	2,576,187	1,146,674	3,844,207
Deferred Inflows of Resources:					
Deferred pension related items	7,604	9,710	72,479	29,160	118,953
Total Deferred Inflows of Resources	7,604	9,710	72,479	29,160	118,953
Net Position:					
Net investment in capital assets	13,769,114	69,590	662,351	3,903,033	18,404,088
Unrestricted	150,142	2,639,451	(1,820,587)	(944,261)	24,745
Total Net Position	13,919,256	2,709,041	(1,158,236)	2,958,772	18,428,833
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 14,009,763	\$ 2,757,194	\$ 1,490,430	\$ 4,134,606	\$ 22,391,993

CITY OF REDLANDS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Operating Revenues:					
Sales and service charges	\$ 798,577	\$ 499,211	\$ 349,472	\$ 16,472	\$ 1,663,732
Miscellaneous	13,207	-	90,088	267,422	370,717
Total Operating Revenues	811,784	499,211	439,560	283,894	2,034,449
Operating Expenses:					
Administration and general	670,367	6,595	354,818	122,988	1,154,768
Transmission, distribution & treatment	-	34,267	-	-	34,267
Depreciation expense	-	5,230	3,178	122,932	131,340
Personnel services	19,514	24,685	249,989	76,972	371,160
Repairs and maintenance	-	2,606	69,211	8,675	80,492
Total Operating Expenses	689,881	73,383	677,196	331,567	1,772,027
Operating Income (Loss)	121,903	425,828	(237,636)	(47,673)	262,422
Nonoperating Revenues (Expenses):					
Interest revenue	1,935	20,580	26,024	1,705	50,244
Interest expense	-	-	(3,125)	(2,634)	(5,759)
Miscellaneous income	-	-	19,493	1,092	20,585
Property taxes	-	-	-	35,225	35,225
Grants	-	-	-	10,000	10,000
Total Nonoperating Revenues (Expenses)	1,935	20,580	42,392	45,388	110,295
Income (Loss) Before Transfers	123,838	446,408	(195,244)	(2,285)	372,717
Transfers out	-	(31,576)	-	-	(31,576)
Contributions	-	207,352	-	-	207,352
Changes in Net Position	123,838	622,184	(195,244)	(2,285)	548,493
Net Position:					
Beginning of Year, as originally reported	13,827,459	2,127,771	(657,588)	3,083,928	18,381,570
Restatements	(32,041)	(40,914)	(305,404)	(122,871)	(501,230)
Beginning of Fiscal Year, as restated	13,795,418	2,086,857	(962,992)	2,961,057	17,880,340
End of Fiscal Year	\$ 13,919,256	\$ 2,709,041	\$ (1,158,236)	\$ 2,958,772	\$ 18,428,833

CITY OF REDLANDS

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 811,784	\$ 499,211	\$ 435,284	\$ 241,143	\$ 1,987,422
Cash paid to suppliers for goods and services	(15,163)	(57,633)	(217,434)	(9,344)	(299,574)
Cash paid to employees for services	(671,485)	(8,811)	(325,087)	(125,842)	(1,131,225)
Net Cash Provided (Used) by Operating Activities	125,136	432,767	(107,237)	105,957	556,623
Cash Flows from Non-Capital Financing Activities:					
Cash transfers out	-	(31,576)	-	-	(31,576)
Cash received from other activities	-	-	19,493	1,092	20,585
Advance to other funds	-	-	-	(61,866)	(61,866)
Advance from other funds	-	-	71,810	-	71,810
Intergovernmental	-	-	-	35,225	35,225
Grants received	-	-	-	10,000	10,000
Net Cash Provided (Used) by Non-Capital Financing Activities	-	(31,576)	91,303	(15,549)	44,178
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(2,800)	(26,151)	(14,438)	(53,697)	(97,086)
Interest paid on long-term debt	-	-	(3,125)	(2,634)	(5,759)
Cash contributions received from developers	-	207,352	-	-	207,352
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,800)	181,201	(17,563)	(56,331)	104,507
Cash Flows from Investing Activities:					
Interest received	1,935	20,580	26,024	1,705	50,244
Net Cash Provided (Used) by Investing Activities	1,935	20,580	26,024	1,705	50,244
Net Increase (Decrease) in Cash and Cash Equivalents	124,271	602,972	(7,473)	35,782	755,552
Cash and Cash Equivalents at Beginning of Year	113,638	2,081,133	780,919	141,432	3,117,122
Cash and Cash Equivalents at End of Year	\$ 237,909	\$ 2,684,105	\$ 773,446	\$ 177,214	\$ 3,872,674
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 121,903	\$ 425,828	\$ (237,636)	\$ (47,673)	\$ 262,422
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	-	5,230	3,178	122,932	131,340
(Increase) decrease in accounts receivable	-	-	(4,526)	946	(3,580)
(Increase) decrease in due from other governments	-	-	250	(43,697)	(43,447)
(Increase) decrease in prepaid expense	227	81	1,999	885	3,192
(Increase) decrease in deferred outflows	(137)	(175)	(1,306)	(525)	(2,143)
Increase (decrease) in deferred inflows	7,604	9,710	72,479	29,160	118,953
Increase (decrease) in accounts payable	4,124	3,844	38,438	31,721	78,127
Increase (decrease) in accrued payroll	(374)	(1,266)	(1,717)	(3)	(3,360)
Increase (decrease) in deposits payable	-	-	61,329	-	61,329
Increase (decrease) in deferred revenue	-	-	-	43,697	43,697
Increase (decrease) in net pension liability	(8,211)	(10,485)	(78,260)	(31,486)	(128,442)
Increase (decrease) in net OPEB obligation	-	-	41,879	-	41,879
Increase (decrease) in compensated absences	-	-	(3,344)	-	(3,344)
Total Adjustments	3,233	6,939	130,399	153,630	294,201
Net Cash Provided (Used) by Operating Activities	\$ 125,136	\$ 432,767	\$ (107,237)	\$ 105,957	\$ 556,623

Non-Cash Investing, Capital, and Financing Activities:

During fiscal year 2014-2015, there was no non-cash investing, capital and financing activities.

CITY OF REDLANDS

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015**

	Governmental Activities - Internal Service Funds			
	Liability Self- Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance
Assets:				
Current:				
Cash and investments	\$ 3,564,400	\$ 241,033	\$ 1,057,640	\$ 2,626
Receivables:				
Accounts	-	-	-	68,354
Prepaid costs	-	-	19,011	-
Inventories	-	-	-	160,107
Total Current Assets	3,564,400	241,033	1,076,651	231,087
Noncurrent:				
Capital assets - net of accumulated depreciation	-	301,388	-	93,119
Total Noncurrent Assets	-	301,388	-	93,119
Total Assets	3,564,400	542,421	1,076,651	324,206
Deferred Outflows of Resources:				
Deferred pension related items	13,698	94,849	18,395	65,154
Total Deferred Outflows of Resources	13,698	94,849	18,395	65,154
Total Assets and Deferred Outflows of Resources	\$ 3,578,098	\$ 637,270	\$ 1,095,046	\$ 389,360
Liabilities, Deferred Inflows of Resources, and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 60,850	\$ 63,176	\$ -	\$ 325,644
Accrued payroll	11,117	58,127	14,231	33,393
Accrued compensated absences	-	131,458	-	59,730
Accrued claims and judgments	746,159	-	977,723	-
Total Current Liabilities	818,126	252,761	991,954	418,767
Noncurrent:				
Accrued compensated absences	-	20,334	1,371	-
Accrued claims and judgments	746,159	-	977,723	-
Net pension liability	132,152	915,053	177,462	628,568
Net OPEB obligation	79,055	1,045,258	11,222	578,703
Total Noncurrent Liabilities	957,366	1,980,645	1,167,778	1,207,271
Total Liabilities	1,775,492	2,233,406	2,159,732	1,626,038
Deferred Inflows of Resources:				
Deferred pension related items	38,016	263,231	51,050	180,819
Total Deferred Inflows of Resources	38,016	263,231	51,050	180,819
Net Position:				
Net investment in capital assets	-	301,388	-	93,119
Unrestricted	1,764,590	(2,160,755)	(1,115,736)	(1,510,616)
Total Net Position	1,764,590	(1,859,367)	(1,115,736)	(1,417,497)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,578,098	\$ 637,270	\$ 1,095,046	\$ 389,360

