



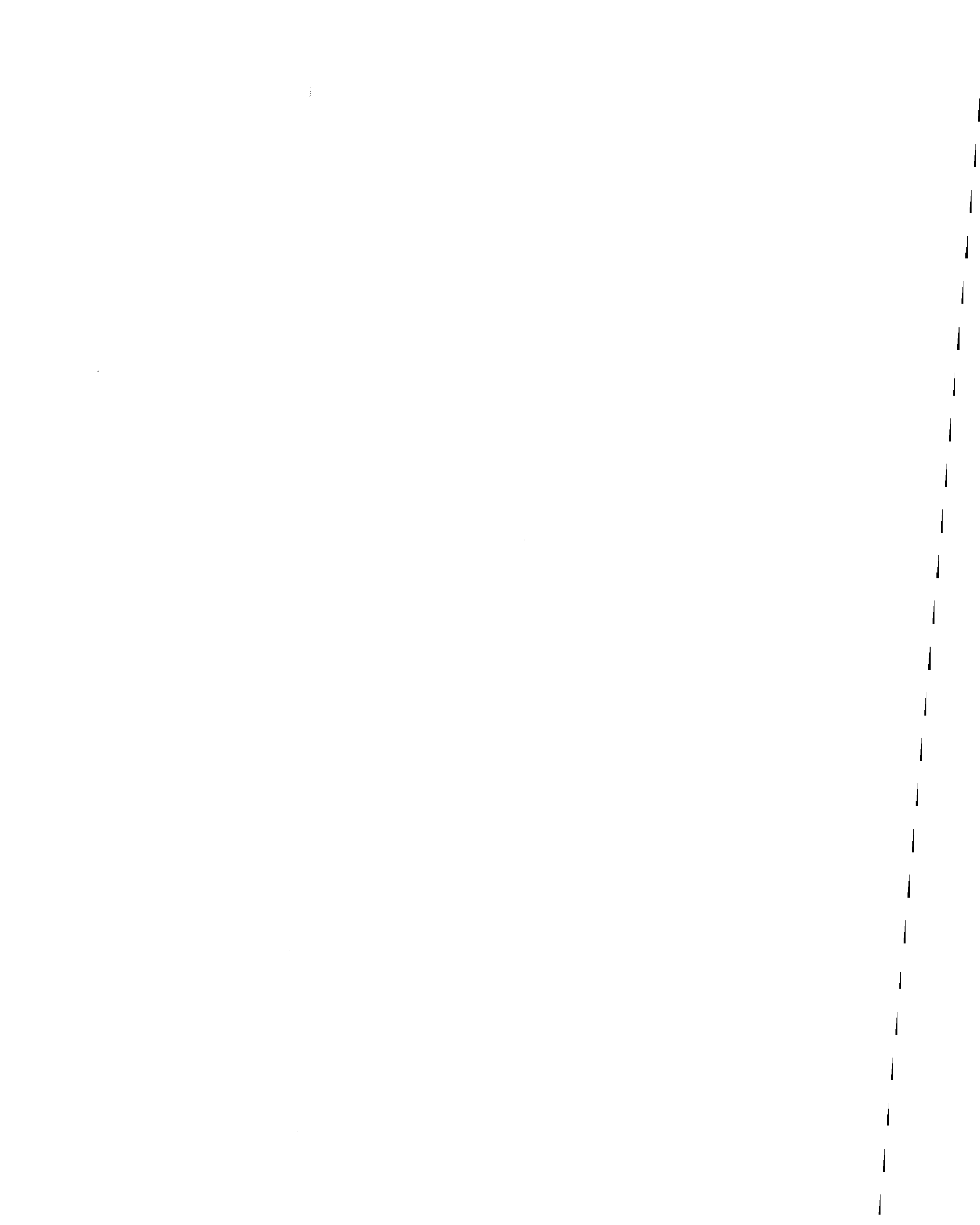
***Comprehensive Annual Financial Report***  
***For The Year Ended June 30, 2009***

***Redlands' City Council Members***

***Jon Harrison, Mayor***  
***Patricia L. Gilbreath, Mayor Pro Tempore***  
***Mick Gallagher, Council Member***  
***Pete Aguilar, Council Member***  
***Jerry Bean, Council Member***

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

*Cover Photographs Courtesy of Carl Baker*



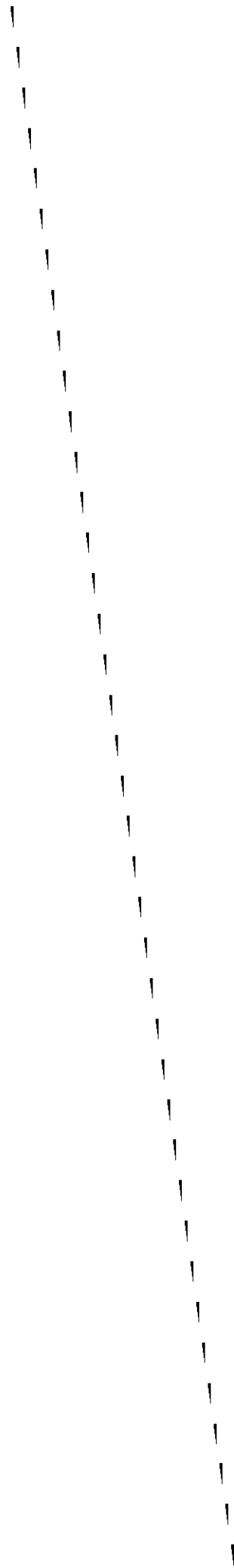
CITY OF REDLANDS  
CALIFORNIA

Comprehensive Annual Financial Report

Year ended June 30, 2009

Prepared by:  
FINANCE DEPARTMENT

Tina T. Kundig  
Finance Director/City Treasurer



CITY OF REDLANDS  
Comprehensive Annual Financial Report  
Year ended June 30, 2009

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 Comprehensive Annual Financial Report  
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CITY OF REDLANDS

Comprehensive Annual Financial Report

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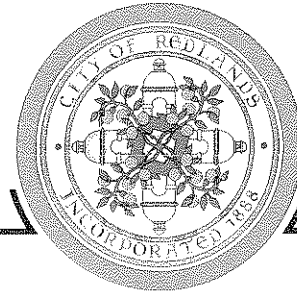
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**INTRODUCTORY SECTION**

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# City of Redlands



December 22, 2009

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, 2009.

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 MAYER HOFFMAN MCCANN, P.C., 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, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the Fiscal Year ended June 30, 2009, 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

*"Preserving the Past, Protecting the Future"*

P.O. BOX 3005

• REDLANDS, CA 92373



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(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 71,646 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 recommending appointment of department heads to the Council for approval. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with elections occurring every two years. The mayor is elected by a majority vote of the Council.

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

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

## ECONOMIC CONDITION AND OUTLOOK

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

**Local economy.** City of Redlands' economy is based largely in the service and trade sectors (health care, retail trade, government, and education) and light manufacturing. The region has a varied manufacturing and industrial base that has added to the relative stability of the unemployment rate over the years, although in the current economy, the unemployment rate has risen to 10.3%. Since 1999, the annual unemployment rate for the City has ranged from a low of 3.4% to its current high.

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

The City's property tax base has shown steady growth since Fiscal Year 2000-2001 with an average annual increase in assessed valuation of 11.8%. The City of Redlands experienced a net taxable value increase of 6.3% for the 2008-2009 tax roll. The increase experienced county wide was 5.2%. The assessed value increase from the prior year was \$455.7 million, with \$135.5 million or 29% of that amount attributable to the 2% CPI adjustment granted by the County assessor. Values reduced by the Assessor as Prop 8 appeals temporarily removed \$112 million from the current year's tax rolls. The largest assessed value increase in the City was reported on property owned by John AMB Institutional Alliance Fund at 1651 California Street, with new improvement values on this site of \$67 million. Bixby Land Company at 2220 Almond Avenue and Prologis-A3 California III at 2501 W. San Bernardino Avenue, each added new improvement values for increases of \$14 million and \$9.4 million, respectively. The largest decline in value was reported by Lucky Seven LLC at 1125 Pine Street. The latter property was increased in 2007 after an ownership change that should not have triggered a re-appraisal and has been reduced accordingly by \$9.5 million. The taxable value of residential property in the City increased by \$142 million (3.01%), commercial property increased by \$83.5 million (11.21%), and industrial property increased by \$186.9 million (37.69%). Since Fiscal Year 2000-2001 assessed valuation for the City of Redlands, excluding RDA, has increased 148% reaching \$7.1 billion in Fiscal Year 2008-2009. The combined assessed valuation for the City and the RDA has grown by 143% over that time, reaching \$7.6 billion.

Development activity occurring in Fiscal Year 2008-2009 has lessened during this Fiscal Year due to the downturn in the economy. Residential growth continued to experience a slow down, with approximately 112 dwelling units permitted, 8 units fewer than in prior year. Development relative to industrial parks and warehouse distribution resulted in 195,518 square feet of industrial buildings permitted during Fiscal Year 2008-2009, down from 1,000,000 square feet in the prior year.

Office development was strong in Fiscal Year 2007-2008 with approximately 250,000 square feet of office buildings permitted for administrative, professional and medical uses. In Fiscal Year 2008-2009 no additional office development was permitted.

Retail development slowed significantly with less than 11,560 square feet of new retail buildings permitted in Fiscal Year 2008-2009, down from 100,000 square feet in the prior year.

As a result of the University of Redlands, 49,097 square feet of classroom/school development was permitted during the year.

Approved projects or projects nearing approval consist of approximately 503 residential dwelling units, approximately 235,064 square feet of commercial buildings, approximately 51,432 square feet of office buildings, and approximately 1,031,823 square feet of industrial buildings. Development of these is dependent on how quickly the economy recovers.

During Fiscal Year 2008-2009, the City implemented a number of significant projects to include the California Street Landfill Expansion Project, which was the second of six anticipated expansions completed at the City's municipal landfill. This project extends the operational service life to 2014. The Stuart Street Master Planned Storm Drain Improvement Project was completed. This storm drain project is part of a major flood protection program to protect the Redlands downtown area. The Lugonia Avenue Storm Drain Improvement Project was also completed, providing a downstream segment of this system and outlet to the Mission Creek Zanja near Mountain View Avenue, thereby allowing the necessary connection and capacity to effectively convey storm water from the commercial and industrial districts on the north side of the San Bernardino Freeway to the Santa Ana River. The City also completed the replacement of aged and deteriorated sewer pipeline mains and improvements at the City Wastewater Treatment Plant to ensure the continued safe collection, management, and disposal of sewage within the City. In addition to the physical improvements implemented, the City continues to prepare and develop additional public facility improvements construction plans as part of its ongoing program to invest, enhance, renew, maintain and provide City facilities that reliably serve to improve the quality of life in the community.

The City secured a second allocation of \$1,061,085 from Proposition 1B Funding for roadway improvements through a competitive solicitation, which will be used to construct improvements on Church Street, Center Street, and Alessandro Road. Staff has been developing street improvement design documents for not only the Proposition 1B improvements, but also roadway rehabilitation improvements using Measure "I", SANBAG Transportation Stimulus pass-through funds, and Traffic Congestion Relief Funds (TCRF). These street rehabilitation projects are being coordinated with the City utility improvements and are expected to begin construction in 2009-2010 or shortly thereafter.

In addition to City projects, the Redevelopment Agency's activities included the approval of landscaping improvements for State Street, and the approval of, and the beginning review process of the construction plans for Orange Street median improvements at Pearl Avenue. A beautification/graffiti eradication crew was established for the Downtown Redlands

Redevelopment Project Area and a tree trimming and planting, graffiti removal and maintenance program was developed for target areas within the North Redlands Redevelopment Project Area.

The RDA expanded the Downtown Storefront Improvement Program to include all commercial buildings located in the Downtown Redlands Redevelopment Project Area, developed incentives to encourage restaurant recruitment and expansion in the downtown, initiated the seasonal Saturday Morning Farmers' Market and initiated an auto dealership marketing program. A formal contract was executed with the Redlands Chamber of Commerce to assist with Economic Development activities.

In the area of Low and Moderate Income Housing, the RDA provided grants for exterior improvements for eligible homeowners and helped create local jobs by using only Redlands-based contractors to perform housing renovation improvements

**Long-term financial outlook/planning.** In recent years the City has faced financial challenges as a result of the State Budget crisis, increases in PERS rates, increases in employee contracts, and employee retirements, and is currently facing the impacts associated with the greatest downturn in our economy that has been seen in many years. For many years during this decade, despite growth in property taxes, sales taxes, and development, the City's General Fund expenditures and uses exceeded its revenues and sources, thereby causing a decline in the General Fund's Unreserved Fund Balance. As a result, the City began to focus on financial policy decisions to balance the budget, establish minimum reserve levels, as well as to review service levels, enhance revenue opportunities, evaluate reorganizations and develop capital improvement plans. These actions helped the City's General Fund achieve net increases in its fund balance in Fiscal Year 2006-2007, with its fund balance increasing by \$1.4 million, and again in Fiscal Year 2007-2008, with its fund balance increasing by \$1.9 million. These actions over the two years proved invaluable to the City as the downturn in the economy hit in Fiscal Year 2008-2009. In the fall of Fiscal Year 2008-2009, the City Council, the City Manager and the executive staff examined the potential impacts to the City of the downturn in the economy, particularly as a result of the significant decline in sales tax revenue and a slowdown in development activity. Departmental budgets were reduced wherever possible and an early retirement incentive program was established, along with a furlough program for all employees that began during the second half of Fiscal Year 2008-2009. As a result of the team effort on the part of all City staff to reduce expenditures, and as a result of improvement in certain revenue categories, resulting in an additional \$870,000 in revenues over adjusted budget, the fund balance of the City's General Fund increased by \$3.7 million in Fiscal Year 2008-2009. Despite this positive outcome to Fiscal Year 2008-2009, the City is continuing to face the challenges of the poor economic climate that has continued to cause a decline in sales taxes and development revenues. Although the City has not yet experienced a significant decline in its property tax revenues, it is bracing for the decline that is likely to occur during Fiscal Year 2010-2011 as a result of reduced property valuations. Employees have again been asked to participate in a furlough program during Fiscal Year 2009-2010 and the City Council, City Manager, and executive staff are continuing to look for potential budget reductions or revenue enhancements to address the \$1.8 million General Fund shortfall projected in the Fiscal Year 2009-2010 Adopted Budget or any additional shortfall that may occur as a result of a further decline in revenues or increased costs required to maintain service levels.

**Pension and other postemployment benefits.** The City contributes to the California Public Employees Retirement System, an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by this funding policy. A discussion of the amortization of the unfunded actuarial liability associated with employee services rendered to date is discussed in Note 9 of the Notes to the Basic Financial Statements.

The City also provides post-retirement health care benefits, in accordance with applicable Memoranda of Understanding and the California Government Code, to all employees who retire from the City of Redlands. In accordance with GASB Statement 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions", the City of Redlands hired an actuary to determine its annual other postemployment benefit (OPEB) cost based on the annual required contribution (ARC). At June 30, 2009, the City's OPEB obligation was \$3.6 million and is more fully discussed in Note 10 of the Notes to the Basic Financial Statements.

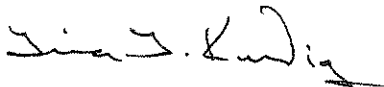
#### Awards and Acknowledgements

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

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

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance department. Special recognition is due to the Assistant Finance Director, Tom Steele, Senior Accountant, Jacquelyn Guest, and Financial/Budget Analyst, Leslie Nacionales-Tafuya for their extraordinary effort in overseeing the compilation of the accounting data and interfacing with our auditors, to the accounting firm of MAYER HOFFMAN MCCANN, P.C. and to Tricia Swope, Senior Administrative Assistant, and Janice McConnell, Executive Assistant.