CITY OF REDLANDS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Utility Billing</u>	<u>Payroll Clearing</u>	<u>Totals</u>
Assets:			
Current:			
Cash and investments	\$ 2,207,655	\$ 24,194	\$ 7,097,548
Receivables:			
Accounts	4,426	-	72,780
Prepaid costs	-	-	19,011
Inventories	-	-	160,107
Total Current Assets	<u>2,212,081</u>	<u>24,194</u>	<u>7,349,446</u>
Noncurrent:			
Capital assets - net of accumulated depreciation	-	-	394,507
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>394,507</u>
Total Assets	<u>2,212,081</u>	<u>24,194</u>	<u>7,743,953</u>
Deferred Outflows of Resources:			
Deferred pension related items	78,494	-	270,590
Total Deferred Outflows of Resources	<u>78,494</u>	<u>-</u>	<u>270,590</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,290,575</u>	<u>\$ 24,194</u>	<u>\$ 8,014,543</u>
Liabilities, Deferred Inflows of Resources, and Net Position:			
Liabilities:			
Current:			
Accounts payable	\$ 9,175	\$ 24,194	\$ 483,039
Accrued payroll	46,930	-	163,798
Accrued compensated absences	37,665	-	228,853
Accrued claims and judgments	-	-	1,723,882
Total Current Liabilities	<u>93,770</u>	<u>24,194</u>	<u>2,599,572</u>
Noncurrent:			
Accrued compensated absences	45,929	-	67,634
Accrued claims and judgments	-	-	1,723,882
Net pension liability	757,268	-	2,610,503
Net OPEB obligation	811,468	-	2,525,706
Total Noncurrent Liabilities	<u>1,614,665</u>	<u>-</u>	<u>6,927,725</u>
Total Liabilities	<u>1,708,435</u>	<u>24,194</u>	<u>9,527,297</u>
Deferred Inflows of Resources:			
Deferred pension related items	217,842	-	750,958
Total Deferred Inflows of Resources	<u>217,842</u>	<u>-</u>	<u>750,958</u>
Net Position:			
Net investment in capital assets	-	-	394,507
Unrestricted	364,298	-	(2,658,219)
Total Net Position	<u>364,298</u>	<u>-</u>	<u>(2,263,712)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 2,290,575</u>	<u>\$ 24,194</u>	<u>\$ 8,014,543</u>

CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds			
	Liability Self- Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance
Operating Revenues:				
Sales and service charges	\$ -	\$ 2,798,850	\$ 2,291,549	\$ 4,299,858
Miscellaneous	9,736	-	-	-
Total Operating Revenues	9,736	2,798,850	2,291,549	4,299,858
Operating Expenses:				
Administration and general	1,099,615	1,777,739	1,577,272	1,351,713
Depreciation expense	-	113,191	-	32,419
Personnel services	55,328	895,645	448,923	582,423
Repairs and maintenance	-	-	-	2,504,820
Premiums paid out	196,419	-	129,942	-
Total Operating Expenses	1,351,362	2,786,575	2,156,137	4,471,375
Operating Income (Loss)	(1,341,626)	12,275	135,412	(171,517)
Nonoperating Revenues (Expenses):				
Interest revenue	11,241	1,916	5,797	-
Interest expense	-	-	-	(2,156)
Total Nonoperating Revenues (Expenses)	11,241	1,916	5,797	(2,156)
Income (Loss) Before Transfers	(1,330,385)	14,191	141,209	(173,673)
Transfers in	2,912,211	100,000	-	-
Transfers out	-	(8,427)	-	-
Changes in Net Position	1,581,826	105,764	141,209	(173,673)
Net Position:				
Beginning of Year, as originally reported	342,951	(855,958)	(1,041,836)	(481,911)
Restatements	(160,187)	(1,109,173)	(215,109)	(761,913)
Beginning of Fiscal Year, as restated	182,764	(1,965,131)	(1,256,945)	(1,243,824)
End of Fiscal Year	\$ 1,764,590	\$ (1,859,367)	\$ (1,115,736)	\$ (1,417,497)

CITY OF REDLANDS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds		
	Utility Billing	Payroll Clearing	Totals
Operating Revenues:			
Sales and service charges	\$ 952,421	\$ 2,851,600	\$ 13,194,278
Miscellaneous	601,613	-	611,349
Total Operating Revenues	1,554,034	2,851,600	13,805,627
Operating Expenses:			
Administration and general	750,050	-	6,556,389
Depreciation expense	-	-	145,610
Personnel services	736,253	-	2,718,572
Repairs and maintenance	24,427	-	2,529,247
Premiums paid out	-	-	326,361
Total Operating Expenses	1,510,730	-	12,276,179
Operating Income (Loss)	43,304	2,851,600	1,529,448
Nonoperating Revenues (Expenses):			
Interest revenue	19,328	-	38,282
Interest expense	-	-	(2,156)
Total Nonoperating Revenues (Expenses)	19,328	-	36,126
Income (Loss) Before Transfers	62,632	2,851,600	1,565,574
Transfers in	-	-	3,012,211
Transfers out	-	(2,851,600)	(2,860,027)
Changes in Net Position	62,632	-	1,717,758
Net Position:			
Beginning of Year, as originally reported	1,219,582	-	(817,172)
Restatements	(917,916)	-	(3,164,298)
Beginning of Fiscal Year, as restated	301,666	-	(3,981,470)
End of Fiscal Year	\$ 364,298	\$ -	\$ (2,263,712)

CITY OF REDLANDS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015**

	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	\$ 9,736	\$ 2,798,850	\$ 2,291,768	\$ 4,271,378
Cash paid to suppliers for goods and services	(1,050,746)	(1,590,685)	(1,685,485)	(3,634,752)
Cash payments for claims	(109,752)	-	(158,163)	-
Cash paid to employees for services	(176,986)	(883,656)	(455,456)	(610,827)
Net Cash Provided (Used) by Operating Activities	(1,327,748)	324,509	(7,336)	25,799
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	(8,427)	-	-
Cash transfers in	2,912,211	100,000	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	2,912,211	91,573	-	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(305,875)	-	(21,017)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(305,875)	-	(21,017)
Cash Flows from Investing Activities:				
Investment fees	-	-	-	(2,156)
Interest received	11,241	1,916	5,797	-
Net Cash Provided (Used) by Investing Activities	11,241	1,916	5,797	(2,156)
Net Increase (Decrease) in Cash and Cash Equivalents	1,595,704	112,123	(1,539)	2,626
Cash and Cash Equivalents at Beginning of Year	1,968,696	128,910	1,059,179	-
Cash and Cash Equivalents at End of Year	\$ 3,564,400	\$ 241,033	\$ 1,057,640	\$ 2,626
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (1,341,626)	\$ 12,275	\$ 135,412	\$ (171,517)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	-	113,191	-	32,419
(Increase) decrease in accounts receivable	-	-	-	(29,672)
(Increase) decrease in prepaids	402	3,343	(18,678)	5,259
(Increase) decrease in due from other governments	-	-	219	1,192
(Increase) decrease in inventory	-	-	-	(16,845)
(Increase) decrease in deferred outflows	(685)	(4,743)	(920)	(3,258)
Increase (decrease) in deferred inflows	38,016	263,231	51,050	180,819
Increase (decrease) in accounts payable	28,661	5,459	(97,001)	186,390
Increase (decrease) in accrued payroll	3,894	23,111	4,699	(1,437)
Increase (decrease) in Net pension liability	(41,048)	(284,226)	(55,122)	(195,241)
Increase (decrease) in OPEB obligation	19,806	178,252	7,466	46,977
Increase (decrease) in claims and judgments	86,667	-	(28,221)	-
Increase (decrease) in compensated absences	(121,835)	14,616	(6,240)	(9,287)
Total Adjustments	13,878	312,234	(142,748)	197,316
Net Cash Provided (Used) by Operating Activities	\$ (1,327,748)	\$ 324,509	\$ (7,336)	\$ 25,799
Non-Cash Investing, Capital, and Financing Activities:				
During fiscal year 2014-2015, there was no non-cash investing, capital and financing activities.				

CITY OF REDLANDS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015**

	Governmental Activities - Internal Service Funds		
	Utility Billing	Payroll Clearing	Totals
Cash Flows from Operating Activities:			
Cash received from user departments	\$ 1,553,277	\$ 2,851,600	\$ 13,776,609
Cash paid to suppliers for goods and services	(607,619)	(177,066)	(8,746,353)
Cash payments for claims	-	-	(267,915)
Cash paid to employees for services	(747,760)	-	(2,874,685)
Net Cash Provided (Used) by Operating Activities	197,898	2,674,534	1,887,656
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	-	(2,851,600)	(2,860,027)
Cash transfers in	-	-	3,012,211
Net Cash Provided (Used) by Non-Capital Financing Activities	-	(2,851,600)	152,184
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	-	(326,892)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(326,892)
Cash Flows from Investing Activities:			
Investment fees	-	-	(2,156)
Interest received	19,328	-	38,282
Net Cash Provided (Used) by Investing Activities	19,328	-	36,126
Net Increase (Decrease) in Cash and Cash Equivalents	217,226	(177,066)	1,749,074
Cash and Cash Equivalents at Beginning of Year	1,990,429	201,260	5,348,474
Cash and Cash Equivalents at End of Year	\$ 2,207,655	\$ 24,194	\$ 7,097,548
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 43,304	\$ 2,851,600	\$ 1,529,448
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	-	-	145,610
(Increase) decrease in accounts receivable	(757)	-	(30,429)
(Increase) decrease in prepaids	5,900	-	(3,774)
(Increase) decrease in due from other governments	-	-	1,411
(Increase) decrease in inventory	-	-	(16,845)
(Increase) decrease in deferred outflows	(3,925)	-	(13,531)
Increase (decrease) in deferred inflows	217,842	-	750,958
Increase (decrease) in accounts payable	2,511	(177,066)	(51,046)
Increase (decrease) in accrued payroll	5,292	-	35,559
Increase (decrease) in Net pension liability	(235,217)	-	(810,854)
Increase (decrease) in OPEB obligation	158,447	-	410,948
Increase (decrease) in claims and judgments	-	-	58,446
Increase (decrease) in compensated absences	4,501	-	(118,245)
Total Adjustments	154,594	(177,066)	358,208
Net Cash Provided (Used) by Operating Activities	\$ 197,898	\$ 2,674,534	\$ 1,887,656

Non-Cash Investing, Capital, and Financing Activities:

During fiscal year 2014-2015, there was no non-cash investing, capital and financing activities.

CITY OF REDLANDS

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2015

	<u>Special Deposits</u>	<u>Community Facilities District Trust</u>	<u>Totals</u>
Assets:			
Cash and investments	\$ 5,347,695	\$ -	\$ 5,347,695
Cash and investments with fiscal agents	-	2,782,896	2,782,896
Receivables:			
Accrued interest	239,900	-	239,900
Total Assets	<u>\$ 5,587,595</u>	<u>\$ 2,782,896</u>	<u>\$ 8,370,491</u>
Liabilities:			
Accounts payable	\$ 237,553	\$ -	\$ 237,553
Deposits payable	5,350,042	2,769,846	8,119,888
Due to other governments	-	13,050	13,050
Other liabilities 6	-	-	-
Total Liabilities	<u>\$ 5,587,595</u>	<u>\$ 2,782,896</u>	<u>\$ 8,370,491</u>

CITY OF REDLANDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2015</u>
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 4,062,362	\$ 3,740,908	\$ 2,455,575	\$ 5,347,695
Receivables:				
Accounts	-	5	5	-
Accrued interest	286,141	427,325	473,566	239,900
Total Assets	<u>\$ 4,348,503</u>	<u>\$ 4,168,238</u>	<u>\$ 2,929,146</u>	<u>\$ 5,587,595</u>
Liabilities:				
Accounts payable	\$ 280,716	\$ 2,916,041	\$ 2,959,204	\$ 237,553
Deposits payable	4,067,787	1,555,164	272,909	5,350,042
Total Liabilities	<u>\$ 4,348,503</u>	<u>\$ 4,471,205</u>	<u>\$ 3,232,113</u>	<u>\$ 5,587,595</u>
<u>Community Facilities District Trust</u>				
Assets:				
Cash and investments with fiscal agents	2,691,856	1,487,848	1,396,808	2,782,896
Total Assets	<u>\$ 2,691,856</u>	<u>\$ 1,487,848</u>	<u>\$ 1,396,808</u>	<u>\$ 2,782,896</u>
Liabilities:				
Accounts payable	\$ -	\$ 13,050	\$ 13,050	\$ -
Deposits payable	2,691,856	2,658,928	2,580,938	2,769,846
Due to other governments	-	13,050	-	13,050
Total Liabilities	<u>\$ 2,691,856</u>	<u>\$ 2,685,028</u>	<u>\$ 2,593,988</u>	<u>\$ 2,782,896</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 4,062,362	\$ 3,740,908	\$ 2,455,575	\$ 5,347,695
Cash and investments with fiscal agents	2,691,856	1,487,848	1,396,808	2,782,896
Receivables:				
Accounts	-	5	5	-
Accrued interest	286,141	427,325	473,566	239,900
Total Assets	<u>\$ 7,040,359</u>	<u>\$ 5,656,086</u>	<u>\$ 4,325,954</u>	<u>\$ 8,370,491</u>
Liabilities:				
Accounts payable	\$ 280,716	\$ 2,929,091	\$ 2,972,254	\$ 237,553
Deposits payable	6,759,643	4,214,092	2,853,847	8,119,888
Due to other governments	-	13,050	-	13,050
Total Liabilities	<u>\$ 7,040,359</u>	<u>\$ 7,156,233</u>	<u>\$ 5,826,101</u>	<u>\$ 8,370,491</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	165
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	172
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	177
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	182
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	184
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Invested in capital assets	\$ 338,283,471	\$ 376,161,773	\$ 475,848,979	\$ 538,505,009	\$ 552,406,654	\$ 568,588,535	\$ 592,254,886	\$ 594,654,756	\$ 609,555,372	\$ 625,683,667
Restricted	19,302,690	19,431,228	17,261,278	30,310,832	28,304,090	24,855,791	19,135,526	20,158,877	18,466,430	15,584,054
Unrestricted	21,427,233	29,808,370	62,448,864	9,510,396	(2,664,585)	(8,498,201)	(28,840,249)	(26,982,114)	(21,119,030)	(81,181,952)
Total governmental activities	<u>\$ 379,013,394</u>	<u>\$ 425,401,371</u>	<u>\$ 555,559,121</u>	<u>\$ 578,326,237</u>	<u>\$ 578,046,159</u>	<u>\$ 584,946,125</u>	<u>\$ 582,550,163</u>	<u>\$ 587,831,519</u>	<u>\$ 606,902,772</u>	<u>\$ 606,083,769</u>
Business-type activities:										
Invested in capital assets	\$ 101,228,505	\$ 118,629,704	\$ 129,384,736	\$ 126,384,905	\$ 131,748,403	\$ 130,856,115	\$ 132,535,317	\$ 146,926,486	\$ 157,413,884	\$ 164,359,808
Restricted	-	-	-	4,120,375	4,166,635	4,212,895	4,259,155	416,340	3,702,600	4,671,097
Unrestricted	32,616,394	28,140,260	37,237,084	47,119,032	45,773,154	53,408,410	61,219,702	52,104,617	41,100,249	13,497,517
Total business-type activities	<u>\$ 133,844,899</u>	<u>\$ 146,769,964</u>	<u>\$ 166,621,820</u>	<u>\$ 177,624,312</u>	<u>\$ 181,688,192</u>	<u>\$ 188,477,420</u>	<u>\$ 198,014,174</u>	<u>\$ 199,447,443</u>	<u>\$ 202,216,733</u>	<u>\$ 182,528,422</u>
Primary government:										
Invested in capital assets	\$ 439,511,976	\$ 494,791,477	\$ 605,233,715	\$ 664,889,914	\$ 684,155,057	\$ 699,444,650	\$ 724,790,203	\$ 741,581,242	\$ 766,969,256	\$ 790,043,475
Restricted	19,302,690	19,431,228	17,261,278	34,431,207	32,470,725	29,068,686	23,394,681	20,575,217	22,169,030	20,255,151
Unrestricted	54,043,627	57,948,630	99,685,948	56,629,428	43,108,569	44,910,209	32,379,453	25,122,503	19,981,219	(67,684,435)
Total primary government	<u>\$ 512,858,293</u>	<u>\$ 572,171,335</u>	<u>\$ 722,180,941</u>	<u>\$ 755,950,549</u>	<u>\$ 759,734,351</u>	<u>\$ 773,423,545</u>	<u>\$ 780,564,337</u>	<u>\$ 787,278,962</u>	<u>\$ 809,119,505</u>	<u>\$ 742,614,191</u>

NOTE:

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government	\$ 11,868,103	\$ 13,987,953	\$ 15,161,802	\$ 19,973,152	\$ 15,277,666	\$ 11,803,705	\$ 9,468,848	\$ 9,883,877	\$ 10,423,298	\$ 10,229,535
Public safety	36,994,587	36,805,550	37,623,861	38,005,815	40,002,463	38,587,942	39,036,010	40,027,122	40,235,772	40,920,668
Culture and recreation	3,692,986	3,668,992	4,129,747	4,021,267	3,610,031	3,349,080	2,810,345	2,997,558	3,041,620	3,554,720
Highway and streets	8,325,785	8,492,440	8,341,455	8,648,714	8,391,171	9,380,254	8,465,455	6,839,184	4,002,946	12,043,276
Library	1,871,418	1,845,482	1,955,443	2,082,948	2,167,109	1,964,269	1,820,554	1,968,343	1,913,756	1,929,752
Interest and fiscal charges	3,713,659	2,883,874	5,035,588	4,335,844	6,957,598	3,456,262	2,120,151	1,589,928	1,447,056	1,297,837
Total governmental activities expenses	66,466,538	67,684,291	72,247,896	77,067,740	76,406,038	68,541,512	63,721,363	63,306,012	61,064,448	69,975,788
Business-type activities:										
Water	14,882,261	14,926,296	14,112,424	15,666,955	15,813,173	16,211,193	15,328,398	20,139,662	19,437,970	19,556,198
Disposal	8,799,485	8,753,717	8,956,968	10,446,326	9,344,247	9,217,359	8,925,740	10,313,939	11,131,004	12,201,957
Sewer	6,922,541	7,458,724	7,650,890	8,021,053	7,888,041	7,882,670	7,643,531	8,080,035	8,505,197	8,030,897
Aviation	218,316	268,309	400,298	370,715	250,732	287,854	335,501	317,970	421,012	333,061
Cemetery	591,363	541,946	552,989	522,045	494,949	503,445	522,711	555,402	493,616	681,223
Groves	749,143	708,779	604,998	725,163	717,394	656,608	941,578	12,006,971	630,488	689,839
NP Water	-	-	-	-	411,980	142,541	203,890	197,393	81,897	73,383
Total business-type activities expenses	32,163,109	32,657,771	32,278,567	35,752,257	34,920,516	34,901,670	33,901,349	51,611,372	40,701,184	41,566,558
Total primary government expenses	98,629,647	100,342,062	104,526,463	112,819,997	111,326,554	103,443,182	97,622,712	114,917,384	101,765,632	111,542,346
Program revenues:										
Governmental activities:										
Charges for services:										
General government	6,559,998	6,393,161	5,826,011	5,290,837	5,112,805	8,562,031	8,654,843	9,181,388	10,286,376	10,625,356
Public safety	935,186	1,189,004	1,229,744	1,390,380	1,330,555	1,711,440	1,394,932	1,407,921	1,916,750	1,975,667
Culture and recreation	263,771	230,870	237,357	277,167	222,454	293,028	220,020	343,620	296,386	295,199
Highway and streets	1,491,579	1,623,290	1,891,618	1,286,006	1,159,894	909,511	1,123,342	1,169,364	1,716,965	1,681,146
Library	55,976	50,716	51,886	47,282	44,333	34,456	35,086	34,312	35,200	33,270
Operating grants and contributions	18,542,273	18,206,757	14,314,045	10,058,173	10,048,934	5,883,602	6,160,827	4,032,286	7,195,092	8,607,394
Capital grants and contributions	3,715,690	36,180,849	125,567,546	29,395,240	11,513,845	8,488,204	1,146,004	987,916	2,117,482	4,666,849
Total governmental activities program revenues	31,564,473	63,874,647	149,118,207	47,745,085	29,432,820	25,882,272	18,735,054	17,156,807	23,564,251	27,884,881
Business-type activities:										
Charges for services:										
Water	14,988,327	17,235,534	18,074,421	18,132,373	17,918,992	18,666,325	20,319,999	22,350,078	23,453,512	22,217,588
Disposal	9,056,597	9,060,415	9,297,234	9,631,846	8,893,718	10,013,969	10,079,232	10,669,471	11,623,769	12,887,067
Sewer	6,093,675	7,041,203	6,868,701	7,077,737	7,650,779	8,200,777	8,653,651	9,092,431	9,576,740	9,688,884
Aviation	154,907	210,434	230,835	254,398	292,300	21,015	11,721	18,592	16,704	16,472
Cemetery	561,620	537,454	401,733	308,923	419,284	360,923	311,420	341,950	371,968	349,472
Groves	713,935	720,621	600,363	439,670	551,266	432,136	778,378	471,150	740,707	798,577
NP Water	-	-	-	-	529,891	570,107	474,349	513,722	554,914	499,211
Operating grants and contributions	423,720	617,206	4,313,798	702,524	186,999	871,940	1,301	24,285	180,000	180,000
Capital grants and contributions	7,891,272	7,512,629	10,917,476	5,729,189	960,605	531,096	1,821,907	2,233,877	3,433,586	4,593,429
Total business-type activities program revenues	39,884,053	42,935,496	50,704,561	42,276,660	37,403,834	39,668,288	42,451,958	45,715,556	49,951,900	51,230,700
Total primary government program revenues	71,448,526	106,810,143	199,822,768	90,021,745	66,836,654	65,550,560	61,187,012	62,872,363	73,516,151	79,115,581

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net revenues (expenses):										
Governmental activities	(34,902,065)	(3,809,644)	76,870,311	(29,322,655)	(46,973,218)	(42,659,240)	(44,986,309)	(46,149,205)	(37,500,197)	(42,090,907)
Business-type activities	7,720,944	10,277,725	18,425,994	6,524,403	2,483,318	4,766,618	8,550,609	(5,895,816)	9,250,716	9,664,142
Total net revenues (expenses)	(27,181,121)	6,468,081	95,296,305	(22,798,252)	(44,489,900)	(37,892,622)	(36,435,700)	(52,045,021)	(28,249,481)	(32,426,765)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	23,914,760	27,036,122	29,165,961	30,626,167	29,907,393	30,098,303	26,741,406	23,536,133	24,650,592	25,157,824
Sales taxes	15,267,688	14,762,456	13,986,798	11,862,852	11,669,250	12,090,894	12,903,249	15,049,517	15,219,210	16,040,049
Franchise taxes	1,097,157	3,659,356	4,044,161	5,476,066	2,886,836	3,227,606	2,826,459	2,853,021	3,235,114	3,735,682
Other taxes	1,230,525	1,543,302	1,726,102	1,354,067	1,167,543	1,065,671	1,198,772	1,313,022	1,473,576	1,681,618
Use of money & property	2,180,119	2,421,829	2,763,654	2,384,773	746,194	647,310	665,553	58,972	517,169	467,427
Intergovernmental (unrestricted)	1,225,814	654,950	496,302	436,414	370,373	480,868	165,876	153,836	165,974	424,385
Other	-	-	-	-	-	642,842	273,246	2,496,060	689,160	1,035,134
Gain/(loss) on sale of capital assets	-	-	-	-	-	-	-	151,116	-	-
Extraordinary gain/(loss) on dissolution	-	-	-	-	-	-	-	-	-	-
of Redevelopment agency (Note 18)	-	-	-	-	-	-	-	-	-	-
Transfers	-	119,606	1,104,461	(50,568)	(54,449)	573,115	856,972	5,841,908	10,654,350	16,113,690
Total governmental activities	44,916,063	50,197,621	53,287,439	52,089,771	46,693,140	48,826,609	67,075,801	51,453,585	56,605,145	64,655,809
Business-type activities:										
Property taxes	-	52,655	51,398	45,221	38,082	68,098	37,808	41,673	34,597	35,225
Use of money & property	1,442,393	2,714,291	2,478,925	2,029,765	1,488,031	610,787	757,749	185,475	1,053,356	921,859
Other	-	-	-	-	-	922,642	914,887	3,686,367	1,032,469	1,152,177
Gain on sale of capital assets	-	-	-	-	-	516,500	34,949	9,736,268	28,334	4,840
Extraordinary gain	-	-	-	-	-	-	-	-	2,024,168	-
Transfers	-	(119,606)	(1,104,461)	50,568	54,449	(573,115)	(856,972)	(5,841,908)	(10,654,350)	(16,113,690)
Total business-type activities	1,442,393	2,647,340	1,425,862	2,125,554	1,580,562	1,544,912	888,421	7,807,875	(6,481,426)	(13,999,589)
Total primary government	46,358,456	52,844,961	54,713,301	54,215,325	48,273,702	50,371,521	67,964,222	59,261,460	50,123,719	50,656,220
Changes in net position										
Governmental activities	10,013,998	46,387,977	130,157,750	22,767,116	(280,078)	6,167,369	22,089,492	5,304,380	19,104,948	22,564,902
Business-type activities	9,163,337	12,925,065	19,851,856	8,649,957	4,063,880	6,311,530	9,439,030	1,912,059	2,769,290	(4,335,447)
Total primary government	\$ 19,177,335	\$ 59,313,042	\$150,009,606	\$ 31,417,073	\$ 3,783,802	\$ 12,478,899	\$ 31,528,522	\$ 7,216,439	\$ 21,874,238	\$ 18,229,455