Respectfully submitted,



Tina T. Kundig  
Finance Director/City Treasurer



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Redlands  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



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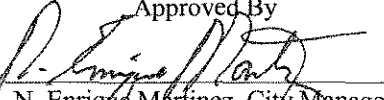
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

CITY OF REDLANDS  
PRINCIPAL OFFICERS

CITY COUNCIL (Elected)	Jon P. Harrison, Mayor Patricia L. Gilbreath, Mayor Pro Tem Peter R. Aguilar, Councilmember Michael T. Gallagher, Councilmember Jerry Bean, Councilmember
CITY MANAGER	N. Enrique Martinez
CITY CLERK (Elected)	Lorrie C. Poyzer
CITY ATTORNEY	Daniel J. McHugh
CHIEF INFORMATION OFFICER	David Hexem
COMMUNITY DEVELOPMENT DIRECTOR	Oscar W. Orci
FINANCE DIRECTOR / CITY TREASURER	Tina T. Kundig
FIRE CHIEF	Jeff L. Frazier
HUMAN RESOURCES DIRECTOR	Deborah K. Scott-Leistra
LIBRARY DIRECTOR	Larry E. Burgess
MUNICIPAL UTILITIES & ENGINEERING DIRECTOR	Rosemary Hoerning
POLICE CHIEF	James R. Bueermann
QUALITY OF LIFE DIRECTOR	Gary van Dorst
REDEVELOPMENT DIRECTOR	Daniel G. Hobbs

CITY OF REDLANDS, CA  
 ORGANIZATIONAL CHART  
 Approved By  
  
 N. Enrique Martínez, City Manager  
 Effective December, 2009

# VOTERS

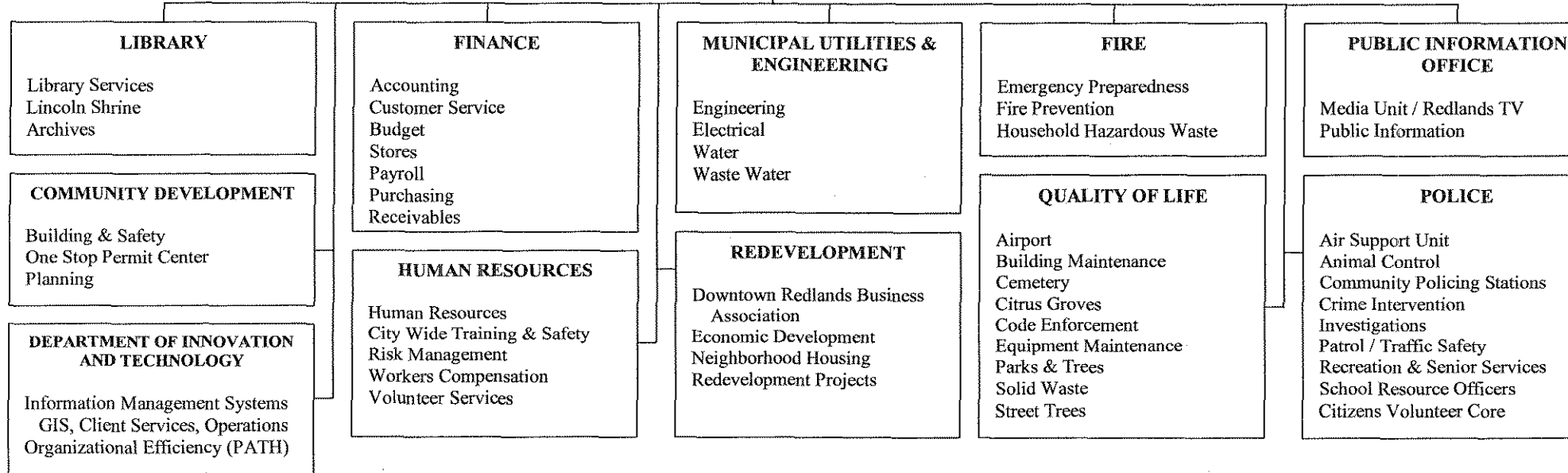
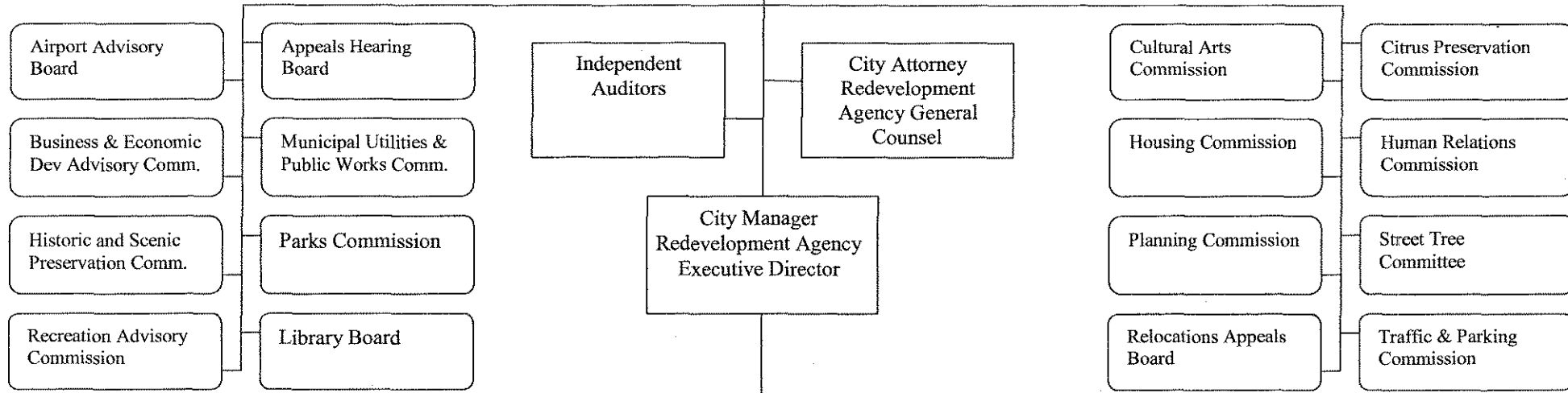
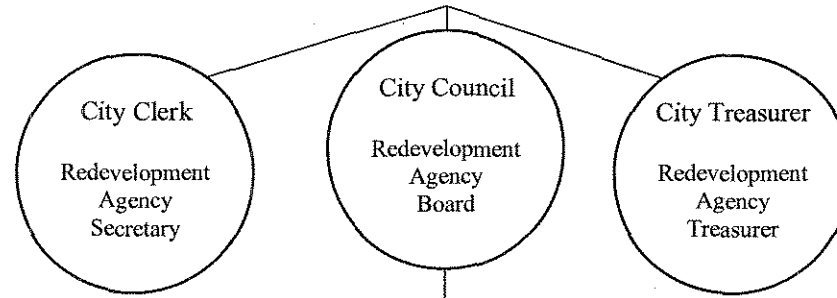
**LEGEND**

Elective ○

Appointive □

Boards, Commissions & Committees ▭

Advisory to: - - - - -



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**FINANCIAL SECTION**

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Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200  
Irvine, California 92612  
949-474-2020 ph  
949-263-5520 fx  
www.mhm-pc.com

Honorable Mayor and City Council  
City of Redlands  
Redlands, California

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Redlands, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Redlands. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in financial position and cash flows, where applicable, of the City of Redlands, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described further in note 10 to the financial statements, the City changed its method of accounting for other postemployment benefits for fiscal years ending on or after June 30, 2009.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* is not a required part of the basic financial statements but is supplementary information required by accounting standards generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Redlands' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules and statistical tables 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



Honorable Mayor and City Council  
City of Redlands, California  
Page Two

have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financing reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayer Hoffman McCann P.C.*

Irvine, California  
December 23, 2009



## 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, 2009. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

### Using the Accompanying Financial Statements

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

### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of 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 sewer system.
  - *Fiduciary fund* statements provide information about fiduciary relationships – like the agency funds of the City – in which the City acts solely as *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

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

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

Figure A-1

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

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

## Reporting the City as a Whole

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

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

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

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

## Reporting the City's Most Significant Funds

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

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

proprietary funds) to report activities that provide supplies and services for the City's other programs and activities.

### Reporting the City's Fiduciary Responsibilities

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

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

### **CITY OF REDLANDS Statement of Net Assets June 30, 2009**

**Table 1**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other Assets	92,055,896	99,164,002	69,343,810	63,849,954	161,399,706	163,013,956
Capital Assets	585,344,490	558,731,948	154,176,658	150,796,869	739,521,148	709,528,817
Total Assets	<b>677,400,386</b>	<b>657,895,950</b>	<b>223,520,468</b>	<b>214,646,823</b>	<b>900,920,854</b>	<b>872,542,773</b>
Long-term Debt Outstanding	92,783,408	95,381,714	41,333,800	42,289,707	134,117,208	137,671,421
Other Liabilities	6,290,741	6,955,115	4,562,356	3,382,761	10,853,097	10,337,876
Total Liabilities	<b>99,074,149</b>	<b>102,336,829</b>	<b>45,896,156</b>	<b>45,672,468</b>	<b>144,970,305</b>	<b>148,009,297</b>
Net Assets:	578,326,237	555,559,121	177,624,312	168,974,355	755,950,549	724,533,476
Invested in Capital Assets, Net of Debt	538,505,009	475,848,979	126,384,905	131,737,271	664,889,914	607,586,250
Restricted	30,310,832	19,552,123	4,120,375	4,074,115	34,431,207	23,626,238
Unrestricted	9,510,396	60,158,019	47,119,032	33,162,969	56,629,428	93,320,988
<b>Total Net Assets</b>	<b>578,326,237</b>	<b>555,559,121</b>	<b>177,624,312</b>	<b>168,974,355</b>	<b>755,950,549</b>	<b>724,533,476</b>

The increase in net assets can provide an indication that the overall financial position of the City improved during the year, by a total of \$31,417,073 as indicated in the Changes in Net Assets Table 2 below. Table 1 shows that net assets of the government-wide activities increased by 4.3% from \$724,533,476 in 2008 to \$755,950,549 in 2009. Governmental Activities net assets increased by 4.1% from \$555,559,121 at June 2008 to \$578,326,237 at June 30, 2009. The City's net assets of business-type activities increased by 5.1% from \$168,974,355 in 2008 to \$177,624,312 in 2009.

The increase in the net assets of the Governmental Activities during 2009 was primarily the result of increases in capital assets of \$26,612,542, the majority of which was due to added right-of-way in the amount of \$16,554,461. Infrastructure increased by a net \$8.4 million and land increased by \$891,612 with additions primarily for parks and open space. Construction in Progress increased by \$2.5 million with completed construction of \$1.5 million, primarily resulting from construction of the Stuart Avenue Storm Drain. Buildings and improvements had additions of approximately \$735,000, with \$585,000 for seismic retrofit and improvements for Safety Hall and construction of the Police Dispatch Center. The remainder was for the completion of restrooms at the Sports Park and new flooring at the Community Center. Rolling stock, net of retirements, increased by approximately \$520,000 and included the purchase of a

patch truck for streets for \$168,817, a hazardous materials truck for \$81,065, and parts and equipment for a hush pumper in excess of \$200,000. Machinery and equipment increased by \$438,000, with all but \$30,000 paid for from Police Grants for surveillance equipment, office furniture and a trailer. Water stock increased by \$405,000 in Governmental Activities as a result of a transfer of Mill Creek water shares from the Water Fund.

The increase in net assets of the Business Activities resulted, in part, due to an increase of \$3,379,789 in Capital Assets. Increases in capital assets included increases in Buildings and Improvements of \$3.3 million, with \$2.8 million in the Solid Waste Fund as a result of the California Street Landfill Expansion Project. The Water Fund had \$458,573 in additions to Buildings and Improvements, primarily from recoating and improvement and construction of a retaining wall at the South Avenue Reservoir. Additions to Infrastructure were approximately \$2.6 million, with approximately \$2.2 million in the Water Fund for various pipelines throughout the City, including pipelines at Alabama Street and Texas Street, and \$339,000 for Sewer lines at Alabama Street, Riverbluff Avenue and Pioneer Avenue. Vehicle additions of \$848,230 were for a Caterpillar D7 Dozer at \$414,376, and two front loaders at \$216,927 each, in the Solid Waste Fund. Additions to Machinery and Equipment were approximately \$140,000 and included a backhoe loader for Water at \$91,000, as well as various equipment for Wastewater. Construction in Progress additions were approximately \$2.2 million with \$1.4 million in the Water Fund, primarily related to Phase I and Phase II of the Pipeline Replacement Project and \$803,000 in the Sewer Fund with \$566,000 for Phase I of the Master Planned Sewer Main Project and \$237,000 for the Peak Pond Relining Project. Additions to Capital Assets were offset by accumulated depreciation, resulting in the net change reflected on the Statement of Net Assets.

Current and other assets of the Business Activities increased by \$5.5 million. Cash and investments of the Business-Type Funds increased by \$4.9 million, with an increase in Cash and Investments of \$4.3 million in the Water Fund. Despite a rate increase of 8% in March, 2009, Charges for Services in the Water Fund increased by only \$58,000 due to a reduced demand for water, and impact fees decreased significantly by more than \$1.2 million, however the Water Fund was still able to realize an operating income of \$4.4 million at June 30, 2009. Although this was less income than the prior year's \$7.2 million, it allowed the Water Fund to increase its cash position. Cash and investments in the Sewer Fund increased by approximately \$814,000. Charges for Services in the Sewer Fund increased by approximately \$209,000, due in part to a rate increase of 10% in March, 2009, but was more than offset by reduced impact fees of \$417,000. Despite an overall decline in operating revenues, the Sewer Fund realized an operating income of \$1.4 million and although not as great as in prior years, enabled the Sewer Fund to increase its cash position.

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

**CITY OF REDLANDS**  
**Change in Net Assets – Year Ended June 30, 2009**

**Table 2**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>Program Revenues:</b>						
Charges for Services	8,291,672	9,236,616	35,844,947	35,473,287	44,136,619	44,709,903
Operating Grants & Contributions	10,058,173	14,314,045	702,524	4,313,798	10,760,697	18,627,843
Capital Grants & Contributions	29,395,240	125,567,546	5,729,189	10,917,476	35,124,429	136,485,022
<b>General Revenues:</b>						
Property Taxes	30,626,167	29,165,961	45,221	51,398	30,671,388	29,217,359
Sales Taxes	11,862,852	13,986,798	-	-	11,862,852	13,986,798
Franchises	5,476,066	4,044,161	-	-	5,476,066	4,044,161
Other Taxes	1,354,067	1,726,102	-	-	1,354,067	1,726,102
Investment Income	2,384,773	2,763,654	2,029,765	2,478,925	4,414,538	5,242,579
Intergovernmental	436,414	496,302	-	-	436,414	496,302
<b>Total Revenues</b>	<b>99,885,424</b>	<b>201,301,185</b>	<b>44,351,646</b>	<b>53,234,884</b>	<b>144,237,070</b>	<b>254,536,069</b>
<b>Program Expenses:</b>						
General Government	19,973,152	15,161,802	-	-	19,973,152	15,161,802
Public Safety	38,005,815	37,623,861	-	-	38,005,815	37,623,861
Highways and Streets	8,648,714	8,341,455	-	-	8,648,714	8,341,455
Culture and Recreation	4,021,267	4,129,747	-	-	4,021,267	4,129,747
Library	2,082,948	1,955,443	-	-	2,082,948	1,955,443
Interest and Fiscal Charges	4,335,844	5,035,588	-	-	4,335,844	5,035,588
Water	-	-	15,666,955	14,112,424	15,666,955	14,112,424
Disposal	-	-	10,446,326	8,956,968	10,446,326	8,956,968
Sewer	-	-	8,021,053	7,650,890	8,021,053	7,650,890
Aviation	-	-	370,715	400,298	370,715	400,298
Cemetery	-	-	522,045	522,989	522,045	522,989
Groves	-	-	725,163	604,998	725,163	604,998
<b>Total Expenses</b>	<b>77,067,740</b>	<b>72,247,896</b>	<b>35,752,257</b>	<b>32,278,567</b>	<b>112,819,997</b>	<b>104,526,463</b>
Increase in Net Assets before Transfers	22,817,684	129,053,289	8,599,389	20,956,317	31,417,073	150,009,606
Transfers	(50,568)	1,104,461	50,568	(1,104,461)	-	-
<b>Increase (decrease) Net Assets</b>	<b>22,767,116</b>	<b>130,157,750</b>	<b>8,649,957</b>	<b>19,851,856</b>	<b>31,417,073</b>	<b>150,009,606</b>
Beginning Net Assets	555,559,121	425,401,371	168,974,355	149,122,499	724,533,476	574,523,870
<b>Ending Net Assets</b>	<b>578,326,237</b>	<b>555,559,121</b>	<b>177,624,312</b>	<b>168,974,355</b>	<b>755,950,549</b>	<b>724,533,476</b>

Governmental Activities

Revenues for the City's governmental activities decreased 50% from \$201,301,185 in 2008 to \$99,885,424 in 2009. Total governmental activity expenses increased by 6.7% from \$72,247,896 in 2008 to \$77,067,740 in 2009. The cost of all *government-wide* activities increased by 7.9% from \$104,526,463 in 2008 to \$112,819,997 in 2009. As shown in the Statement of Activities on pages 20 and 21 of the CAFR, the amount that taxpayers financed for these activities through City taxes was \$29,322,655, while other costs were paid by those who directly benefited from the programs (\$8,291,672), by other governments and organizations that subsidized certain programs with operating grants and contributions (\$10,058,173), or capital grants and contributions (\$29,395,240). Overall, the City's governmental program revenues were \$47,745,085, 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 decreased by \$944,944, or 10.2% in 2009 with the most notable decreases in General Government, \$535,174 and Highways and Streets, \$605,612. Decreases in charges for services resulted primarily from decreases in development activity, with a decline of more than \$700,000 in development fees, offset by an increase of \$161,482 in pre-annexation agreement revenues under General Government. Under Highways and Streets, Engineering revenues declined primarily in grading/paving permits and street permits by \$178,000 and \$279,000, respectively with WQMP revenues down by \$106,000. Decreases in these categories, along with a decrease in library fines and nonresident fees of \$5,000, were offset by minor increases in Public Safety and Culture and Recreation.

Operating Grants and Contributions decreased by a total of \$4,255,872, or 29.7% from prior year. General Government decreased by approximately \$1.8 million due to receipt of a Neighborhood Initiative Grant in the prior year. Reductions of approximately \$2.1 million in Culture and Recreation resulted from receipt in the prior year of almost \$1.3 million in State grant funds and \$500,000 in donations from AYSO, both for the Sports Park. Highways and Streets decreased by more than \$300,000, primarily as a result of a decrease in Measure I Sales Tax of approximately \$233,000, offset by an increase in AB2928 Traffic Congestion Relief funds of approximately \$520,000.

Capital Grants and Contributions decreased by approximately \$96,172,306 or 76.6%. This is due, in part, to a decrease from prior year of approximately \$1.8 million for street construction, traffic signals, transportation facilities and storm drain impact fees. The majority of the remaining decrease was due to the value of right-of-way contributions received from developers in the prior year.

Property Taxes increased by \$1,460,206, or 5%, over prior year due to growth in the assessed value of residential, commercial, and industrial properties, however this growth was at a lesser rate than that experienced in past years. Growth in assessed value increased by \$455.7 million with a net taxable value increase of 6.3%, compared to growth in assessed value in the prior year of \$876.2 million and a net taxable value increase of 13.8%. The largest assessed value increase in the City was reported on property owned by John AMB Institutional Alliance Fund at 1651 California Street, with new improvement values on this site of \$67 million. Bixby Land Company at 2220 Almond Avenue and Prologis-A3 California III at 2501 W. San Bernardino Avenue, each added new improvement values for increases of \$14 million and \$9.4 million, respectively. The largest decline in value was reported by Lucky Seven LLC at 1125 Pine Street. The latter property was increased in 2007 after an ownership change that should not have triggered a re-appraisal and has been reduced accordingly by \$9.5 million.

Sales Taxes decreased by \$2,123,946, or 15.2%, due to the declining economy and decreases in nearly all categories, but particularly in the categories of automobile sales and building and construction, which are the two greatest sales tax producing categories within the City's tax base.

Franchise Fees increased by \$1,431,905 or 35.4%, primarily due to increased fees paid by the Gas Company as a result of increased gas usage by a local utility.

Other taxes decreased by \$372,035 or 21.6%, primarily as a result of a decrease in Mining Taxes, of approximately \$392,000.

Investment income decreased by \$378,881 or 13.7%, due to decreased earnings on investments held in the City's portfolio resulting from the prevailing economic conditions.

Intergovernmental revenues decreased by \$59,888 or 12.1%, primarily due to the reduction of approximately \$72,000 in motor vehicle license fees, offset by increased state mandated cost reimbursements of approximately \$16,000.

General Government expenses increased by \$4,811,350 or 31.7%. This increase was primarily found in the Nonmajor Funds general government expenditures where an increase of approximately \$4.5 million occurred in the Redevelopment Agency Low and Moderate Income Housing Fund. Expenditures in that fund included a payment of \$4 million to Housing Partners I, Inc. for cancellation of their promissory note with the Redevelopment Agency per an Affordable Housing Development Incentive and Restrictive Covenant Agreement in support of completion of the Vista del Sol Senior Housing Project. Expenditures in the Redevelopment Projects Fund increased by more than \$158,000 in support of redevelopment projects within the City. Some moderate increases and decreases in these expenditures occurred in other Nonmajor Funds, while the General Fund decreased its General Government expenditures by approximately \$142,000, reflecting the City's effort to hold the line on spending. In addition, GASB 34 adjustments were made to increase expenditures for depreciation on capital assets, the net OPEB obligation, amortization on the prepaid pension contribution, and for internal balances, and to reduce expenditures for compensated absences and to eliminate operating income of the internal service funds.

Public Safety expenses increased by \$381,954 or 1%. Public Safety operating expenditures, in the General Fund decreased by \$1,010,579 primarily due to vacancies within the Police Department and an overall effort to hold the line on spending. A net increase of \$67,604 in Public Safety expenditures occurred in the Nonmajor Governmental Funds, with increases in the Paramedic Fund of \$41,713, the Supplemental Law Enforcement Fund of \$21,618, and the Drug Confiscation Fund of \$160,114, offset by a decrease in Police Grants of \$155,841. The difference between the net decreases in Public Safety expenditures discussed and the overall increase on the Statement of Activities results from GASB 34 adjustments to increase expenditures for depreciation on capital assets, the net OPEB obligation, amortization on the prepaid pension contribution, and for internal balances, and to reduce expenditures for compensated absences and to eliminate operating income of the internal service funds.

Highways and Streets increased by \$307,259 or 3.7%. General Fund Highway and Streets expenditures were reduced by \$185,363 due in part to a reduction in the tree trimming contract and as a result of savings in salaries and benefits due to employee vacancies and a reallocation of engineering salaries and benefits. Overall, Highway and Streets expenditures in the Nonmajor Funds increased by \$203,161 with a net increase of \$139,679 in Special Revenue Funds and \$63,482 in the Storm Drain Capital Project Fund. Increases in Special Revenue Funds included \$58,563 in the Local Transportation Fund, \$41,610 in the Traffic Signals Fund, \$32,401 in the Measure I Fund and \$30,554 in the Street Lighting Assessment District Fund, offset by moderate decreases in other Special Revenue Funds. The difference between the net increase in Highways and Streets of \$17,798 as discussed, and the overall increase of \$307,259 on the Statement of Activities results from GASB 34 adjustments to increase expenditures for depreciation on capital assets, the net OPEB obligation, and for internal balances, and to reduce expenditures for compensated absences and to eliminate operating income of the internal service funds.

Culture and Recreation expenses decreased by \$108,480 or 2.6%. Expenditures in the General Fund decreased by \$222,532 primarily due to reduced salaries and benefits of approximately \$129,000 in Parks and a reduction of approximately \$160,000 in Water, Sewer and Disposal costs in Parks as a result of water for the Parks being provided by the Water Fund. Garage charges increased by \$62,000. Culture and Recreation expenditures in the Nonmajor funds decreased by \$64,424, with a decrease of \$74,039 in expenditures for the Neighborhood Initiative Program which ended, and increased expenditures in the Park and Open Space and

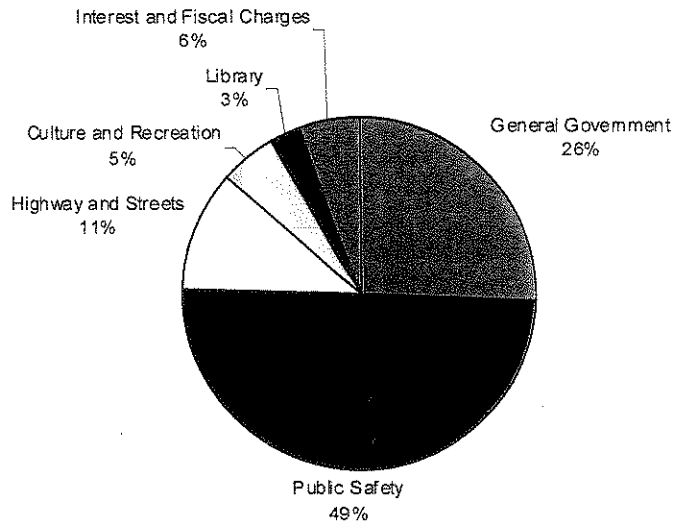


CDBG funds, of \$9,169 and \$446, respectively. The difference between the decrease presented on the Statement of Activities and the decreases discussed are the result of GASB 34 adjustments to increase expenditures for depreciation on capital assets, the net OPEB obligation, and for internal balances, and to reduce expenditures for compensated absences and to eliminate operating income of the internal service funds.

Library expenses increased by \$127,505 or 6.5% with increases of approximately \$41,000 in salaries and benefits, \$40,000 in technology charges and \$10,000 in insurance costs. Expenditures for books and periodicals were reduced by approximately \$82,000. The greater increase in expenditures reflected on the Statement of Activities is the result of GASB 34 adjustments made to increase expenditures for depreciation on capital assets, the net OPEB obligation, and for internal balances, and to reduce expenditures for compensated absences and to eliminate operating income of the internal service funds.

Interest and fiscal charges decreased by \$699,744 or 13.9%. Overall, interest expense increased by approximately \$653,000 with an increase in the City of Redlands Debt Service Fund of \$735,865 resulting from a full year of interest payments on the Pension Obligation Bonds and an increase in the RDA Debt Service Fund of \$9,410. A decrease in interest expense of \$4,686 occurred in the Parks and Open Space Special Revenue Fund relating to the I-Bank loan for the Sports Park and in the amount of \$32,188 in the Redlands Public Improvement Fund Debt Service Fund relating to the 2003 Refunding Lease Revenue Certificates of Participation. Fiscal charges decreased in the City of Redlands Debt Service Fund by \$299,817 as a result of prior year costs associated with the issuance of the 2007 Taxable Pension Funding Bonds and the costs of an actuarial performed in connection with the bond issue. Fiscal charges decreased in the Redevelopment Agency Debt Service Fund by \$81,838 as a result of prior year costs associated with the issuance of the 2007 Tax Allocation Bonds in August, 2007. The difference between the decrease of \$699,744 reflected in the Statement of Activities and the actual net increase in interest and fiscal charges, as discussed, is as a result of GASB 34 adjustments of approximately \$985,000 made in the prior year for interest payable, fiscal charges and accrued interest.

### Expenses by Functions Governmental Activity



### Business-Type Activities

Revenues of the City's Business-Type Activities (See Table 2) decreased by 16.7% from \$53,234,884 in 2008 to \$44,351,646 in 2009 and expenses increased by 10.8% from \$32,278,567 in 2008 to 35,752,257 in 2009.

Charges for Services in the Water Fund increased by \$57,952 or 0.3%, primarily as a result of rate increases of 8% in March, 2008, and continued growth in the customer base, offset by reduced demand for water.

Charges for Services in the Disposal Fund increased by \$334,612 or 3.6%, due to growth in the customer base.

Charges for Services in the Sewer Fund increased by \$209,036 or 3.0%, primarily due to a rate increase of 10% in March, 2009, and because the service demands on water has a corresponding impact on sewer usage.

Charges for services in the Aviation Fund increased by \$23,563 or 10.2%, while Charges for Services decreased in the Cemetery Fund and the Groves Fund by \$92,810 or 23.1% and \$160,693 or 26.7%, respectively.

Operating Grants and Contributions decreased by \$3,611,274 or 83.7%. The major reason for this decrease is prior year land sale proceeds in the Solid Waste and Sewer Funds of \$1.5 million, each, for land at Nevada and Alabama Streets, offset by \$1.3 million in retired property.

In addition, 2008 included \$1.8 million in donations from Bixby Land Company for the Mountain View Grove and the cultural care and maintenance of the grove.

Capital Grants and Contributions decreased by \$5,188,287 or 47.5%. Capital contributions of infrastructure in the Water and Sewer Funds decreased by \$2,426,403 and \$1,219,140, respectively. In addition, there were decreases in impact fees of \$1,249,730 in the Water Fund, \$66,581 in the Disposal Fund, and \$417,085 in the Sewer Fund, as a result of slowed development. These were offset by \$203,900 in new impact fees for Non Potable Water. Capital contributions in the Aviation Fund also decreased by \$106,113.

Investment income decreased by \$449,160 or 18.1%. This difference is due to decreased earnings on investments held in the City's portfolio resulting from the prevailing economic conditions.

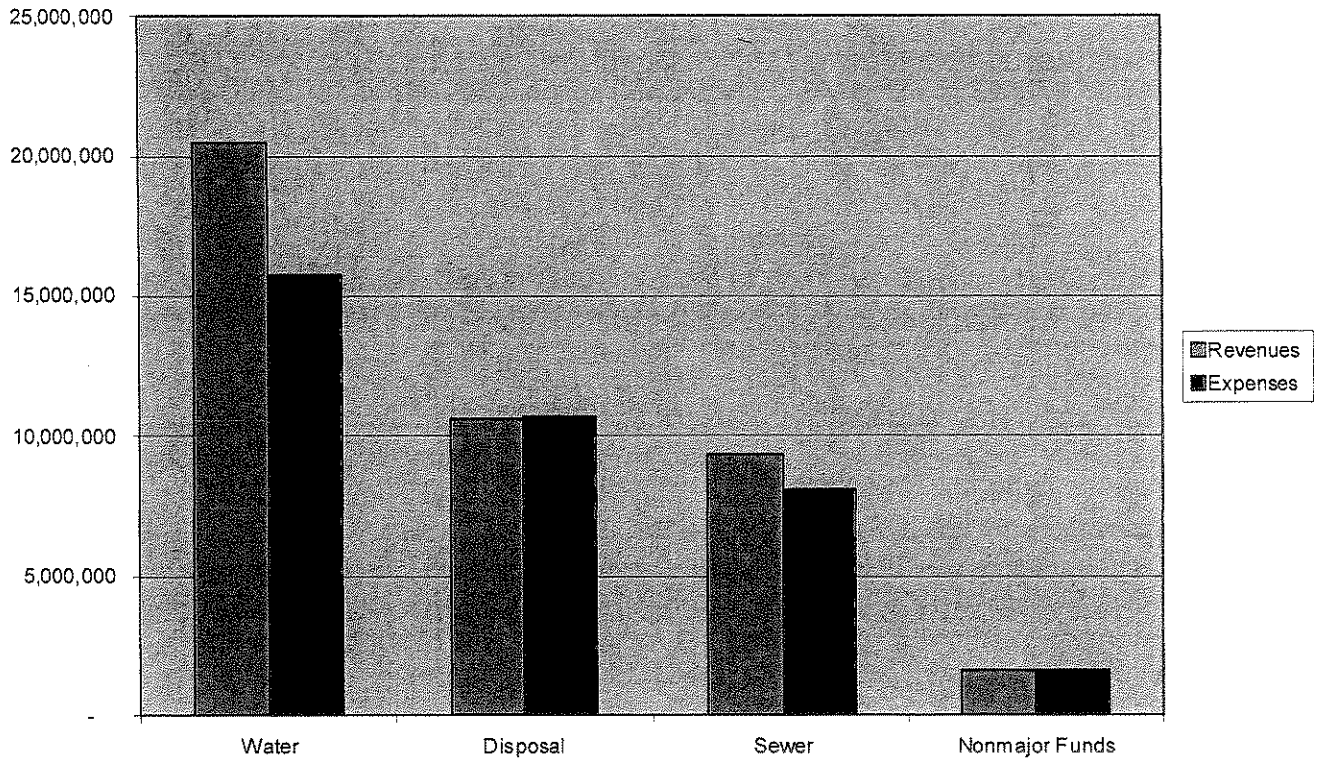
Operating expenses of the City's Business Activities, taken from the Statement of Revenues, Expenses, and Changes in Fund Net Assets, grew for the Water, Disposal and Sewer Utilities, with Water increasing by \$1,620,551 or 12.2%, Disposal increasing by \$1,634,823 or 18.1% and Sewer increasing by \$463,282 or 6.7%. In the Water Fund, greatest increases were for energy costs, approximately \$575,000, retiree health insurance costs, approximately \$300,000, and professional service charges, approximately \$210,000. The largest increases in the Disposal Fund were in retiree health insurance costs of approximately \$285,000, depreciation charges of approximately \$900,000, and an increase in the landfill closure expense of approximately \$571,000 due to a capacity adjustment during the permitting process. Expenses in the Sewer Fund increased largely due to retiree health insurance costs of approximately \$209,000, special contractual services of approximately \$200,000, and depreciation charges of more than \$200,000.

In the Aviation Fund, operating expenses increased by only \$10,270 or 3.2% due, in part, to an adjusting entry to increase depreciation by approximately \$39,000.