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

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CITY OF REDLANDS

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund:										
Reserved	\$ 8,886,457	\$ 8,893,298	\$ 10,169,670	\$ 10,972,417	\$ 11,947,625	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,922,503	4,354,426	4,958,881	7,889,723	5,802,815	-	6,598,127	7,717,839	7,857,633	7,481,159
Nonspendable	-	-	-	-	-	6,046,174	6,855,311	7,644,141	7,903,654	7,935,152
Committed	-	-	-	-	-	6,605,311	-	-	-	1,883,794
Assigned	-	-	-	-	-	8,767,650	9,773,767	10,116,118	12,586,391	14,510,450
Unassigned	-	-	-	-	-	21,419,135	23,227,205	25,478,098	28,347,678	31,810,555
Total general fund	\$ 11,808,960	\$ 13,247,724	\$ 15,128,551	\$ 18,862,140	\$ 17,750,440	\$ 21,419,135	\$ 23,227,205	\$ 25,478,098	\$ 28,347,678	\$ 31,810,555
All other governmental funds:										
Reserved	\$ 2,033,335	\$ 6,977,364	\$ 4,274,778	\$ 10,888,944	\$ 10,779,313	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	16,410,790	17,708,775	23,528,904	19,904,622	15,648,593	-	-	-	-	-
Debt service fund	6,793,832	6,891,672	8,634,444	3,518,914	977,863	-	-	-	-	-
Capital projects fund	9,865,235	9,361,936	9,632,720	1,772,665	2,272,252	-	-	-	-	-
Nonspendable	-	-	-	-	-	548,166	361,351	384,997	384,873	327,340
Restricted	-	-	-	-	-	19,604,935	19,035,151	20,058,201	18,365,510	15,584,054
Committed	-	-	-	-	-	6,193,677	5,609,361	5,921,050	6,816,041	6,698,593
Unassigned	-	-	-	-	-	(1,399,875)	(7,711,358)	(8,801,461)	(8,787,268)	(7,849,278)
Total all other governmental funds	\$ 35,103,192	\$ 40,939,747	\$ 46,070,846	\$ 36,085,145	\$ 29,678,021	\$ 24,946,903	\$ 17,294,505	\$ 17,562,787	\$ 16,779,156	\$ 14,760,709

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes	\$ 41,642,820	\$ 47,142,875	\$ 49,074,516	\$ 49,319,152	\$ 45,816,050	\$ 46,974,366	\$ 43,669,886	\$ 42,751,693	\$ 44,578,492	\$ 46,615,173
Licenses and permits	14,071,545	14,785,863	14,405,549	7,422,024	5,216,551	4,760,789	5,628,860	6,090,892	8,668,245	11,582,473
Intergovernmental	11,497,035	15,650,446	9,741,769	6,261,983	5,219,602	7,030,818	5,947,380	4,455,718	6,305,374	5,602,252
Charges for services	1,578,029	2,214,772	2,808,774	4,946,435	6,433,198	7,043,801	6,934,677	6,711,043	7,186,570	7,283,095
Use of money and property	3,144,775	3,586,384	5,336,312	2,559,089	1,497,930	647,310	626,072	52,596	491,377	431,301
Other	2,138,612	2,077,164	2,238,590	2,214,972	1,132,620	1,226,613	632,943	2,974,531	1,472,348	1,900,979
Total revenues	74,072,816	85,457,504	83,605,510	72,723,655	65,315,951	67,683,697	63,439,818	63,036,473	68,702,406	73,415,273
Expenditures										
Current:										
General government	11,478,185	13,758,100	19,638,037	19,663,593	14,533,699	11,506,994	9,788,982	10,080,042	10,562,420	11,041,353
Public safety	35,350,737	36,008,498	57,179,014	35,519,554	35,576,831	34,796,584	35,502,542	36,619,437	37,633,605	37,891,668
Highway and streets	5,076,512	5,434,175	4,826,627	4,844,425	4,131,236	4,651,164	4,250,686	4,122,692	5,913,207	6,107,137
Culture and recreation	3,344,777	3,311,493	3,821,206	3,534,250	2,940,479	2,701,864	2,121,891	2,400,303	2,631,892	2,791,661
Library	1,856,592	1,851,926	1,966,965	2,028,917	1,986,391	1,853,094	1,722,370	1,762,796	1,762,608	1,824,593
SERAF Obligation	-	-	-	-	2,389,188	491,892	-	-	-	-
Other pass-through payments	-	-	-	-	424,628	777,095	524,481	-	-	-
Capital outlay	16,004,189	13,561,057	8,384,995	5,817,816	3,650,267	5,403,411	3,176,270	7,470,985	13,431,527	23,146,625
Debt service:										
Principal	2,403,739	3,955,548	4,198,760	4,541,378	5,192,896	5,400,124	5,636,144	3,771,848	3,948,940	3,701,474
Interest and fiscal charges	3,722,579	2,898,827	4,065,938	4,337,676	3,834,596	3,783,017	2,717,604	1,672,907	1,489,466	1,343,002
Total expenditures	79,237,310	80,779,624	104,081,542	80,287,609	74,660,211	71,365,239	65,440,970	67,901,010	77,373,665	87,847,513
Excess (deficiency) of revenues over (under) expenditures	(5,164,494)	4,677,880	(20,476,032)	(7,563,954)	(9,344,260)	(3,681,542)	(2,001,152)	(4,864,537)	(8,671,259)	(14,432,240)

CITY OF REDLANDS

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other financing sources (uses):										
Transfers in	9,655,411	11,985,951	18,608,919	21,658,490	14,225,197	14,749,386	13,566,661	18,682,589	20,792,923	29,941,931
Transfers out	(10,993,456)	(12,642,677)	(17,269,538)	(20,346,648)	(12,514,759)	(13,065,366)	(10,990,445)	(11,307,814)	(10,187,645)	(13,980,425)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	350	185,625	16,083
Extraordinary gain/(loss) on dissolution of Redevelopment agency	-	-	-	-	-	-	(5,453,452)	-	-	-
Restatements	-	-	-	-	-	-	(30,841)	8,587	(33,695)	-
Proceeds of capital lease	1,250,448	1,269,165	236,136	-	114,998	-	-	-	-	-
Issuance of long term debt	-	1,985,000	30,502,392	-	-	-	-	-	-	-
Contributions to other Governments	-	-	-	-	-	-	-	-	-	(100,919)
Discount on issuance of long term debt	-	-	(297,722)	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	(4,292,229)	-	-	-	-	-	-	-
Total other financing sources (uses)	(87,597)	2,597,439	27,487,958	1,311,842	1,825,436	1,684,020	(2,908,077)	7,383,712	10,757,208	15,876,670
Net change in fund balances	\$ (5,252,091)	\$ 7,275,319	\$ 7,011,926	\$ (6,252,112)	\$ (7,518,824)	\$ (1,997,522)	\$ (4,909,229)	\$ 2,519,175	\$ 2,085,949	\$ 1,444,430
Debt service as a percentage of noncapital expenditures ¹	9.7%	10.2%	8.6%	11.9%	12.7%	14.1%	13.5%	9.3%	9.5%	8.1%

NOTE:

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

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

CITY OF REDLANDS

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

Fiscal Year Ended June 30	City				Redevelopment Agency				Total	
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Taxable Assessed Value	Total Direct Tax Rate
2006	\$ 4,854,140	\$ 160,644	\$ (79,240)	\$ 4,935,544	\$ 348,224	\$ 47,055	\$ (841)	\$ 394,438	\$ 5,329,982	0.28812
2007	5,745,855	164,409	(79,612)	5,830,652	390,031	49,336	(774)	438,593	6,269,245	0.27572
2008	6,535,813	204,391	(79,555)	6,660,649	428,699	56,938	(767)	484,870	7,145,519	0.27358
2009	6,935,648	231,948	(79,734)	7,087,862	456,545	58,275	(764)	514,056	7,601,918	0.27448
2010	6,518,846	232,468	(79,791)	6,671,523	705,249	81,977	(5,199)	782,027	7,453,550	0.27641
2011	6,348,706	200,425	(80,197)	6,468,934	704,031	99,220	(5,168)	798,083	7,267,017	0.28110
2012	6,214,264	189,324	(79,239)	6,324,349	702,581	98,928	(5,052)	796,457	7,120,806	0.28343
2013	7,127,034	301,158	(78,056)	7,350,136	-	-	-	-	7,350,136	0.28450
2014	7,311,929	313,408	(76,552)	7,548,785	-	-	-	-	7,548,785	0.22927
2015	7,725,648	316,364	(75,033)	7,966,979	-	-	-	-	7,966,979	0.21913