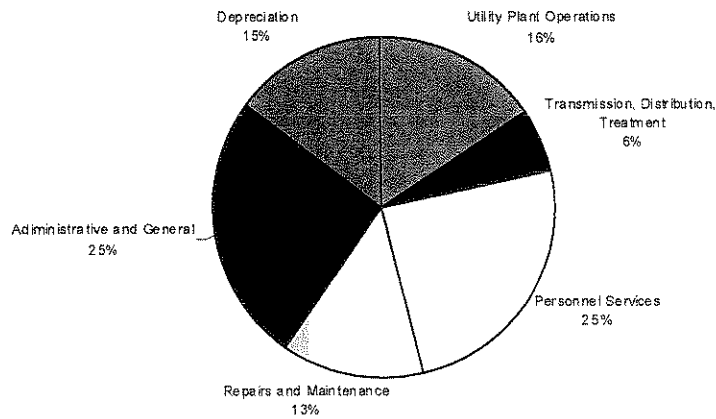
Cemetery operating expenses increased by only \$5,210 or 1.1%, with a notable increase in retiree health insurance costs of approximately \$11,000.

Operating expenses of the Groves Fund increased by \$120,209 or 19.9%. This increase is a result of an increase in personnel costs of approximately \$16,000, an increase in water costs of approximately \$10,000, and an increase of approximately \$100,000 for special contractual farming services.

### 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 2009, total fund balance of the general fund was \$18,862,140, an increase of \$3,733,589, or 24.7%, from the prior year fund balance of \$15,128,551. 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 37.2% of general fund expenditures, however only \$7,889,723 of the \$18.86 million fund balance is unreserved. The unreserved fund balance of \$7.89 million, together with the \$6.11 million fund balance reserved for contingencies, the only portion of the reserved fund balance readily available for spending, represents 27.6% of general fund expenditures. Total general fund expenditures this year were \$2,117,944 less than prior year and total general fund revenue this year was \$3,109,197 less than prior year.

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

- Sales Taxes decreased \$2,123,946 from prior year due to a State adjustment in the compensation amount and reduced sales and use tax receipts;
- Property Taxes increased by \$1,185,559 (includes amount previously shown in Motor Vehicle In-Lieu Revenue) largely due to additional secured property valuations;
- Franchise Fees increased \$1,431,905 due to increased capacity of gas powered electrical generators at a local utility plant;
- "Other" Taxes decreased \$539,914, mainly due to reductions in Transient Occupancy Taxes, Property Transfer Taxes and Mining Taxes;
- Licenses, Permits and Fines decreased \$1,023,853, mostly due to decreases in building permits and plan checks;
- Intergovernmental Revenues decreased \$147,633 due to variations in Vehicle License Fees and Federal grants;
- Charges for services decreased \$506,893, mainly due to an decrease in Mutual Aid Reimbursements and Inspections;
- Charges for Services to other City funds increased by \$242,934 as a result of applying a Consumer Price Index increase to the cost allocation plan;
- Investment Income decreased \$953,163;
- Proceeds from land sales decreased \$844,000;
- "Other" Revenue increased by \$169,807.

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 an Advance Payable to the General Fund in the amount of \$4,200,395. This is an increase from last year of \$488,008 due to a need for new advances to the Library and General Government funds. The decrease in fund balance/net assets results primarily from a decrease of \$878,985 in fees, a transfer to the General Fund of \$175,097 for Fire equipment lease payments, and work performed on Safety Hall and the Dispatch Center.

The **City of Redlands General Debt Service** fund accounts for the receipt of property taxes to be used for the retirement of the 1988 General Obligation Measure "O" Open Space Bonds, the

1994 Refunding General Obligation Bonds, and the 2003 General Obligation Bonds, as well as to account for the activity relating to the 2007 Taxable Pension Funding Bonds.

**Major Enterprise Funds.** The **Water Fund** has total net assets of \$95,745,320 at the end of the fiscal year; \$24,215,701 is unrestricted. The **Disposal Fund** has total net assets of \$20,033,701 at the end of the fiscal year; \$11,181,885 is unrestricted. The **Sewer Fund** has total net assets of \$41,352,844 at the end of the fiscal year; \$11,849,624 is unrestricted. These funds account for the respective utility services provided by the City. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## GENERAL FUND BUDGET

Differences between the original 2008-2009 budget and the final amended 2008-2009 budget of the General Fund can be briefly summarized as follows:

- Total Revenues - \$4,180,233 decrease in the budget.
- General Government - \$1,311,818 decrease in the budget
- Public Safety - \$746,077 decrease in the budget.
- Highways and Streets - \$393,008 decrease in the budget.
- Culture and Recreation - \$116,464 decrease in the budget.
- Library – \$161,745 decrease in the budget.
- Capital Outlay - \$361,467 increase in the budget.
- Debt Service –\$18,085 increase in budget.

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

	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
<b>Total Revenues</b>	\$ 52,270,715	\$ 53,140,274	\$ 869,559
General Government	8,553,421	8,706,285	(152,864)
Public Safety	31,720,940	31,136,925	584,015
Highways and Streets	3,932,689	4,038,333	(105,644)
Culture and Recreation	3,557,832	3,497,188	60,644
Library	2,002,418	2,028,917	(26,499)
Capital Outlay	376,567	743,718	(367,151)
Debt Service	568,354	551,263	17,091
<b>Total Expenditures</b>	\$ 50,712,221	\$ 50,702,629	\$ 9,592

Actual revenues were over the amended budget estimates due to higher than expected receipts in all categories offsetting a slight overall decrease in the tax category. The two major increases were for Pre-annexation Agreements, \$242,000, and Investment Income and Other Miscellaneous Revenue, \$424,874.

General Government expenditures ended the year over budget by 1.8%. The largest overages were \$102,236 in Building Maintenance, primarily for Contractual Services and Electrical costs, \$51,747 in City Attorney, and \$45,032 in Human Resources, primarily in the categories of Other Professional Services and Retiree Health Insurance. These overages were offset by a \$67,396 savings in Finance.

As a whole, Public Safety expenditures were under budget in all categories. This includes savings in salaries and benefits, services, and supplies in both the Fire Department and the Police Department. Savings from these, combined with deferral of expenditures into the next fiscal year through encumbrances and carryovers, have allowed a 1.8% reduction in this function.

Highways and Streets were over budget primarily due to salary and benefit costs in the Streets and Engineering Divisions. Also contributing to the overage, were expenditures for power and repair supplies in the Electrical Division. Expenditures in other areas were generally maintained. The result was an overage of 2.7%.

Culture and Recreation was under budget as a result of savings in all categories in the Parks Division. Together with the Community Services Divisions, which includes Recreation and Senior Services, coming in at budget, the net reduction at the end of the year was 1.7%.

Library expenditures were over budget by 1.3% at year-end. The overage was largely due to unexpected leave payoffs in the salary and benefit categories. There was also an increase in insurance premiums for coverage on the Library's collections.

Actual capital expenditures were under budget by 10.1% at year-end. This is due to the Street Construction budget not being spent. However, capital expenditures reflect a 97.5% increase due to a transfer of \$405,000 in water assets that were not included in the budget.

Debt Service expenditures were under budget by 3%. This was due to an overstated principal payment for Police radios and a reduced interest payment by the General Fund on the loan from the Solid Waste Enterprise Fund.

The overall favorable variance of only \$9,592, or 0.02%, was achieved with the careful review of expenditures in all categories, including vacant positions. In addition, the City implemented a furlough program for all employees and offered early retirement incentives. With the budget reviews beginning in the fall of 2008 and the cooperative effort of management and staff, overall expenditure reductions were achieved. The unreserved fund balance was not only maintained, but was actually enhanced.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital assets**

The City's equity investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounted to \$739,521,148 (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 \$4,055,892 in building and improvement expenditures on various projects throughout the City. The largest of these expenditures was for the current cell expansion work at the California Street Landfill in the amount of \$2,846,757. Other major projects included the work on Safety Hall and the Dispatch Center totaling \$584,988, various Water facility improvements totaling \$458,373, and completion of the restroom facilities at the Sports Park in the amount of \$144,068. In addition, there were also significant land additions this year, some from prior years, totaling \$3,354,147 for Open Space, Groves, Water and Highways and Streets. Completed street improvement projects recognized totaled \$3,642,031. This included \$1,457,109 in pavement, \$925,471 in curbs and gutters, \$703,869 in sidewalks and \$555,582 in street lights. There were \$8,346,591 in storm drain improvements this year, the largest of which was the project in the area of Mountain View and Almond Avenues in the amount of \$3,851,972. Another major storm drain project was the Stuart Avenue and Texas Street improvements downtown. The Water Utility recognized \$2,242,095 in infrastructure improvements with major work on Alabama Street, \$972,155, Texas Street, \$417,700, and Buena Vista/Grove Street, \$322,200. Other expenditures included vehicle and equipment replacement purchases totaling \$540,720 and \$418,750 for furniture and equipment at the new Dispatch Center.

Overall, the City's net capital assets increased by \$29,992,331 for the fiscal year ended June 30, 2009, or 4.2% over prior year. The Infrastructure, Rights of Way and Buildings and Improvements categories together increased by a net of \$27,756,357, representing 92.5% of the increase. This is due largely to the completion of development projects throughout the city and the recognition of these assets by the City.

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

	Governmental Activities		Business-type Activities		Total		Increase / (Decrease)
	2009	2008	2009	2008	2009	2008	Percent of Change
Land	\$ 29,729,444	\$ 28,837,832	\$ 30,724,728	\$ 30,614,728	\$ 60,454,172	\$ 59,452,560	1.68%
Buildings & Improvements	18,879,897	18,144,559	80,513,683	77,192,909	99,393,360	95,337,468	4.25%
Machinery/Equip./Vehicles	19,423,512	18,417,617	14,171,793	13,480,837	33,595,305	31,898,454	5.32%
Infrastructure	177,657,189	165,693,521	125,783,967	123,203,372	303,441,156	288,896,893	5.03%
Water Stock	408,125	3,125	8,868,709	9,270,584	9,276,834	9,273,709	0.03%
Rights of Way	415,527,487	398,973,026	-	-	415,527,487	398,973,026	4.15%
Construction in Progress	10,749,028	9,820,854	13,348,361	11,488,606	24,097,389	21,309,460	13.08%
Accum. Depreciation	(87,029,992)	(81,158,586)	(119,234,563)	(114,454,167)	(206,264,555)	(195,612,753)	5.45%
<b>Total</b>	<b>\$ 585,344,490</b>	<b>\$ 558,731,948</b>	<b>\$ 154,176,658</b>	<b>\$ 150,796,869</b>	<b>\$ 739,521,148</b>	<b>\$ 709,528,817</b>	<b>4.23%</b>

Internal Service Fund capital assets, in the net amount of \$170,961 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 4 of the Notes to the Basic Financial Statements.



## LONG-TERM DEBT

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

- Entered into a lease for a Caterpillar D7 Dozer valued at \$414,376, replacing an older model used at the Solid Waste Landfill.
- The City began reporting the net OPEB obligation as required by GASB 45 which totals \$3,618,793.
- There was a revision to the landfill permit and capacity in January 2009 which required an increase to the closure liability in the amount of \$835,468.
- Amortized bond issue costs totaling \$48,004.
- Paid \$7,576,321 scheduled principal and \$5,473,109 interest on existing debt.

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

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2009	2008	2009	2008	2009	2008	Percent of Change
Capital Lease Obligations	\$ 1,555,810	\$ 1,998,890	\$ 347,240	\$ -	\$ 1,903,050	\$ 1,998,890	-4.79%
General Obligation Bonds	2,695,000	3,170,000	-	-	2,695,000	3,170,000	-14.98%
Taxable Pension Bonds	25,626,705	25,907,621	-	-	25,626,705	25,907,621	-1.08%
Tax Allocation Bonds	36,080,000	37,930,000	-	-	36,080,000	37,930,000	-4.88%
Certificates of Participation	12,575,000	13,955,000	-	-	12,575,000	13,955,000	-9.89%
Add: Issuance Premium	432,038	480,042	-	-	432,038	480,042	-10.00%
Revenue Bonds	-	-	22,885,000	25,265,000	22,885,000	25,265,000	-9.42%
Notes Payable	-	21,296	10,909,182	11,496,989	10,909,182	11,518,285	-5.29%
Lease Payable	1,902,279	1,944,281	-	-	1,902,279	1,944,281	-2.16%
Claims Payable	2,717,000	3,202,000	-	-	2,717,000	3,202,000	-15.15%
Compensated Absences	6,481,584	6,772,584	705,426	777,035	7,187,010	7,549,619	-4.80%
Net OPEB Obligation	2,717,992	-	900,801	-	3,618,793	-	-
Landfill Closure Liability	-	-	5,586,151	4,750,683	5,586,151	4,750,683	17.59%
<b>Total</b>	<b>\$ 92,783,408</b>	<b>\$ 95,381,714</b>	<b>\$ 41,333,800</b>	<b>\$ 42,289,707</b>	<b>\$ 134,117,208</b>	<b>\$ 137,871,421</b>	<b>-2.58%</b>

Additional information on the City's Long-Term Debt can be found in Note 5 and 6 of the Notes to the Basic Financial Statements.

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**BASIC FINANCIAL STATEMENTS**

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CITY OF REDLANDS  
Statement of Net Assets  
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments (note 2)	\$ 59,164,496	54,751,638	113,916,134
Cash and investments with fiscal agent (note 2)	5,027,774	6,349,669	11,377,443
Receivables:			
Accounts	1,012,716	5,230,026	6,242,742
Taxes	2,246,325	-	2,246,325
Interest	164,706	8,796	173,502
Due from other governments	1,191,467	57,772	1,249,239
Deferred charges	674,109	-	674,109
Internal balances	(2,295,391)	2,295,391	-
Inventory	449,648	-	449,648
Prepaid pension contributions	24,420,046	-	24,420,046
Capital assets, not depreciated (note 4)	456,414,084	52,941,798	509,355,882
Capital assets, net of accumulated depreciation (note 4)	128,930,406	101,234,860	230,165,266
Unamortized bond issuance costs	-	650,518	650,518
	<u>677,400,386</u>	<u>223,520,468</u>	<u>900,920,854</u>
Total assets			
Liabilities:			
Accounts payable	2,676,556	2,455,541	5,132,097
Accrued payroll	1,737,767	384,164	2,121,931
Interest payable	1,548,908	451,699	2,000,607
Deposits	327,510	1,140,002	1,467,512
Unearned revenue	-	130,950	130,950
Long-term liabilities (note 5, 6, 7, 10 and 14):			
Due within one year	11,029,524	3,783,001	14,812,525
Due in more than one year	81,753,884	37,550,799	119,304,683
	<u>99,074,149</u>	<u>45,896,156</u>	<u>144,970,305</u>
Total liabilities			
Net assets:			
Invested in capital assets, net of related debt	538,505,009	126,384,905	664,889,914
Restricted for:			
Endowment - nonexpendable	1,711,013	-	1,711,013
Low and moderate income housing	3,290,461	-	3,290,461
Public safety	1,010,901	-	1,010,901
Highways and streets	13,864,641	-	13,864,641
Debt service	5,592,528	4,120,375	9,712,903
Culture and recreation	4,841,288	-	4,841,288
Unrestricted	9,510,396	47,119,032	56,629,428
	<u>\$ 578,326,237</u>	<u>177,624,312</u>	<u>755,950,549</u>
Total net assets			

See accompanying notes to the basic financial statements.

CITY OF REDLANDS  
Statement of Activities  
Year ended June 30, 2009

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 19,973,152	5,290,837	3,535,981
Public safety	38,005,815	1,390,380	2,062,202
Highway and streets	8,648,714	1,286,006	4,159,580
Culture and recreation	4,021,267	277,167	275,386
Library	2,082,948	47,282	25,024
Interest and fiscal charges	4,335,844	-	-
Total governmental activities	<u>77,067,740</u>	<u>8,291,672</u>	<u>10,058,173</u>
Business-type activities:			
Water	15,666,955	18,132,373	196,122
Disposal	10,446,326	9,631,846	264,757
Sewer	8,021,053	7,077,737	-
Aviation	370,715	254,398	-
Cemetery	522,045	308,923	128,893
Groves	725,163	439,670	112,752
NP Water	-	-	-
Total business-type activities	<u>35,752,257</u>	<u>35,844,947</u>	<u>702,524</u>
Total primary government	<u>\$ 112,819,997</u>	<u>44,136,619</u>	<u>10,760,697</u>

See accompanying notes to the basic financial statements.

Capital Grants and Contributions	Net (Expense) Revenue	Net (Expense) Revenue and Changes in Net Assets		Total
		Governmental Activities	Business-type Activities	
271,292	(10,875,042)	(10,875,042)	-	(10,875,042)
358,257	(34,194,976)	(34,194,976)	-	(34,194,976)
27,477,010	24,273,882	24,273,882	-	24,273,882
1,288,681	(2,180,033)	(2,180,033)	-	(2,180,033)
-	(2,010,642)	(2,010,642)	-	(2,010,642)
-	(4,335,844)	(4,335,844)	-	(4,335,844)
<u>29,395,240</u>	<u>(29,322,655)</u>	<u>(29,322,655)</u>	<u>-</u>	<u>(29,322,655)</u>
3,092,694	5,754,234	-	5,754,234	5,754,234
299,059	(250,664)	-	(250,664)	(250,664)
2,107,465	1,164,149	-	1,164,149	1,164,149
26,071	(90,246)	-	(90,246)	(90,246)
-	(84,229)	-	(84,229)	(84,229)
-	(172,741)	-	(172,741)	(172,741)
<u>203,900</u>	<u>203,900</u>	<u>-</u>	<u>203,900</u>	<u>203,900</u>
<u>5,729,189</u>	<u>6,524,403</u>	<u>-</u>	<u>6,524,403</u>	<u>6,524,403</u>
<u>35,124,429</u>	<u>(22,798,252)</u>	<u>(29,322,655)</u>	<u>6,524,403</u>	<u>(22,798,252)</u>
General revenues:				
Taxes:				
Property taxes		30,626,167	45,221	30,671,388
Sales taxes		11,862,852	-	11,862,852
Franchise taxes		5,476,066	-	5,476,066
Other taxes		1,354,067	-	1,354,067
Investment income		2,384,773	2,029,765	4,414,538
Intergovernmental (unrestricted)		436,414	-	436,414
Transfers		(50,568)	50,568	-
Total general revenues		<u>52,089,771</u>	<u>2,125,554</u>	<u>54,215,325</u>
Change in net assets		22,767,116	8,649,957	31,417,073
Net assets at beginning of year, as restated (note 20)		<u>555,559,121</u>	<u>168,974,355</u>	<u>724,533,476</u>
Net assets at end of year		<u>\$ 578,326,237</u>	<u>177,624,312</u>	<u>755,950,549</u>

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## **GENERAL FUND**

General Fund – This fund has been classified as a major fund and is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

## **SPECIAL REVENUE FUND**

The Special Revenue Fund is used to account for specific revenues that are legally restricted to expenditure for a particular purpose. The following fund has been classified as a major fund. The budget-actual comparison for this fund is presented in the accompanying financial statements as *required supplementary information*:

Public Facilities Development – To account for the collection and related expenditure of development impact fees designated for constructing new and upgrading existing public facilities.

## **DEBT SERVICE FUND**

General Debt Service – To account for the receipt of property taxes to be used for the retirement of the 1988 General Obligation Measure “O” Open Space Bonds, the 1994 Refunding General Obligation Bonds, and the 2003 General Obligation Refunding Bonds, as well as to account for activity relating to the 2007 Taxable Pension Funding Bonds.

CITY OF REDLANDS  
Governmental Funds  
Balance Sheet  
June 30, 2009

	General Fund	Special Revenue Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
		Public Facilities Development	City of Redlands		
<b>Assets:</b>					
Cash and investments	\$ 13,163,104	1,147,982	1,423,902	34,522,124	50,257,112
Cash and investments with fiscal agent	-	-	1,425,509	3,602,265	5,027,774
<b>Receivables:</b>					
Accounts	496,333	-	-	489,417	985,750
Taxes	2,050,963	-	15,651	179,711	2,246,325
Interest	-	-	-	164,706	164,706
Inventory	268,159	-	-	-	268,159
Due from other funds (note 3)	461,934	-	-	-	461,934
Due from other governments	106,366	-	-	1,085,101	1,191,467
Advances receivable from other funds (note 3)	4,200,395	-	-	-	4,200,395
<b>Total assets</b>	<b>\$ 20,747,254</b>	<b>1,147,982</b>	<b>2,865,062</b>	<b>40,043,324</b>	<b>64,803,622</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 461,147	-	-	1,580,844	2,041,991
Accrued payroll	1,421,310	433	-	191,301	1,613,044
Advances payable to other funds (note 3)	-	4,200,395	-	-	4,200,395
Deferred revenue	1,101	-	-	1,210,362	1,211,463
Due to other funds (note 3)	-	-	-	461,934	461,934
Deposits	1,556	-	-	325,954	327,510
<b>Total liabilities</b>	<b>1,885,114</b>	<b>4,200,828</b>	<b>-</b>	<b>3,770,395</b>	<b>9,856,337</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	390,592	1,400	-	2,709,204	3,101,196
Inventory	268,159	-	-	-	268,159
Advances receivable	4,200,395	-	-	-	4,200,395
Contingencies	6,113,271	-	-	-	6,113,271
Endowment	-	-	-	1,711,013	1,711,013
Debt service	-	-	2,865,062	3,602,265	6,467,327
<b>Unreserved:</b>					
<b>Reported in:</b>					
General fund	7,889,723	-	-	-	7,889,723
Special revenue fund	-	(3,054,246)	-	22,958,868	19,904,622
Debt service fund	-	-	-	3,518,914	3,518,914
Capital projects fund	-	-	-	1,772,665	1,772,665
<b>Total fund balances (deficit)</b>	<b>18,862,140</b>	<b>(3,052,846)</b>	<b>2,865,062</b>	<b>36,272,929</b>	<b>54,947,285</b>
<b>Total liabilities and fund balances</b>	<b>\$ 20,747,254</b>	<b>1,147,982</b>	<b>2,865,062</b>	<b>40,043,324</b>	<b>64,803,622</b>

See accompanying notes to the basic financial statements.

CITY OF REDLANDS  
Governmental Funds  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2009

Fund balances of governmental funds	\$ 54,947,285
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation of \$86,942,959 have not been included as financial resources in governmental fund activity. Amount excludes capital assets from internal service funds which are added below.	585,173,529
Pension benefit contributions funded by the 2007 Taxable Pension Funding Bonds recorded as expenditures in governmental funds are reported on the statement of net assets as prepaid assets.	24,420,046
Long-term liabilities and compensated absences have not been included in the governmental fund activity:	
Capital lease obligation	(1,555,810)
Taxable pension funding bonds	(25,626,705)
General obligation bonds	(2,695,000)
Tax allocation bonds	(36,080,000)
Certificates of participation payable	(13,007,038)
Notes payable	(1,902,279)
Net OBEB obligation	(2,299,749)
Compensated absences	(6,039,721)
Underwriters' fees and cost of issuance related to long term debt are treated as expenditures in the governmental fund statements; in the statement of net assets, the underwriters' fees and cost of issuance are treated as a deferred charge.	674,109
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.	(1,548,908)
Certain revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the governmental funds.	1,211,463
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, workers' compensation, compensated absences, retiree insurance and fleet management, to individual funds. The assets (including capital assets) and liabilities of the internal service funds must be added to the statement of net assets.	4,950,406
Internal balances created by the consolidation of internal service fund activities related to enterprise funds is not reported in the governmental funds.	<u>(2,295,391)</u>
Net assets of governmental activities.	<u>\$ 578,326,237</u>

See accompanying notes to the basic financial statements.

CITY OF REDLANDS  
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2009

	General Fund	Special Revenue Fund Public Facilities Development	Debt Service Fund City of Redlands	Nonmajor Governmental Funds	Totals
<b>Revenues:</b>					
Taxes	\$ 40,905,043	-	620,185	7,793,924	49,319,152
Licenses, permits and fines	5,621,630	701,795	-	1,098,599	7,422,024
Intergovernmental	334,911	-	-	5,927,072	6,261,983
Charges for services	4,664,118	-	-	282,317	4,946,435
Investment income	1,102,393	-	50,321	1,406,375	2,559,089
Other	512,179	-	-	1,702,793	2,214,972
<b>Total revenues</b>	<b>53,140,274</b>	<b>701,795</b>	<b>670,506</b>	<b>18,211,080</b>	<b>72,723,655</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	8,706,285	76,907	-	10,880,401	19,663,593
Public safety	31,136,925	-	-	4,382,629	35,519,554
Highway and streets	4,038,333	-	-	806,092	4,844,425
Culture and recreation	3,497,188	-	-	37,062	3,534,250
Library	2,028,917	-	-	-	2,028,917
Capital outlay	743,718	554,436	-	4,519,662	5,817,816
<b>Debt service:</b>					
Principal	464,376	-	805,000	3,272,002	4,541,378
Interest	86,887	-	1,565,394	2,334,060	3,986,341
Fiscal charges	-	-	8,550	342,785	351,335
<b>Total expenditures</b>	<b>50,702,629</b>	<b>631,343</b>	<b>2,378,944</b>	<b>26,574,693</b>	<b>80,287,609</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,437,645</b>	<b>70,452</b>	<b>(1,708,438)</b>	<b>(8,363,613)</b>	<b>(7,563,954)</b>
<b>Other financing sources (uses):</b>					
Transfers in (note 3)	6,153,286	-	2,282,655	13,222,549	21,658,490
Transfers out (note 3)	(4,857,342)	(1,149,338)	-	(14,339,968)	(20,346,648)
<b>Total other financing sources (uses)</b>	<b>1,295,944</b>	<b>(1,149,338)</b>	<b>2,282,655</b>	<b>(1,117,419)</b>	<b>1,311,842</b>
<b>Net change in fund balances</b>	<b>3,733,589</b>	<b>(1,078,886)</b>	<b>574,217</b>	<b>(9,481,032)</b>	<b>(6,252,112)</b>
Fund balances (deficit) at beginning of year	15,128,551	(1,973,960)	2,290,845	45,753,961	61,199,397
Fund balances (deficit) at end of year	<u>\$ 18,862,140</u>	<u>(3,052,846)</u>	<u>2,865,062</u>	<u>36,272,929</u>	<u>54,947,285</u>

See accompanying notes to the basic financial statements.

CITY OF REDLANDS  
 Governmental Funds  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities

Year ended June 30, 2009

Net change in fund balances - total governmental funds \$ (6,252,112)

Amounts reported for governmental activities in the statement of activities differ from the amounts reported in the statement of activities 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 net amount by which capital assets changed in the current period.

Acquisition of capital assets	5,817,816
Contributed capital - rights of way	27,204,485
Depreciation expense	(6,191,582)
Deletion of capital assets	(246,625)

The amortization of the prepaid pension obligation reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (872,144)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, New debt issued is a revenue, the associated interest and cost of issuance are recorded as expenditures in the governmental funds; whereas these amounts are deferred and amortized in the Statement of net assets.

Principal - capital leases	485,082
Principal - general obligation bonds	475,000
Principal - taxable pension funding bonds, net accretion	280,916
Principal - tax allocation bonds	1,850,000
Principal - COP plus issuance premium charge	1,428,004
Principal - note payable	21,296
Net OPEB liability recognized (portion related to governmental funds)	(2,299,749)
Amortization of deferred charge	(53,338)

To record as an expense the net change in compensated absences in the statement of activities. 732,863

Accrued interest for debt service. This is the net change in accrued interest for the current period. 56,250

Revenue that is measurable, but not available is recorded as deferred revenue under the modified accrual basis of accounting. Under the full accrual basis of accounting these amounts are recorded as revenue. This is the net change in deferred revenue for the current period. 1,211,463

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, workers' compensation, compensated absences, retiree insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported in the statement of activities. 1,251,578

Internal balances created by the consolidation of internal service funds activities related to enterprise funds is reflected as a reduction of revenues in the statement of activities. (2,132,087)

Change in net assets of governmental activities \$ 22,767,116

See accompanying notes to the basic financial statements.

CITY OF REDLANDS  
Proprietary Funds

Statement of Net Assets

June 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Totals</u>	<u>Governmental</u>
	<u>Water</u>	<u>Disposal</u>	<u>Sewer</u>	<u>Nonmajor</u>		<u>Activities -</u>
				<u>Funds</u>		<u>Internal</u>
						<u>Service</u>
						<u>Funds</u>
Assets:						
Current assets:						
Cash and investments	\$ 24,787,444	15,427,037	13,278,254	1,258,903	54,751,638	8,907,384
Accounts receivable	2,989,515	1,114,378	1,050,216	75,917	5,230,026	26,966
Due from other governments	-	-	-	57,772	57,772	-
Advances receivable from other funds (note 3)	1,326,052	1,618,057	-	-	2,944,109	-
Inventory	-	-	-	-	-	181,489
<b>Total current assets</b>	<u>29,103,011</u>	<u>18,159,472</u>	<u>14,328,470</u>	<u>1,392,592</u>	<u>62,983,545</u>	<u>9,115,839</u>
Noncurrent assets:						
Restricted assets:						
Cash and investments with fiscal agent	3,760,184	-	2,589,485	-	6,349,669	-
Interest receivable	1,618	-	1,030	6,148	8,796	-
<b>Total restricted assets</b>	<u>3,761,802</u>	<u>-</u>	<u>2,590,515</u>	<u>6,148</u>	<u>6,358,465</u>	<u>-</u>
Capital assets (note 4):						
Land and water rights	15,908,636	1,285,410	4,227,522	18,171,869	39,593,437	-
Buildings and improvements	27,744,263	5,786,604	44,173,682	2,809,114	80,513,663	9,768
Machinery and equipment	3,202,665	8,159,202	2,298,906	511,020	14,171,793	248,226
Infrastructure	101,032,652	-	24,751,315	-	125,783,967	-
Construction in progress	11,507,504	-	1,840,857	-	13,348,361	-
Less accumulated depreciation	<u>(75,709,552)</u>	<u>(6,032,160)</u>	<u>(36,621,473)</u>	<u>(871,378)</u>	<u>(119,234,563)</u>	<u>(87,033)</u>
<b>Total capital assets</b>	<u>83,686,168</u>	<u>9,199,056</u>	<u>40,670,809</u>	<u>20,620,625</u>	<u>154,176,658</u>	<u>170,961</u>
Unamortized bond issuance costs	327,505	-	323,013	-	650,518	-
<b>Total noncurrent assets</b>	<u>87,775,475</u>	<u>9,199,056</u>	<u>43,584,337</u>	<u>20,626,773</u>	<u>161,185,641</u>	<u>170,961</u>
<b>Total assets</b>	<u>116,878,486</u>	<u>27,358,528</u>	<u>57,912,807</u>	<u>22,019,365</u>	<u>224,169,186</u>	<u>9,286,800</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF REDLANDS  
Proprietary Funds  
Statement of Net Assets  
(Continued)

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Disposal</u>	<u>Sewer</u>	<u>Nonmajor Funds</u>	<u>Totals</u>	
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Accounts payable	1,203,663	748,261	460,883	42,734	2,455,541	634,565
Accrued payroll	159,175	116,829	92,872	15,288	384,164	124,723
Deferred revenue	-	-	-	130,950	130,950	-
Compensated absences - current (note 6)	142,525	124,713	80,869	4,607	352,714	212,095
Deposits	472,524	-	-	667,478	1,140,002	-
Notes payable (note 6)	357,301	-	245,899	-	603,200	-
Capital lease (note 6)	-	54,554	-	-	54,554	-
Claims payable (note 6 and 7)	-	-	-	-	-	2,717,000
Landfill closure liability - current (note 6 and 14)	-	277,533	-	-	277,533	-
Revenue bonds - current (note 6)	1,520,000	-	975,000	-	2,495,000	-
Interest payable	209,281	-	242,418	-	451,699	-
<b>Total current liabilities</b>	<u>4,064,469</u>	<u>1,321,890</u>	<u>2,097,941</u>	<u>861,057</u>	<u>8,345,357</u>	<u>3,688,383</u>
<b>Noncurrent liabilities:</b>						
Notes payable (note 6)	5,786,297	-	4,519,685	-	10,305,982	-
Capital lease (note 6)	-	292,686	-	-	292,686	-
Compensated absences (note 6)	142,524	124,713	80,869	4,606	352,712	229,768
Net OPEB obligation (note 6 and 10)	409,876	276,920	201,468	12,537	900,801	418,243
Advances payable to other funds (note 3)	-	-	-	2,944,109	2,944,109	-
Landfill closure liability (note 6 and 14)	-	5,308,618	-	-	5,308,618	-
Revenue bonds (note 6)	10,730,000	-	9,660,000	-	20,390,000	-
<b>Total long-term liabilities</b>	<u>17,068,697</u>	<u>6,002,937</u>	<u>14,462,022</u>	<u>2,961,252</u>	<u>40,494,908</u>	<u>648,011</u>
<b>Total liabilities</b>	<u>21,133,166</u>	<u>7,324,827</u>	<u>16,559,963</u>	<u>3,822,309</u>	<u>48,840,265</u>	<u>4,336,394</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	69,052,754	8,851,816	27,859,710	20,620,625	126,384,905	170,961
Restricted for:						
Debt service	2,476,865	-	1,643,510	-	4,120,375	-
Unrestricted	24,215,701	11,181,885	11,849,624	(2,423,569)	44,823,641	4,779,445
<b>Total net assets</b>	<u>\$ 95,745,320</u>	<u>20,033,701</u>	<u>41,352,844</u>	<u>18,197,056</u>	<u>175,328,921</u>	<u>4,950,406</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>2,295,391</u>	
					<u>\$ 177,624,312</u>	

See accompanying notes to the basic financial statements.