NOTE:

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

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

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

CITY OF REDLANDS
Assessed Value and Estimated Actual Value of Taxable Property by Major Type

Last Ten Fiscal Years
(in thousands of dollars)

Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential	\$ 3,717,496	\$ 4,232,501	\$ 4,724,469	\$ 4,866,787	\$ 4,511,071	\$ 4,344,036	\$ 4,375,904	\$ 4,603,792	\$ 4,781,493	\$ 5,102,276
Commercial	560,210	658,585	745,188	828,697	905,533	939,004	909,737	919,179	920,337	941,128
Industrial	257,161	325,169	495,797	682,669	732,243	751,264	649,237	641,987	675,107	774,960
Dry Farm	337	344	840	714	-	-	-	-	-	-
Government	4,284	4,370	4,457	1,380	471	470	2,499	488	498	1,478
Institutional	25,209	13,607	14,163	14,604	14,399	13,898	13,890	14,083	15,906	15,809
Irrigated	39,464	41,481	36,360	40,045	32,307	30,874	26,967	27,292	41,179	30,844
Miscellaneous	12,328	12,968	18,547	17,869	14,379	14,718	16,123	19,068	20,217	22,390
Recreational	27,870	27,527	28,932	30,591	31,864	32,472	32,453	34,762	31,852	31,962
Vacant Land	248,366	264,268	289,940	313,328	307,578	269,144	249,102	249,220	234,071	231,763
SBE Nonunitary	306,375	555,066	605,819	595,509	664,832	647,926	629,042	610,154	591,269	573,038
Unsecured	207,699	213,745	261,329	290,223	323,863	308,576	297,334	301,158	313,408	316,364
Unknown	3,264	-	-	-	-	-	2,809	7,009	-	-
Total Assessed Value	5,410,063	6,349,631	7,225,841	7,682,416	7,538,540	7,352,382	7,205,097	7,428,192	7,625,337	8,042,012
Less: Exemptions	(80,081)	(80,386)	(80,322)	(80,498)	(84,990)	(85,365)	(84,291)	(78,056)	(76,552)	(75,033)
Taxable Assessed Value	5,329,982	6,269,245	7,145,519	7,601,918	7,453,550	7,267,017	7,120,806	7,350,136	7,548,785	7,966,979
Total Direct Rate	0.28812	0.27572	0.27358	0.27448	0.27641	0.28110	0.28343	0.28450	0.22927	0.21913

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

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City Share of Basic Levy ⁽¹⁾	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878
Overlapping Rates: ⁽²⁾										
County General Fund	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600
County Superintendent	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750
Inland Empire Joint Resource Conservation District	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050
Educational Revenue Augmentation Fund	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110
Flood Control Zone 3	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560
Flood Control Zone 8	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088
Redlands Unified	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160
San Bernardino Community College	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130
San Bernardino Valley Municipal Water	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630
San Bernardino Valley Water Conservation District	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044
Total Proposition 13 Rate	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>
Redlands Debt Service	0.01350	0.01200	0.01030	0.00990	0.01060	0.01080	0.01110	0.01090	0.01050	-
Redlands Unified	0.04490	0.03760	0.03220	0.05190	0.05410	0.06170	0.05820	0.06410	0.06290	0.05940
San Bernardino Community College	0.01660	0.01950	0.01270	0.03930	0.02800	0.04670	0.03730	0.04590	0.04190	0.03930
San Bernardino Unified	0.07880	0.07070	0.06610	0.06780	0.07470	0.08840	0.09780	0.09980	0.13500	0.10810
San Bernardino Valley Municipal Water	<u>0.16000</u>	<u>0.15500</u>	<u>0.16500</u>	<u>0.16500</u>	<u>0.16500</u>	<u>0.16500</u>	<u>0.16500</u>	<u>0.16250</u>	<u>0.16250</u>	<u>0.16250</u>
Total Voter Approved Rate	<u>0.31380</u>	<u>0.29480</u>	<u>0.28630</u>	<u>0.33390</u>	<u>0.33240</u>	<u>0.37260</u>	<u>0.36940</u>	<u>0.38320</u>	<u>0.41280</u>	<u>0.36930</u>
Total Direct and Overlapping Rate	<u>1.31380</u>	<u>1.29480</u>	<u>1.28630</u>	<u>1.33390</u>	<u>1.33240</u>	<u>1.37260</u>	<u>1.36940</u>	<u>1.38320</u>	<u>1.41280</u>	<u>1.36930</u>
City Share of 1% Levy Per Prop 13 ⁽³⁾	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878
Redlands Debt Service	0.01350	0.01200	0.01030	0.00990	0.01060	0.01080	0.01110	0.01090	0.01050	-
RDA Incremental Rate ⁽⁴⁾	1.17350	1.16700	1.17530	1.17490	1.17560	1.17580	1.17610	-	-	-
City Direct Rate ⁽⁵⁾	0.28812	0.27572	0.27358	0.27448	0.27641	0.28110	0.28343	0.28450	0.22927	0.21913

NOTES:

(1) In 1978, California voters passed Proposition 13, which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies in which the subject property resides. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various voter approved items.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

(3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

(4) RDA rate is based on the largest TDA tax rate area (TRA) and includes only rates from indebtedness prior to 1989 per California State Statute. RDA direct and overlapping rates are applied only to the incremental property values. With the approval of ABX1 26, the State eliminated Redevelopment from the State of California for the Fiscal Year 2012/13 and years thereafter.

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

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

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

Taxpayer	2015		2006	
	Total Net Taxable Assessed Value	Percentage of Total City Net Taxable Assessed Value	Total Net Taxable Assessed Value	Percentage of Total City Net Taxable Assessed Value
Southern California Edison Company	\$ 572,703	7.19%	\$ -	N/A
Prologis California II LP	84,633	1.06%	-	N/A
Bre Piper MF Parkview Terrace	82,600	1.04%	-	N/A
AMB Institutional Alliance Fund III	81,939	1.03%	-	N/A
NYS New LLC	74,218	0.93%	38,459	0.71%
ROC II California Redlands LLC	62,931	0.79%	-	N/A
2301 W. San Bernardino Ave Invest Group	55,263	0.69%	-	N/A
CLPF-Redlands Business Center	43,480	0.55%	-	N/A
Duke Realty LP	41,186	0.52%	-	N/A
PACGWL LLC	40,200	0.50%	-	N/A
Mountainview Power Company LLC	-	N/A	300,400	5.55%
Evans Withycombe Residential	-	N/A	66,538	1.23%
USAA Real Estate	-	N/A	37,383	0.69%
Crisam Statutory Trust 2002	-	N/A	26,933	0.50%
A & A Royal Plaza LP	-	N/A	19,992	0.37%
AMB Property II LP	-	N/A	18,827	0.35%
Pattillo Industrial Partners LLC	-	N/A	18,680	0.35%
Prologis Macquarie CA. Investment	-	N/A	17,003	0.31%
Citrus Grove JV	-	N/A	16,585	0.31%
Top Ten Total	\$ 1,139,153	14.30%	\$ 560,800	10.37%
City Total Net Taxable Assessed Value	\$ 7,966,979		\$ 5,411,137	

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

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy ²		Subsequent Years Collections of Prior Years	Total Collections to Date ²	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	\$ 22,796,971	\$ 22,204,121	97.40%	\$ 1,392,399	\$ 23,596,520	103.51%
2007	26,404,200	25,513,769	96.63%	1,292,499	26,806,268	101.52%
2008	28,989,125	27,666,659	95.44%	1,487,446	29,154,105	100.57%
2009	29,041,866	27,732,874	95.49%	1,820,062	29,552,936	101.76%
2010	27,857,389	27,284,416	97.94%	1,625,142	28,909,558	103.78%
2011	29,341,082	27,744,927	94.56%	1,437,741	29,182,668	99.46%
2012	28,198,322	26,757,388	94.89%	722,821	27,480,209	97.45%
2013	29,365,178	28,237,555	96.16%	725,114	28,962,669	98.63%
2014	29,697,798	29,620,584	99.74%	834,306	30,454,890	102.55%
2015	30,236,660	30,224,565	99.96%	618,909	30,843,474	102.01%

NOTE:

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

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

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				
	Taxable Pension Bonds					Tax Allocation Bonds					Certificates of Participation					Loans / Capital Lease Obligations					Solid Waste Revenue Bonds		Wastewater Revenue Bonds	
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Loans / Capital Lease Obligations	Total Governmental Activities	Water Revenue Bonds	Wastewater Revenue Bonds	Solid Waste Revenue Bonds	Certificates of Participation	Loans / Capital Lease Obligations	Business-type Activities	Total Business-type Activities	Capital Lease Obligations	Loans / Capital Lease Obligations	Business-type Activities	Total Business-type Activities							
2006	\$ 4,075,000	\$ -	\$ 41,105,000	\$ 17,206,718	\$ 1,543,472	\$ 63,930,190	\$ 16,415,000	\$ 13,315,000	\$ -	\$ -	\$ 880,000	\$ 43,118,935	\$ 107,049,125	\$ 12,508,935	\$ -	\$ 43,118,935	\$ 107,049,125	5.70%	1,525					
2007	3,625,000	-	39,375,000	15,843,380	4,332,091	63,175,471	15,090,000	12,460,000	-	-	-	39,619,804	102,795,275	12,069,804	-	39,619,804	102,795,275	5.17%	1,451					
2008	3,170,000	25,907,621	37,930,000	14,435,042	3,964,467	85,407,130	13,700,000	11,565,000	-	-	-	36,761,989	122,169,119	11,496,989	-	36,761,989	122,169,119	5.94%	1,720					
2009	2,695,000	25,626,705	36,080,000	13,007,038	3,458,089	80,866,832	12,250,000	10,635,000	-	-	-	34,141,422	115,008,254	11,256,422	-	34,141,422	115,008,254	5.53%	1,612					
2010	2,195,000	24,773,830	34,185,000	11,544,034	3,095,191	75,793,055	10,730,000	9,660,000	-	-	-	30,988,668	106,781,723	10,598,668	-	30,988,668	106,781,723	5.24%	1,493					
2011	1,680,000	23,789,186	32,210,000	10,021,030	2,884,385	70,584,601	9,145,000	8,645,000	-	-	-	27,712,740	98,297,341	9,922,740	-	27,712,740	98,297,341	4.47%	1,367					
2012	1,145,000	22,667,969	-	8,448,026	2,548,241	34,809,236	7,485,000	7,580,000	-	-	-	25,412,274	60,221,510	10,347,274	-	25,412,274	60,221,510	2.78%	867					
2013	585,000	21,400,395	-	6,800,022	2,266,391	31,051,808	3,579,945	4,959,409	-	-	-	23,448,829	54,500,637	14,909,475	-	23,448,829	54,500,637	2.42%	781					
2014	-	19,966,684	-	5,077,018	2,077,451	27,121,153	2,402,890	4,001,754	15,132,303	-	-	39,033,746	66,154,899	17,496,799	-	39,033,746	66,154,899	2.92%	947					
2015	-	18,367,081	-	3,299,014	2,959,007	24,625,102	1,195,000	3,024,098	13,834,309	-	-	34,482,951	59,108,053	16,429,544	-	34,482,951	59,108,053	2.63%	847					

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

Source: City of Redlands

CITY OF REDLANDS

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt					Percent of Assessed Value ¹	Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Total		
2006	\$ 4,075	\$ -	\$ 41,105	\$ 17,207	\$ 62,387	1.15%	889
2007	3,625	-	39,375	15,843	58,843	0.93%	831
2008	3,170	25,908	37,930	14,435	81,443	1.13%	1,147
2009	2,695	25,627	36,080	13,007	77,409	1.01%	1,085
2010	2,195	24,774	34,185	11,544	72,698	0.96%	1,016
2011	1,680	23,789	32,210	10,021	67,700	0.92%	941
2012	1,145	22,668	-	8,448	32,261	0.45%	464
2013	585	21,400	-	6,800	28,785	0.39%	412
2014	-	19,967	-	5,077	25,044	0.33%	358
2015	-	18,367	-	3,299	21,666	0.27%	310

NOTE:

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

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

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

CITY OF REDLANDS
Direct and Overlapping Debt
June 30, 2015

Net Taxable 2014-2015 Assessed Valuation		\$ 7,966,978,882	
	Percentage Applicable ¹	Outstanding Debt 06/30/15	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
San Bernardino Community College District	14.164%	\$ 436,185,141	\$ 61,781,263
Redlands Unified School District	58.367%	95,797,733	55,914,263
San Bernardino City Unified School District	0.019%	186,135,738	35,366
City of Redlands Community Facilities District No. 2001-1	100.000%	6,065,000	6,065,000
City of Redlands Community Facilities District No. 2003-1	100.000%	8,845,000	8,845,000
Total Overlapping Tax and Assessment Debt		733,028,612	132,640,892
Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	4.456%	\$ 470,135,000	\$ 20,949,216
San Bernardino County Pension Obligations	4.456%	455,796,704	20,310,301
San Bernardino County Flood Control District General Fund Obligations	4.456%	97,230,000	4,332,569
Redlands Unified School District Certificates of Participation	58.367%	5,000,000	2,918,350
San Bernardino City Unified School District	0.019%	47,750,000	9,073
Yucaipa-Calimesa Joint Unified School District Authority	0.719%	10,805,000	77,688
Total Overlapping General Fund Debt		1,086,716,704	48,597,197
Overlapping Tax Increment Debt			
City of Redlands Tax Allocation Bonds	100%	\$ 23,380,000	\$ 23,380,000
San Bernardino County Inland Valley Tax Allocation Bonds	10.142%	239,870,000	24,327,615
Total Overlapping Tax Increment Debt		263,250,000	47,707,615
Total Gross Overlapping General Fund Debt		1,349,966,704	96,304,812
Less: Redlands Unified School District Self-Supporting Qualified Zone Academy Bonds ²			(2,116,340)
Total Net Overlapping General Fund Debt			94,188,472
Total Gross Overlapping Debt			\$ 228,945,704
Total Net Overlapping Debt			\$ 226,829,364
Direct Tax and Assessment Debt:			
City of Redlands	100.000%	\$ -	\$ -
Direct General Fund Debt:			
City of Redlands General Fund Obligations	100.000%	\$ 3,299,014	\$ 3,299,014
City of Redlands Pension Obligations	100.000%	18,367,081	18,367,081
Total Direct General Fund Debt		21,666,095	21,666,095
Direct Loan/Capital Lease Debt:			
I-Bank Sports Park Lease	100.000%	\$ 1,620,979	\$ 1,620,979
Capital Leases -Equipment	100.000%	1,338,028	1,338,028
Total Direct General Fund Debt		2,959,007	2,959,007
Total Direct Debt			\$ 24,625,102
Total Gross Direct and Overlapping Debt ³			\$ 253,570,806
Total Net Direct and Overlapping Debt ³			\$ 251,454,466

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

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

³ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds.

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

CITY OF REDLANDS
Legal Debt Margin Information
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed valuation	\$ 5,410,062,595	\$ 6,349,631,333	\$ 7,225,841,687	\$ 7,682,415,838	\$ 7,538,540,177	\$ 7,352,381,771	\$ 7,205,098,137	\$ 7,428,192,465	\$ 7,625,337,937	\$ 8,042,012,336
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	1,352,515,649	1,587,407,833	1,806,460,422	1,920,603,960	1,884,635,044	1,838,095,443	1,801,274,534	1,857,048,116	1,906,334,484	2,010,503,084
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	202,877,347	238,111,175	270,969,063	288,090,594	282,695,257	275,714,316	270,191,180	278,557,217	285,950,173	301,575,463
Total net debt applicable to limit: General obligation bonds	4,075,000	3,625,000	3,170,000	2,695,000	2,195,000	1,680,000	1,145,000	585,000	-	-
Legal debt margin	\$ 198,802,347	\$ 234,486,175	\$ 267,799,063	\$ 285,395,594	\$ 280,500,257	\$ 274,034,316	\$ 269,046,180	\$ 277,972,217	\$ 285,950,173	\$ 301,575,463
Total debt applicable to the limit as a percentage of debt limit	2.0%	1.5%	1.2%	0.9%	0.8%	0.6%	0.4%	0.2%	0.0%	0.00%