CITY OF REDLANDS  
Proprietary Fund  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Year ended June 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Disposal</u>	<u>Sewer</u>	<u>Nonmajor Funds</u>		
Operating revenues:						
Charges for services	\$ 18,132,373	9,631,846	7,077,737	748,593	35,590,549	11,271,693
Impact fees	1,231,239	299,059	1,768,965	203,900	3,503,163	-
Other	-	-	-	367,150	367,150	621,250
Total operating revenues	<u>19,363,612</u>	<u>9,930,905</u>	<u>8,846,702</u>	<u>1,319,643</u>	<u>39,460,862</u>	<u>11,892,943</u>
Operating expenses:						
Utility plant operations	3,784,186	-	1,719,677	-	5,503,863	-
Transmission, distribution and treatment	1,973,433	-	-	-	1,973,433	-
Personnel services	3,335,755	3,243,472	1,545,608	377,182	8,502,017	3,724,671
Repairs and maintenance	251,114	3,361,333	964,996	49,563	4,627,006	2,091,229
Administrative and general	3,261,685	2,895,756	1,752,574	990,521	8,900,536	3,748,497
Depreciation	2,351,145	1,177,566	1,415,721	137,964	5,082,396	18,315
Premiums paid out	-	-	-	-	-	372,721
Total operating expenses	<u>14,957,318</u>	<u>10,678,127</u>	<u>7,398,576</u>	<u>1,555,230</u>	<u>34,589,251</u>	<u>9,955,433</u>
Operating income (loss)	<u>4,406,294</u>	<u>(747,222)</u>	<u>1,448,126</u>	<u>(235,587)</u>	<u>4,871,611</u>	<u>1,937,510</u>
Non-operating revenues (expenses):						
Property taxes	-	-	-	45,221	45,221	-
Investment income	890,265	568,698	483,591	87,211	2,029,765	676,478
Amortization of bond issuance costs	(62,382)	-	(61,526)	-	(123,908)	-
Interest expense	(761,337)	(10,797)	(647,372)	(67,262)	(1,486,768)	-
Miscellaneous income (expense)	196,122	80,816	(385)	129,208	405,761	-
Total non-operating revenues (expenses)	<u>262,668</u>	<u>638,717</u>	<u>(225,692)</u>	<u>194,378</u>	<u>870,071</u>	<u>676,478</u>
Income (loss) before grants and transfers	4,668,962	(108,505)	1,222,434	(41,209)	5,741,682	2,613,988
Grants	-	183,941	-	25,756	209,697	-
Transfers in (note 3)	750,825	-	-	-	750,825	1,553,543
Transfers out (note 3)	(674,637)	(17,934)	(7,686)	-	(700,257)	(2,915,953)
Capital contributions	1,861,455	-	338,500	-	2,199,955	-
Change in net assets	6,606,605	57,502	1,553,248	(15,453)	8,201,902	1,251,578
Net assets at beginning of year, as restated (note 20)	<u>89,138,715</u>	<u>19,976,199</u>	<u>39,799,596</u>	<u>18,212,509</u>		<u>3,698,828</u>
Net assets at end of year	<u>\$ 95,745,320</u>	<u>20,033,701</u>	<u>41,352,844</u>	<u>18,197,056</u>		<u>4,950,406</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds - change in net assets of business-type activities					448,055	
					<u>\$ 8,649,957</u>	

See accompanying notes to the basic financial statements.



CITY OF REDLANDS  
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>				Totals	Governmental Activities -
	Water	Disposal	Sewer	Nonmajor Funds		Internal Service Funds
Cash flows from operating activities:						
Cash received from customers/user departments	\$ 19,291,920	10,887,517	8,781,352	1,358,020	40,318,809	11,900,109
Cash payments to suppliers for goods and services	(8,534,794)	(5,352,933)	(4,125,238)	(1,043,813)	(19,056,778)	(5,773,125)
Cash payments for claims	-	-	-	-	-	(857,721)
Cash payments for employees for services	(3,355,693)	(3,272,283)	(1,588,905)	(372,719)	(8,589,600)	(3,661,817)
Cash received for other activities	196,122	80,816	19,033	9,102	305,073	-
Net cash provided by (used for) operating activities	<u>7,597,555</u>	<u>2,343,117</u>	<u>3,086,242</u>	<u>(49,410)</u>	<u>12,977,504</u>	<u>1,607,446</u>
Cash flows from noncapital financing activities:						
Cash received from other funds	750,825	-	-	28,380	779,205	1,553,543
Cash paid to other funds	(674,637)	(17,934)	(7,686)	(28,380)	(728,637)	(2,915,953)
Net cash provided by noncapital financing activities	<u>76,188</u>	<u>(17,934)</u>	<u>(7,686)</u>	<u>-</u>	<u>50,568</u>	<u>(1,362,410)</u>
Cash flows from capital and related financing activities:						
Cost paid for acquisition of capital assets	(1,644,037)	(3,192,851)	(881,112)	(39,329)	(5,757,329)	(46,763)
Interest paid on long-term debt	(761,337)	(10,797)	(647,372)	(67,262)	(1,486,768)	-
Principal payments on long-term debt	(1,797,905)	(67,136)	(1,169,902)	-	(3,034,943)	-
Grants received	-	183,941	-	124,690	308,631	-
Net cash provided by (used for) capital and related financing activities	<u>(4,203,279)</u>	<u>(3,086,843)</u>	<u>(2,698,386)</u>	<u>18,099</u>	<u>(9,970,409)</u>	<u>(46,763)</u>
Cash flows from investing activities:						
Interest received	890,265	568,698	483,591	87,211	2,029,765	676,478
Net cash provided by investing activities	<u>890,265</u>	<u>568,698</u>	<u>483,591</u>	<u>87,211</u>	<u>2,029,765</u>	<u>676,478</u>
Net increase (decrease) in cash and cash equivalents	4,360,729	(192,962)	863,761	55,900	5,087,428	874,751
Cash and cash equivalents at beginning of year	<u>24,186,899</u>	<u>15,619,999</u>	<u>15,003,978</u>	<u>1,203,003</u>	<u>56,013,879</u>	<u>8,032,633</u>
Cash and cash equivalents at end of year	<u>\$ 28,547,628</u>	<u>15,427,037</u>	<u>15,867,739</u>	<u>1,258,903</u>	<u>61,101,307</u>	<u>8,907,384</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF REDLANDS  
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Governmental</u>
	<u>Water</u>	<u>Disposal</u>	<u>Sewer</u>	<u>Nonmajor Funds</u>	<u>Totals</u>	<u>Activities - Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 4,406,294	(747,222)	1,448,126	(235,587)	4,871,611	1,937,510
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	2,351,145	1,177,566	1,415,721	137,964	5,082,396	18,315
Miscellaneous income	196,122	80,816	19,033	9,102	305,073	-
(Increase) decrease in accounts receivable	(219,430)	121,144	(106,635)	2,011	(202,910)	(19,793)
(Increase) decrease in inventory	-	-	-	-	-	(4,994)
(Increase) decrease due from other governments	-	-	-	(6,103)	(6,103)	-
(Increase) decrease in taxes receivable	-	-	-	594	594	-
(Increase) decrease in interest receivable	59,899	-	41,285	6,274	107,458	26,959
(Increase) decrease in other assets	-	-	-	7,146	7,146	3,150
Increase (decrease) in accounts payable	501,232	627,236	127,989	(23,412)	1,233,045	(349,798)
Increase (decrease) in accrued payroll	(10,773)	(8,137)	951	1,985	(15,974)	(11,537)
Increase (decrease) in claims payable	-	-	-	-	-	(485,000)
Increase (decrease) in deposits	(64,150)	-	-	35,601	(28,549)	-
Increase (decrease) in compensated absences	(9,165)	(20,674)	(44,248)	2,478	(71,609)	74,391
Increase (decrease) in net OPEB obligation	409,876	276,920	201,468	12,537	900,801	418,243
Increase (decrease) in interest payable	(23,495)	-	(17,448)	-	(40,943)	-
Increase (decrease) in landfill closure liability	-	835,468	-	-	835,468	-
 Total adjustments	 <u>3,191,261</u>	 <u>3,090,339</u>	 <u>1,638,116</u>	 <u>186,177</u>	 <u>8,105,893</u>	 <u>(330,064)</u>
 Net cash provided by (used for) operating activities	 <u>\$ 7,597,555</u>	 <u>2,343,117</u>	 <u>3,086,242</u>	 <u>(49,410)</u>	 <u>12,977,504</u>	 <u>1,607,446</u>

Noncash investing, capital and financing activities:

During the year ended June 30, 2009, there were \$2,199,955 of developer contributed infrastructure.

See accompanying notes to the basic financial statements.

CITY OF REDLANDS  
Agency Funds

Statement of Fiduciary Assets and Liabilities

June 30, 2009

Assets:

Cash and investments (note 2)	\$ 4,143,894
Cash and investments with fiscal agent (note 2)	2,623,008
Interest receivable	<u>640,406</u>

Total assets	<u>\$ 7,407,308</u>
--------------	---------------------

Liabilities:

Accounts payable	\$ 18,170
Deposits	<u>7,389,138</u>

Total liabilities	<u>\$ 7,407,308</u>
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See accompanying notes to the basic financial statements.

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# CITY OF REDLANDS

## Notes to the Basic Financial Statements

Year ended June 30, 2009

### (1) Summary of Significant Accounting Policies

#### (a) Reporting Entity

The City of Redlands 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 of Redlands 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 of Redlands. Each blended component unit has a June 30 year-end.

*Blended Component Units.* The Redevelopment Agency of the City of Redlands was established on April 6, 1971 by the City of Redlands. The primary purpose of the Agency is to undertake a program for the redevelopment, replanning and redesign of blighted areas with stagnant, improperly utilized and unproductive land. The Agency's director is appointed by the City Council and the City has full responsibility for the financial matters of the Agency; the Agency has substantively the same governing body as the primary government. The Redevelopment Agency is presented as a governmental fund type. The Redlands Public Improvement 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 was established May 1, 1999 pursuant to the Joint Exercise of Powers Laws of the State of California. The Authority was created by the Redevelopment Agency of the City of Redlands and the City for the primary purpose of assisting the financing capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits.

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

# CITY OF REDLANDS

## Notes to the Basic Financial Statements

(Continued)

### (1) Summary of Significant Accounting Policies, (Continued)

#### (b) Basis of Accounting and Measurement Focus

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

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

#### Government-wide Financial Statements

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

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

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

## CITY OF REDLANDS

### Notes to the Basic Financial Statements

(Continued)

#### (1) Summary of Significant Accounting Policies, (Continued)

##### (b) Basis of Accounting and Measurement Focus, (Continued)

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, permanent, 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. The City's permanent fund accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

##### Governmental Funds

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

# CITY OF REDLANDS

## Notes to the Basic Financial Statements

(Continued)

### (1) Summary of Significant Accounting Policies, (Continued)

#### (b) Basis of Accounting and Measurement Focus, (Continued)

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 fund balance reserve accounts.



# CITY OF REDLANDS

## Notes to the Basic Financial Statements

(Continued)

### (1) Summary of Significant Accounting Policies, (Continued)

#### (b) Basis of Accounting and Measurement Focus, (Continued)

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

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

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

#### Proprietary and Fiduciary Funds

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

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

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

Proprietary and Fiduciary Funds, (Continued)

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.

(c) Fund Classifications

The City utilizes the following broad categories of funds:

Major Funds

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

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

General Fund

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

Public Facilities Development

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

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(c) Fund Classifications, (Continued)

General Debt Service

The General Debt Service fund is used to account for the receipt of property taxes to be used for the retirement of the 1988 General Obligation Measure "O" Open Space Bonds and the 1994 Refunding General Obligation Bonds, and the 2003 General Obligation Refunding Bonds, as well as to account for activity relating to the 2007 Taxable Pension Funding Bonds.

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

Water Fund

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

Disposal Fund

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

Sewer Fund

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

*Additionally the government reports the following fund types:*

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

Cemetery Endowment Permanent Fund – The Cemetery Endowment Permanent fund is used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs. The endowment is invested in LAIF as part of the City's LAIF pool. The City council has authorized the City to transfer the net appreciation and investment earnings in the amount of \$28,380 for the year ended June 30, 2009 to the cemetery enterprise fund for maintaining the cemetery's operations. No expenditures are incurred until the cemetery is closed.

# CITY OF REDLANDS

## Notes to the Basic Financial Statements

(Continued)

### (1) Summary of Significant Accounting Policies, (Continued)

#### (c) Fund Classifications, (Continued)

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

#### (d) Investments

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

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

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

#### (e) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds’ share in the cash and investment pool of the City of Redlands. 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 on the combined balance sheet for the proprietary funds is considered cash and cash equivalents.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(f) Capital Assets

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

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

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

Structures	25 years
Equipment	10 years
Infrastructure	40 years

(g) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, but are reported as reservations of fund balance.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(h) Inventory of Supplies

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

(i) Compensated Absences

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

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

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

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

# CITY OF REDLANDS

## Notes to the Basic Financial Statements

(Continued)

### (1) Summary of Significant Accounting Policies, (Continued)

#### (j) 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.

#### (k) Property Taxes

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

#### (l) Bond Discounts/Issuance Costs

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

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(m) Prepaid Pension Contribution

California Public Employees' Retirement System (CALPERS) Valuation Report dated June 30, 2003 established a side fund to account for the differences between the funded status of the pool and funded status of the City's plan. The side fund will be credited with the actuarial investment return assumption of 7.75% and subject to amortization on an annual basis. To reduce retirement costs and benefit from lower interest rates, on August 1, 2007, the City issued \$25,862,392 of 2007 Taxable Pension Funding Bonds to fund the City's unfunded accrued actuarial liability ("UAAL") for retirement benefits to its employees. The proceeds from the bond issue were remitted directly into the pension trust fund. The City will amortize the \$25,292,190 net pension asset over the plan's amortization period of twenty-nine years, resulting in a reduction of the pension asset in each succeeding fiscal year. The prepaid pension contribution for fiscal year ending June 30, 2009 is \$24,420,046.

(n) Use of Estimates

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

(2) Cash and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$113,916,134
Cash and investments held by fiscal agent	11,377,443
Fiduciary funds:	
Cash and investments	4,143,894
Cash and investments held by fiscal agent	<u>2,623,008</u>
Total cash and investments	<u>\$132,060,479</u>



CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 5,000
Deposits with financial institutions	708,652
Investments	<u>131,346,827</u>
Total cash and investments	<u>\$132,060,479</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.

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

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

# CITY OF REDLANDS

## Notes to the Basic Financial Statements

(Continued)

### (2) Cash and Investments, (Continued)

#### 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.

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

#### Disclosures Relating to Interest Rate Risk

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

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk, (Continued)

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 Months</u>
Federal agency securities	\$ 56,834,046	6,186,250	-	50,647,796	-
Corporate bonds	17,487,845	17,487,845	-	-	-
Mutual funds	1,578,140	1,578,140	-	-	-
LAIF	41,446,321	41,446,321	-	-	-
Held by fiscal agent:					
U.S. treasury notes	199,222	199,222	-	-	-
Federal agency securities	3,874,161	3,874,161	-	-	-
Money market funds	7,737,579	7,737,579	-	-	-
Investment contracts	<u>2,189,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,189,513</u>
Total	<u>\$131,346,827</u>	<u>78,509,518</u>	<u>-</u>	<u>50,647,796</u>	<u>2,189,513</u>

Investment with Fair Values Highly Sensitive to Interest Rate fluctuations

The City's investments (including investments held by fiscal agents) include the Federal agency securities that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above) in the amount of fair value at year end of \$60,708,207.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(2) 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.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>	
				<u>AAA/Aa</u>	<u>Not Rated</u>
Federal agency securities	\$ 56,834,046	N/A	-	56,834,046	-
Corporate bonds	17,487,845	A	-	17,487,845	-
Mutual funds	1,578,140	A	-	1,578,140	-
LAIF	41,446,321	N/A	-	-	41,446,321
Held by bond trustee:					
U.S. treasury notes	199,222	N/A	199,222	-	-
Federal agency securities	3,874,161	N/A	-	3,874,161	-
Money market funds	7,737,579	A	-	7,737,579	-
Investment contracts	<u>2,189,513</u>	N/A	<u>-</u>	<u>2,189,513</u>	<u>-</u>
Total	<u>\$131,346,827</u>		<u>199,9222</u>	<u>89,701,284</u>	<u>41,446,543</u>

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Banks	Federal agency securities	14,011,283
Federal Home Loan Bank	Federal agency securities	14,210,625
Fannie Mae	Federal agency securities	15,748,281
Freddie Mac	Federal agency securities	12,863,857

## CITY OF REDLANDS

### Notes to the Basic Financial Statements

(Continued)

#### (2) Cash and Investments, (Continued)

##### Custodial Credit Risk

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

##### Investment in State Investment Pool

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

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(3) Interfund Receivables, Payables and Transfers

Current interfund receivables and payables as of June 30, 2009 are as follows:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$461,934 (A)</u>

Noncurrent interfund receivables and payables as of June 30, 2009 are as follows:

<u>Advances receivable</u>	<u>Advances payable</u>	<u>Amount</u>
General Fund	Public Facilities Development Special Revenue Fund	\$4,200,395 (B)
Water Enterprise Fund	Nonmajor proprietary funds	1,326,052 (B)
Disposal Enterprise Fund	Nonmajor proprietary funds	<u>1,618,057 (B)</u>
		<u>\$7,144,504</u>

- (A) Short-term borrowing for temporary cash shortfalls.
- (B) To provide funding for capital expenditures.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(3) Interfund Receivables, Payables and Transfers. (Continued)

Transfers in and out for the year ended June 30, 2009 were as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>					
	<u>General Fund</u>	<u>General Debt Service</u>	<u>Nonmajor Government Funds</u>	<u>Internal Service Funds</u>	<u>Water Fund</u>	<u>Total</u>
General Fund	\$ -	-	3,373,863	1,483,479	-	4,857,342
Public Facilities Development	175,097	-	974,241	-	-	1,149,338
Nonmajor Governmental	4,734,009	-	8,785,070	70,064	750,825	14,339,968
Internal Service Funds	543,923	2,282,655	89,375	-	-	2,915,953
Water Fund	674,637	-	-	-	-	674,637
Disposal Fund	17,934	-	-	-	-	17,934
Sewer Fund	<u>7,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,686</u>
	<u>\$6,153,286</u>	<u>2,282,655</u>	<u>13,222,549</u>	<u>1,553,543</u>	<u>750,825</u>	<u>23,962,858</u>

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

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(4) Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Governmental activities:				
Capital assets not being depreciated:				
Land & water rights	\$ 28,840,957	1,517,972	(221,360)	30,137,569
Rights of way	398,973,026	16,554,461	-	415,527,487
Construction in progress	<u>9,820,854</u>	<u>2,476,276</u>	<u>(1,548,102)</u>	<u>10,749,028</u>
Total capital assets not being depreciated	<u>437,634,837</u>	<u>20,548,709</u>	<u>(1,769,462)</u>	<u>456,414,084</u>
Capital assets being depreciated:				
Infrastructure	165,693,521	12,144,656	(180,988)	177,657,189
Buildings and improvements	18,144,559	735,138	-	18,879,697
Machinery, equipment and vehicles	<u>18,417,617</u>	<u>1,188,663</u>	<u>(182,768)</u>	<u>19,423,512</u>
Total capital assets being depreciated	<u>202,255,697</u>	<u>14,068,457</u>	<u>(363,756)</u>	<u>215,960,398</u>
Less accumulated depreciation for:				
Infrastructure	(61,665,535)	(3,741,255)	155,723	(65,251,067)
Buildings and improvements	(7,163,702)	(442,121)	-	(7,605,823)
Machinery, equipment and vehicles	<u>(12,329,349)</u>	<u>(2,026,521)</u>	<u>182,768</u>	<u>(14,173,102)</u>
Total accumulated depreciation	<u>(81,158,586)</u>	<u>(6,209,897)</u>	<u>338,491</u>	<u>(87,029,992)</u>
Total capital assets being depreciated, net	<u>121,097,111</u>	<u>7,858,560</u>	<u>(25,265)</u>	<u>128,930,406</u>
Governmental activities:				
Capital assets, net	<u>\$558,731,948</u>	<u>28,407,269</u>	<u>(1,794,727)</u>	<u>585,344,490</u>



CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(4) Capital Assets, (Continued)

	Balance at June 30, 2008 <u>As Restated*</u>	<u>Additions</u>	<u>Deletions</u>	Balance at June 30, 2009
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 30,614,728	110,000	-	30,724,728
Water rights	9,270,584	3,125	(405,000)	8,868,709
Construction in progress	<u>11,488,606</u>	<u>2,240,406</u>	<u>(380,651)</u>	<u>13,348,361</u>
Total capital assets not being depreciated	<u>51,373,918</u>	<u>2,353,531</u>	<u>(785,651)</u>	<u>52,941,798</u>
Capital assets being depreciated:				
Infrastructure	123,203,372	2,580,595	-	125,783,967
Buildings and improvements	77,192,909	3,320,754	-	80,513,663
Machinery, equipment and vehicles	<u>13,480,837</u>	<u>992,956</u>	<u>(302,000)</u>	<u>14,171,793</u>
Total capital assets being depreciated	<u>213,877,118</u>	<u>6,894,305</u>	<u>(302,000)</u>	<u>220,469,423</u>
Less accumulated depreciation for:				
Infrastructure	(52,697,826)	(2,273,408)	-	(54,971,234)
Buildings and improvements	(53,599,225)	(1,097,198)	-	(54,696,423)
Machinery, equipment and vehicles	<u>(8,157,116)</u>	<u>(1,711,790)</u>	<u>302,000</u>	<u>(9,566,906)</u>
Total accumulated depreciation	<u>(114,454,167)</u>	<u>(5,082,396)</u>	<u>302,000</u>	<u>(119,234,563)</u>
Total capital assets being depreciated, net	<u>99,422,951</u>	<u>1,811,909</u>	<u>-</u>	<u>101,234,860</u>
Business-type activities:				
Capital assets, net	<u>\$150,796,869</u>	<u>4,165,440</u>	<u>(785,651)</u>	<u>154,176,658</u>

\* The balance for land at June 30, 2008 has been restated, see footnote 20.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(4) Capital Assets, (Continued)

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General government	\$ 287,508	-
Public safety	1,475,527	-
Highway and streets	3,867,830	-
Culture and recreation	560,717	-
Water	-	2,351,145
Disposal	-	1,177,566
Sewer	-	1,415,721
Others	-	137,964
Internal service	<u>18,315</u>	<u>-</u>
Total	<u>\$6,209,897</u>	<u>\$5,082,396</u>

(5) Long-Term Liabilities – Governmental Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

	<u>Balance at June 30, 2008</u>	<u>Additions/ Accretion</u>	<u>Retirements</u>	<u>Balance at June 30, 2009</u>	<u>Amount Due Within One Year</u>
Governmental activities:					
Compensated absences	\$6,772,584	4,260,988	(4,551,988)	6,481,584	3,111,160
Capital leases payable	1,998,890	-	(443,080)	1,555,810	395,035
Claims payable	3,202,000	798,186	(1,283,186)	2,717,000	2,717,000
Net OPEB obligation	-	4,159,464	(1,441,472)	2,717,992	-
General obligation bonds:					
2003 Refunding	3,170,000	-	(475,000)	2,695,000	500,000
Taxable pension funding bonds:					
2007 Series	25,907,621	49,084	(330,000)	25,626,705	905,000

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

	Balance at <u>June 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance at <u>June 30, 2009</u>	Amount Due Within <u>One Year</u>
Tax allocation bonds:					
1998A Refunding	23,055,000	-	(1,105,000)	21,950,000	1,155,000
2003A Series	10,235,000	-	(520,000)	9,715,000	530,000
2007A Refunding	<u>4,640,000</u>	-	<u>(225,000)</u>	<u>4,415,000</u>	<u>210,000</u>
Total tax allocation bonds	<u>37,930,000</u>	-	<u>(1,850,000)</u>	<u>36,080,000</u>	<u>1,895,000</u>
Certificate of participation:					
2003 lease revenue refunding	13,955,000	-	(1,380,000)	12,575,000	1,415,000
Add: issuance premium	<u>480,042</u>	-	<u>(48,004)</u>	<u>432,038</u>	<u>48,004</u>
	<u>14,435,042</u>	-	<u>(1,428,004)</u>	<u>13,007,038</u>	<u>1,463,004</u>
F.M. thomas air conditioning, inc. note	21,296	-	(21,296)	-	-
I-Bank sports park lease	<u>1,944,281</u>	-	<u>(42,002)</u>	<u>1,902,279</u>	<u>43,325</u>
Total governmental activities long-term liabilities	<u>\$95,381,714</u>	<u>9,267,722</u>	<u>(11,866,028)</u>	<u>92,783,408</u>	<u>11,029,524</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, \$441,863 of compensated absences for internal service funds is included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

Amount  
Outstanding at  
June 30, 2009

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 \$3,027,392.

\$1,555,810

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

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

<u>Year ending June 30</u>	<u>Amount</u>
2010	\$ 460,938
2011	355,205
2012	255,042
2013	226,687
2014	121,685
2015	<u>365,056</u>
Total minimum lease payments	1,784,613
Less: amount representing interest	<u>(228,803)</u>
Present value of minimum lease payments	<u>\$1,555,810</u>

2003 General Obligation Refunding Bonds

At June 30, 2003, the City had \$5,140,000 in outstanding principal relating to the 1994 Refunding General Obligation Bonds. On October 29, 2003, the City issued \$5,380,000 of 2003 General Obligation Refunding Bonds for the purposes of funding 1994 General Obligation Refunding Bonds and paying the costs of issuance of the Bonds. As a result, the 1994 refunded bonds were considered to be defeased and the liability had been removed from the governmental activities column of the statement of net assets. The advance refunding was undertaken to reduce total debt service payments over the next ten years by \$338,898 and resulted in an economic gain of \$286,142. The final maturity date is February 1, 2014. Interest rates vary from 2% to 5% with annual principal payments varying from \$440,000 to \$585,000 in the final year. The amount outstanding at June 30, 2009 is \$2,695,000.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(5) Long-Term Liabilities – Governmental Activities. (Continued)

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2009 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 500,000	109,788
2011	515,000	89,788
2012	535,000	73,050
2013	560,000	51,650
2014	<u>585,000</u>	<u>29,250</u>
	<u>\$2,695,000</u>	<u>353,526</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, 2009 is \$25,626,705.

The annual requirements to amortize pension funding bonds outstanding as of June 30, 2009 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 905,000	1,427,972
2011	1,040,000	1,376,839
2012	1,180,000	1,318,079
2013	1,330,000	1,251,409
2014	1,500,000	1,176,264
2015-2019	10,385,000	4,403,281
2020-2024	5,850,000	1,817,816
2025-2029	1,160,000	1,037,277
2030-2034	1,805,000	820,673
2035-2037	<u>1,620,000</u>	<u>197,127</u>
	26,775,000	
Less unaccreted discount	<u>(1,148,295)</u>	
Outstanding balance	<u>\$25,626,705</u>	<u>14,826,737</u>

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

Tax Allocation Bonds

1998A Tax Allocation Refunding Bonds

The \$31,805,000 of tax allocation refunding bonds, issue of 1998, Series A consist of serial bonds with varying interest rates from 3.7% to 5%. Interest is payable semiannually on February 1 and August 1. Serial bonds mature annually on August 1, 1999 through August 1, 2022. This debt is secured by the tax increment revenue of the Redevelopment Agency. The amount outstanding at June 30, 2009 is \$21,950,000.

Series 2003A Tax Allocation Bonds

In November of 2003, the Agency issued \$17,300,000 in 2003 Tax Allocation Bonds, Series A with interest rates of 2% to 4.25%. The proceeds of the bond will be 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. This debt is secured by the tax increment revenue of the Redevelopment Agency. 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. At June 30, 2009, the outstanding principal was \$9,715,000.

Series 2007A Tax Allocation Bonds

In August of 2007, the Agency issued \$4,640,000 in 2007 Tax Allocation Bonds, Series A with interest rates of 5.818%. The proceeds of the bond will be 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. At June 30, 2009, the outstanding principal was \$4,415,000.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

The annual requirements to amortize tax allocation bonds outstanding as of June 30, 2009 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,895,000	1,658,315
2011	1,975,000	1,576,677
2012	2,060,000	1,488,163
2013	2,160,000	1,392,170
2014	2,255,000	1,291,184
2015-2019	12,955,000	4,723,927
2020-2023	<u>12,780,000</u>	<u>1,292,724</u>
	<u>\$36,080,000</u>	<u>13,423,160</u>

Certificate of Participation

2003 Lease Revenue Refunding Certificate of Participation

On May 28, 2003, the Redlands Financing Authority issued \$16,620,000 of Lease Revenue Refunding Certificate of Participation. The certificates were issued to retire \$18,145,000 outstanding Certificates of Participation dated in 1993.

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, 2009 was \$12,575,000 with premium in the amount of \$432,038.

The following schedule summarizes the annual debt service requirements to maturity for the certificate of participation:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,415,000	498,806
2011	1,475,000	446,537
2012	1,525,000	384,443
2013	1,600,000	306,318
2014	1,675,000	240,147
2015-2018	<u>4,885,000</u>	<u>362,988</u>
	<u>\$12,575,000</u>	<u>2,239,239</u>

CITY OF REDLANDS  
Notes to the Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities. (Continued)

F.M. Thomas Air Conditioning, Inc. – Note Payable

On January 20, 2004, the City purchased a heating and air conditioning system in the amount of \$212,973 and agreed to pay the amount over five years commencing on the date of the note, which carries no interest with principal payments due every month and payable in full on January 20, 2009. At June 30, 2009, the F.M. Thomas Air Conditioning, Inc. note payable balance was paid in full.

I-Bank Sports Park – Lease Payable

On December 1, 2006 the City entered into this agreement for the purpose of obtaining additional funds to complete the Sports Park project. The City has agreed to pay the amount over thirty years commencing on the date of the lease, which carries an annual interest rate of 3.15% with principal and interest payments due every six months starting August 1, 2007 and payable in full on August 1, 2036. At June 30, 2009, the outstanding balance of the I-Bank Sports Park lease payable balance was \$1,902,279.

The annual retirements to amortize lease payable outstanding as of June 30, 2009 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 43,325	59,240
2011	44,690	57,854
2012	46,097	56,424
2013	47,549	54,949
2014	49,047	53,427
2015-2019	269,407	242,581
2020-2024	314,599	196,684
2025-2037	<u>1,087,565</u>	<u>237,511</u>
	<u>\$1,902,279</u>	<u>958,670</u>



CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(6) Long-Term Liabilities – Business-Type

The following is a summary of changes in business-type long-term liabilities, including landfill closure liability, for the year ended June 30, 2009:

	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009	Amount Due Within One Year	Amount Due Beyond a Year
<b>Enterprise Funds:</b>						
Compensated absences	\$ 777,035	660,092	(731,701)	705,426	352,714	352,712
Capital lease payable	-	414,376	(67,136)	347,240	54,554	292,686
Net OPEB obligation	-	1,378,536	(477,735)	900,801	-	900,801
Landfill closure liability	4,750,683	835,468	-	5,586,151	277,533	5,308,618
<b>Revenue Bonds:</b>						
1999 Water refunding	13,700,000	-	(1,450,000)	12,250,000	1,520,000	10,730,000
1999 Wastewater refunding	11,565,000	-	(930,000)	10,635,000	975,000	9,660,000
Total revenue bonds	<u>25,265,000</u>	<u>-</u>	<u>(2,380,000)</u>	<u>22,885,000</u>	<u>2,495,000</u>	<u>20,390,000</u>
<b>Notes payable:</b>						
Agricultural drainage water management loan program	756,343	-	(96,929)	659,414	100,419	558,995
California recycled water project	5,005,486	-	(239,902)	4,765,584	245,899	4,519,685
Safe drinking water project	<u>5,735,160</u>	<u>-</u>	<u>(250,976)</u>	<u>5,484,184</u>	<u>256,882</u>	<u>5,227,302</u>
Total notes payable	<u>11,496,989</u>	<u>-</u>	<u>(587,807)</u>	<u>10,909,182</u>	<u>603,200</u>	<u>10,305,982</u>
Total business-type activities long-term liabilities	<u>\$42,289,707</u>	<u>3,288,472</u>	<u>(4,244,379)</u>	<u>41,333,800</u>	<u>3,783,001</u>	<u>37,550,799</u>

Capital Lease Payable

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

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(6) Long-Term Liabilities – Business-Type, (Continued)

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

<u>Year ending June 30</u>	<u>Amount</u>
2010	\$ 68,177
2011	68,177
2012	68,177
2013	68,177
2014	<u>115,794</u>
Total minimum lease payments	388,502
Less: amount representing interest	<u>(41,262)</u>
Present value of minimum lease payments	<u>\$347,240</u>

Revenue Bonds Payable

1999 Water Refunding Revenue Bonds

The \$23,345,000 of water refunding revenue bonds, issue of 1999, consists of serial bonds with varying interest rates from 3.7% to 5%. Interest is payable semiannually on March 1 and September 1. Serial bonds mature annually on September 1, 1999 through September 1, 2015. The revenues of the Water Fund are pledged as security toward the payment of this debt. The amount outstanding at June 30, 2009 was \$12,250,000.