NOTE:
The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located 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					Solid Waste Revenue Bonds					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Wastewater Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Solid Waste Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2005	16,131,641	11,292,982	\$4,838,659	\$1,225,000	\$ 862,735	\$ 7,995,331	\$4,891,105	\$ 3,104,226	\$ 785,000	\$691,166	\$ -	\$ -	\$ -	\$ -	\$ -	2.10
2006	19,199,475	11,976,185	7,223,290	1,270,000	811,565	9,919,748	4,584,864	5,334,884	815,000	656,110	-	-	-	-	-	3.63
2007	21,807,806	11,514,062	10,293,744	1,325,000	751,770	11,288,913	5,353,523	5,935,390	855,000	618,371	-	-	-	-	-	4.03
2008	21,741,391	11,261,448	10,479,943	1,390,000	688,065	9,982,096	5,645,675	4,336,421	895,000	580,299	-	-	-	-	-	2.94
2009	20,449,999	12,606,173	7,843,826	1,450,000	624,860	9,330,293	5,982,855	3,347,438	930,000	539,684	-	-	-	-	-	2.28
2010	18,925,773	12,560,995	6,364,778	1,520,000	558,035	8,079,798	5,718,330	2,361,468	975,000	496,821	-	-	-	-	-	1.60
2011	19,547,528	13,018,065	6,529,463	1,585,000	487,380	8,551,454	5,891,296	2,660,158	1,015,000	451,539	-	-	-	-	-	1.81
2012	21,849,228	12,345,054	9,504,174	1,660,000	411,500	9,377,389	5,693,909	3,683,480	1,065,000	402,900	-	-	-	-	-	2.51
2013	25,251,130	15,262,512	9,988,618	1,740,000	220,710	9,669,957	6,244,252	3,425,705	1,115,000	244,767	-	-	-	-	-	2.52
2014	25,638,627	16,837,289	8,801,338	1,125,000	81,900	11,290,716	6,917,341	4,373,375	880,000	141,550	12,560,609	10,130,417	2,430,192	-	213,642	4.28
2015	23,236,963	16,684,682	6,552,281	1,160,000	53,250	9,932,156	6,483,856	3,448,300	900,000	119,250	13,442,842	10,341,915	3,100,927	1,115,000	588,875	3.38

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

Source: City of Redlands

CITY OF REDLANDS
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (In Thousands)	Per Capita Personal Income (2)	Unemployment Rate (3)
2005	70,199	\$ 1,878,417	\$ 26,758	3.8%
2006	70,848	1,988,501	28,067	3.4%
2007	71,021	2,055,127	28,937	4.0%
2008	71,339	2,078,671	29,138	5.8%
2009	71,532	2,039,266	28,508	9.6%
2010	71,926	2,198,418	30,565	10.5%
2011	69,498	2,167,990	31,195	9.7%
2012	69,813	2,248,258	32,204	7.0%
2013	69,882	2,265,714	32,422	6.0%
2014	69,814	2,243,752	32,139	4.7%

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

CITY OF REDLANDS
Principal Employers
Current Year and Nine Years Ago

Employer	2015		2006	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Redlands Unified School District	2,894	8.74%	1,730	4.63%
ESRI	2,590	7.82%	1,530	4.09%
Redlands Community Hospital	1,600	4.83%	1,100	2.94%
Amazon Fullfillment	1,300	3.93%		
Beaver Medical Group	1,200	3.63%		
Home Depot	670	2.02%		
Westcor Construction			600	1.60%
City of Redlands	557	1.68%	593	1.59%
Redlands Employment Services			400	1.07%
University of Redlands	550	1.66%	900	2.41%
La-Z-Boy, Inc.	449	1.36%	450	1.20%
Loma Linda Univ Behavioral Medical Center	350	1.06%		
AG Employers			400	1.07%
Wal-Mart Stores, Inc.			400	1.07%
Total of Top Employers	12,160	37%	8,103	22%
Total Employees in City	33,100		37,400	

NOTE:

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

Sources:

Redlands Chamber of Commerce
State of California, Employment Development Department (total employment data)
Primary Employer Human Resources Department

CITY OF REDLANDS

City Employees
by Function

Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Full-time employees:										
City clerk's office	2	2	2	-	-	-	-	-	1	1
City manager's office	6	6	8	6	5	5	6	6	7	7
City treasurer's office	7	7	6	-	-	-	-	-	-	-
Development services	18	19	17	17	15	16	20	20	19	21
Finance	11	12	13	24	21	21	21	22	24	25
Fire	67	67	64	64	61	60	60	61	58	60
Human resources	5	5	6	4	4	5	5	5	7	7
Library	21	21	20	20	17	15	15	16	16	16
Management information systems	4	4	10	14	11	8	9	9	9	9
Municipal utilities and engineering:										
Administration	29	31	34	26	23	23	24	28	28	34
Water	39	40	41	45	48	47	47	49	49	50
Wastewater	24	24	24	24	24	23	24	24	24	24
Police	161	161	149	159	133	129	131	111	113	121
Quality of life										
Administration, parks & streets	52	53	48	47	37	39	42	46	48	52
Equipment maintenance	15	15	15	11	11	9	7	6	6	6
Solid waste	40	40	39	37	38	34	33	33	32	32
Cemetery	5	3	3	3	3	3	3	3	3	4
Redevelopment	5	5	9	10	5	4	-	-	-	-
	<u>511</u>	<u>515</u>	<u>508</u>	<u>511</u>	<u>456</u>	<u>441</u>	<u>447</u>	<u>439</u>	<u>444</u>	<u>469</u>
Part-time employees ¹	72	67	56	45	40	47	64	81	81	88
At-will employees	10	10	-	-	-	-	-	-	-	-
Grant-funded employees	<u>15</u>	<u>14</u>	<u>14</u>	<u>3</u>	<u>11</u>	<u>7</u>	<u>12</u>	<u>12</u>	<u>10</u>	<u>10</u>
Total	<u>608</u>	<u>606</u>	<u>578</u>	<u>559</u>	<u>507</u>	<u>495</u>	<u>523</u>	<u>532</u>	<u>535</u>	<u>567</u>

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.

Source: City of Redlands Budget

CITY OF REDLANDS
Operating Indicators
by Function
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Calls for service ¹	59,182	56,821	61,184	58,702	54,725	52,611	51,248	52,349	54,529	55,972
Emergency calls for service ¹	11,970	16,546	2,643	2,730	3,091	2,333	1,167	592	504	538
Citations issued ¹	5,242	7,390	3,754	7,639	6,516	5,688	5,803	7,617	6,571	6,733
Fire:										
Number of incidents	7,625	8,038	7,885	8,113	8,239	8,470	8,323	8,946	8,980	9,354
Inspections performed ¹	2,737	3,610	2,296	3,145	2,794	2,247	2,994	2,208	2,234	1,974
Building and safety:										
Permits issued	2,838	2,967	2,446	1,453	1,721	1,647	1,536	1,600	2,150	1,932
Inspections performed	17,273	14,611	15,868	12,543	7,920	8,506	7,358	7,717	7,839	4,486
Parks and recreation:										
Community center attendance	62,048	69,861	85,216	68,093	37,973	22,398	18,000	21,084	19,100	31,238
Senior center attendance	43,374	43,633	41,258	34,899	43,706	29,008	20,668	24,897	27,891	29,415
Joslyn center attendance	39,328	40,830	38,960	43,989	37,477	26,707	13,016	19,934	16,932	21,846
Youth sports attendance	14,859	4,665	7,284	10,991	6,787	1,538	3,566	5,677	2,100	21,102
Adult sports attendance	19,797	17,427	30,509	10,259	10,260	4,735	7,780	6,534	20,340	7,200
Water:										
Number of services	21,047	21,450	21,547	21,667	21,534	22,487	23,075	23,845	21,732	21,842
Average daily consumption (thousands of gallons)	23,553	29,458	33,650	22,346	29,960	26,960	23,362	28,375	29,900	24,631
Solid waste:										
Recycled materials (tons)	38,083	40,851	34,317	37,334	28,329	25,194	24,183	25,756	26,570	20,611
Refuse disposed (tons)	61,607	58,402	57,480	54,171	78,832	81,428	71,441	65,887	72,228	49,416
Library:										
Number of volumes	141,310	140,644	141,241	142,050	142,945	144,229	143,622	143,436	142,989	140,667

¹ Data reported by calendar year until 2008. Data is by Fiscal Year effective 2009.

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

Source: City of Redlands

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	4	4	4	2	2	2	2	2	2	2
Fire:										
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	312	315	315	315	315	315	315	315	315	316
Traffic signals (city-owned)	64	68	68	68	68	68	68	68	68	68
Parks and recreation:										
Parks (acreage)	250	230	230	260	260	260	260	279	295	295
Groves (acreage)	196	192	204	204	204	195	195	159	159	159
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	407	416	421	404	386	386	386	386	390	386
Maximum daily production capacity (thousands of gallons)	50,000	50,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Non Potable Water *										
Water mains (miles)	-	-	-	28	28	29	27	29	30	32
Maximum daily production capacity (thousands of gallons)	-	-	-	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Wastewater:										
Sewers (miles)	232	239	239	241	239	242	240	242	243	245
Daily capacity of wastewater plant (thousands of gallons)	9,500	5,500	5,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Solid waste:										
Landfill (city-owned)	1	1	1	1	1	1	1	1	1	1
Library:										
Public library	1	1	1	1	1	1	1	1	1	1

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

Source: City of Redlands