1999A Wastewater Refunding Revenue Bonds

The \$17,770,000 of wastewater refunding revenue bonds, issue of 1999, Series A, consist of serial bonds with varying interest rates from 3.7% to 4.875%. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually on September 1, 1999 through September 1, 2017. The revenues of the Water Fund are pledged as security toward the payment of this debt. The amount outstanding at June 30, 2009 was \$ 10,635,000.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(6) Long-Term Liabilities – Business-Type, (Continued)

The annual requirements to amortize bonds payable subsequent to June 30, 2009 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 2,495,000	1,054,856
2011	2,600,000	938,919
2012	2,725,000	814,400
2013	2,855,000	680,091
2014	2,990,000	535,750
2015-2018	<u>9,220,000</u>	<u>744,000</u>
	<u>\$22,885,000</u>	<u>4,768,016</u>

Notes Payable

At June 30, 2009, the City has \$659,414 in outstanding principal relating to a note payable to 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.

On September 2, 2003, the City has a loan made by 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, 2009 is \$4,765,584.

On January 30, 2004, the City has a loan made by the State of California, Department of Water Resources in the amount of \$1,664,876 to assist in financing construction of a project which will enable the City to meet safe drinking water standards. As of June 30, 2006, the loan had been increased to \$6,100,844. The note carries an annual interest rate of 2.34% with principal and interest payments due every six months starting January 1, 2006. At June 30, 2009, the City has \$5,484,184 in outstanding principal.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(6) Long-Term Liabilities – Business-Type, (Continued)

The annual requirements to amortize notes payable outstanding as of June 30, 2009 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 603,200	269,715
2011	619,010	253,905
2012	635,244	237,671
2013	651,918	220,998
2014	788,885	208,189
2015-2019	2,974,767	769,018
2020-2024	3,353,499	390,288
2025-2026	<u>1,282,659</u>	<u>41,678</u>
	<u>\$10,909,182</u>	<u>2,391,462</u>

(7) Claims Payable

On June 30, 2009 and throughout 2008-2009, the City was self-insured for the first \$500,000 per occurrence for commercial general liability and automobile liability. The City purchased excess liability insurance to provide additional coverage of \$10,000,000 per occurrence with a \$10,000,000 aggregate. The City also purchased airport liability insurance including comprehensive general liability, contractual liability, personal injury, bodily injury and property damage in a single limit liability amount of \$10,000,000 for each occurrence. For worker's compensation and employer's liability, the City was self-insured for \$1,000,000 per occurrence with excess coverage of \$25,000,000 for worker's compensation per occurrence with a \$25,000,000 aggregate, and \$1,000,000 for employer's liability per occurrence.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(7) Claims Payable, (Continued)

At June 30, 2009, \$700,000 and \$2,017,000 have been accrued for general liability and worker's compensation claims, respectively. All funds of the City participate in the worker's compensation program and make payments to the Worker's Compensation Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims. The Liability Insurance Internal Service Fund receives an annual operating transfer from the General Fund to cover operating costs including payment of claims. The liability for unpaid claims for general liability and worker's compensation is discounted to reflect anticipated future investment earnings, assuming a five percent interest rate. Settled claims have not exceeded the commercial coverage in the past three years.

The accruals indicated above represent estimates of amounts to be paid for reported claims, and incurred but not reported claims based upon past experience, modified for current trends and information. While the ultimate amounts of losses incurred through June 30, 2009 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, 2009 is as follows:

<u>2008-2009</u>	<u>Liability Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
Liability claims	\$ 755,000	512,894	567,894	700,000
Worker's compensation	<u>2,447,000</u>	<u>285,292</u>	<u>715,292</u>	<u>2,017,000</u>
	<u>\$3,202,000</u>	<u>798,186</u>	<u>1,283,186</u>	<u>2,717,000</u>
<u>2007-2008</u>	<u>Liability Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
Liability claims	\$ 574,219	744,167	563,386	755,000
Worker's compensation	<u>1,746,866</u>	<u>1,360,430</u>	<u>660,296</u>	<u>2,447,000</u>
	<u>\$2,321,085</u>	<u>2,104,597</u>	<u>1,223,682</u>	<u>3,202,000</u>

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(8) Fund/Net Asset Deficits and Expenditures in Excess of Appropriations

At June 30, 2009, the following governmental funds have fund deficits:

	<u>Deficit Amount</u>
Special Revenue Funds:	
Public Facilities Development	\$3,052,846 (a)
Community Development Block Grant	16,215
Disaster Recovery	57,839
General Capital Improvement	386,926 (b)
Police Grants	32,710
Enterprise Fund:	
Cemetery	644,251 (c)

- (a) Deficit due to outstanding loans to the general fund to be paid by future impact fees.
- (b) Deficit is due to the majority of funding being grant related on a reimbursement basis.
- (c) Deficit due to outstanding loans to the Water Fund to be paid by future revenues and expenditure reductions.

Expenditures for the year ended June 30, 2009 exceeded the appropriations of the following funds/departments:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General:			
City council	\$ 205,922	209,248	(3,326)
City manager	695,230	697,194	(1,964)
City attorney	543,602	595,349	(51,747)
Human resources	2,051,448	2,096,480	(45,032)
Building maintenance	1,155,887	1,258,123	(102,236)
Community development	1,564,942	1,589,048	(24,106)
Highway and streets	3,932,689	4,038,333	(105,644)
Parks	1,621,285	1,621,386	(101)
Library	2,002,418	2,028,917	(26,499)
Capital outlay	376,567	743,718	(367,151)
Special Revenue:			
Parking Authority	19,006	33,488	(14,482)
Low and Moderate Housing	6,479,394	6,629,087	(149,693)
Emergency Service	3,373,821	3,385,761	(11,940)
Open Space	9,400	797,215	(787,815)
Park & Open Space	124,154	127,864	(3,710)
Designated receipts	-	1,400,331	(1,400,331)
Traffic Signals	-	50,989	(50,989)
CFD 2004-1	102,669	107,521	(4,852)
Freeway Interchanges	1,500	1,936	(436)
Debt Service:			
General Debt Service	2,377,620	2,378,944	(1,324)

# CITY OF REDLANDS

## Notes to the Basic Financial Statements

(Continued)

### (9) Defined Benefit Pension Plan

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

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups.

Under GASB No. 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The contribution rate for the indicated period is 9.515%, 19.840% and 18.807% of payroll for the Retirement Programs for the miscellaneous, police and fire plans, respectively. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2009, these contribution rates, as modified by any amendments for the year, is multiplied by the payroll of covered employees that were paid during the period from July 1, 2008 to June 30, 2009.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(9) Defined Benefit Pension Plan. (Continued)

A summary of principal assumptions and methods used to determine the ARC is shown below.

Miscellaneous

Valuation Date	June 30, 2006
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	15 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

Miscellaneous

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll for miscellaneous. The schedule of funding progress, presented below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.



CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(9) Defined Benefit Pension Plan, (Continued)

Required Supplementary Information – Miscellaneous:

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Liability as a % of Covered Payroll</u>
6/30/05	\$79,179,634	73,458,081	5,721,553	92.8%	16,462,866	34.8%
6/30/06	85,914,510	79,046,879	6,867,631	92.0%	17,263,107	39.8%
6/30/07	91,347,219	85,219,591	6,127,628	93.3%	17,488,084	35.0%

Three Year Trend Information:

<u>Fiscal Year</u>	<u>Annual Pension Cost (Employer Contribution)</u>				<u>Net Pension Obligation</u>
	<u>Miscellaneous</u>	<u>Safety Police</u>	<u>Safety Fire</u>	<u>Percentage of APC Contributed</u>	
6/30/07	\$1,701,726	2,758,854	2,294,963	100%	-
6/30/08	1,997,432	2,785,734	2,274,468	100%	-
6/30/09	1,765,870	1,661,076	1,119,621	100%	-

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(10) Other Post-Employment Benefits Plan

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

*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 Health Net family premiums. In addition, the City of Redlands also contributed the entire monthly premium for health insurance for all employees who retire with the City and have a minimum of 15 years of continuous service with the City of Redlands, 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 2008-09, the City contributed \$1,919,207 to the plan, including \$44,128 for current premiums. Plan members receiving benefits contributed \$43,836 through their required contribution. Upon retirement, City of Redlands 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. During the year ended June 30, 2009, the City expended \$1,919,207 for these post-employment benefits.

The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits. CalPERS publishes separate financial statements conforming to GASB Statement No. 43 in separately issued financial statements for the CalPERS OPEB Trust. Copies of PERS' annual financial reports for its OPEB Trust may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(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	\$5,538,000
Contributions made (including premiums paid)	<u>(1,919,207)</u>
Increase in net OPEB obligation	3,618,793
Net OPEB obligation—beginning of year	<u>-</u>
Net OPEB obligation—end of year	<u>\$3,618,793</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>OPEB Obligation</u>
6/30/07	N/A	N/A	N/A
6/30/08	N/A	N/A	N/A
6/30/09	\$1,919,207	34.7%	\$3,618,793

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(10) Other Post-Employment Benefits Plan, (Continued)

*Funded Status and Funding Progress.* The funded status of the plan as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$68,964,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$68,964,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$29,983,000
UAAL as a percentage of covered payroll	230%

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, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 5.0 percent 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 percent initially, reduced by decrements of 1% per year for the first three years then decrements of .5% to an ultimate rate of 5 percent after the seventh year. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.5% per year.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(10) Other Post-Employment Benefits Plan, (Continued)

SCHEDULE OF FUNDING PROGRESS

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)- Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b-a)/c)</b>
7/1/06	N/A	N/A	N/A	0%	N/A	0%
7/1/07	N/A	N/A	N/A	0%	N/A	0%
7/1/08	\$0	\$68,964,000	\$68,964,000	0%	\$29,983,000	230%

(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.

(12) Commitments – Contract with County of San Bernardino

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 of Redlands. 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 the Basic Financial Statements

(Continued)

(13) Construction Commitments

The following material construction commitments existed at June 30, 2009:

<u>Project Name</u>	<u>Remaining Commitments</u>
Master planned sewer mains (phase 1)	\$1,006,502
Stuart Avenue storm drain	912,021
SCADA system upgrades	812,955
Reservoir recoating & rehabilitation	511,411
Downtown integrated video surveillance	360,786
Peak pond liner replacement	289,994
Redlands/Alabama Street improvements	188,224
Core block parking structure	176,590
Landfill expansion (phase 2)	163,243

(14) Solid Waste Landfill

State and federal laws and regulations require the City to provide financial assurance for closure and postclosure costs of the California Street Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for fifteen years after closure. Although closure and postclosure activities will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,586,151 reported as landfill closure and postclosure liability at June 30, 2009 represents the cumulative amount reported to date based on the use of 49.99 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 2009 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, 2009, \$5,801,777 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 Solid Waste enterprise fund.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(15) Debt Without Government Commitment

Assessment District Bonds

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

In September 2001, the City issued for and on behalf of the Community Facilities District No. 2001-1 (Northwest Development Project) \$9,255,000 aggregate principal amount of 2001 Special Tax Bonds to finance the acquisition of certain public improvements with appurtenant work and incidental expenses within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2002 to 2015 are serial bonds payable in annual installments of \$170,000 to \$355,000 while bonds maturing in the year 2022 in the amount of \$3,175,000 and bonds maturing in the year 2026 in the amount of \$2,535,000 are term bonds. The interest rates on the bonds range from 3.75% to 6.45%. The outstanding balance at June 30, 2009 was \$7,805,000.

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, 2009 was \$9,445,000.

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(16) Operating Lease

The City has entered into an operating lease with Xerox Corporation for copier equipment, services and supplies in November 2004. The term calls for a five-year lease with a minimum monthly payment of \$12,627. The minimum future payments as of June 30, 2009 are as follows:

<u>June 30 ending</u>	<u>Amount</u>
2010	<u>\$ 50,508</u>
	<u>\$ 50,508</u>

(17) Short-term Debt – Tax and Revenue Anticipation Bonds

The City of Redlands issues tax and revenue anticipation bonds in advance of property tax collections, depositing the proceeds in its general fund. The series 2008A-1 bonds are necessary for the City's prepayment of its contribution to PERS at the beginning of the fiscal year rather than in installments throughout the year.

Short-term debt activity for the year ended June 30, 2009, was as follows

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Tax and revenue anticipation bonds, series A-1 (Pooled)	\$ 0	\$5,000,000	\$(5,000,000)	\$ 0

(18) Defeasance of Debt

In August 2007, the Redevelopment Agency of the City of Redlands defeased \$4,300,000 of its \$17,300,000 2003 Tax Allocation Bonds by entering into an Escrow Deposit and Trust Agreement and depositing unspent bond proceeds to fund the irrevocable trust. The current outstanding balance of the defeased bonds is \$4,080,000.



CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(19) Pledged Revenue

The City and its component units have 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 approximates 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
Tax increment Downtown	\$ 2,909,801	\$ 1,850,000	64%
Water revenues	4,668,962	1,450,000	31%
Wastewater revenues	1,222,434	930,000	76%

(20) Prior Period Adjustment

Net assets at July 1, 2008 have been increased as follows in relation to business-type activities – Enterprise funds from prior years:

	<u>Water</u>	<u>Nonmajor Enterprise</u>	<u>Business-type Activities</u>
Net assets as of June 30, 2008	\$88,233,623	\$16,765,066	\$166,621,820
Increase in land not previously recorded:			
80 acres of land in Loma Linda	905,092	-	905,092
Developer dedicated land parcels (Groves Fund)	-	1,447,443	1,447,443
Net assets as of July 1, 2008	<u>\$89,138,715</u>	<u>\$18,212,509</u>	<u>\$168,974,355</u>

CITY OF REDLANDS

Notes to the Basic Financial Statements

(Continued)

(21) Subsequent Events

*State Issuance of Debt to Remit Borrowed Local Government Revenues*

On July 28, 2009, legislation was signed into law that enabled the State of California to borrow a portion of the property tax revenue due to be remitted to local governments in fiscal year 2009-10. This action was taken to replace a portion of the shortfall in state revenues associated with current economic conditions. The amount to be borrowed in 2009-10 from each local government represents approximately 8% of the general levy property taxes received by that local government in fiscal year 2008-09.

On November 10, 2009, the California Statewide Communities Development Authority (CSCDA) issued debt to provide to participating local governments all of the revenues that had been authorized to be borrowed by the State in its 2009-10 budget. For the City \$1,926,614 was issued. The bonds provide for the borrowed funds to be remitted to the City in two installments of \$963,307 (on January 15, 2010 and on May 3, 2010).

**REQUIRED SUPPLEMENTARY INFORMATION**

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## CITY OF REDLANDS

### Notes to Required Supplementary Information

Year ended June 30, 2009

#### (1) Budgetary Control and Accounting

The City adheres to the following general procedures in establishing its annual budget, which is reflected in the accompanying basic financial statements:

- 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. Budgeted appropriations lapse at the end of the year.
- The City Council approves total budgeted appropriations and amendments to appropriations throughout the year. The City Council must approve budget appropriation transfers between departments within a fund. 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 departmental level.
- Annual budgets are adopted for all Governmental Funds Types on a basis substantially consistent with Generally Accepted Accounting Principles (GAAP).
- The budgetary information shown for revenues and expenditures represents the original adopted budget adjusted for any changes made by the City Council. For the year ended June 30, 2009, supplemental appropriations in the amount of \$1,107,739 were made in the General Fund.
- 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. However, encumbrances at year-end are reported as reservations of fund balance.

CITY OF REDLANDS  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 Year ended June 30, 2009

	Budget		Actual	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ 42,608,775	40,923,775	40,905,043	(18,732)
Licenses, permits and fines	5,272,865	5,359,985	5,621,630	261,645
Intergovernmental	315,000	264,894	334,911	70,017
Charges for services	6,721,343	4,564,730	4,664,118	99,388
Investment income	1,462,965	682,080	1,102,393	420,313
Other	70,000	475,251	512,179	36,928
Total revenues	<u>56,450,948</u>	<u>52,270,715</u>	<u>53,140,274</u>	<u>869,559</u>
<b>Expenditures:</b>				
<b>General government:</b>				
City council	197,029	205,922	209,248	(3,326)
City manager	933,968	695,230	697,194	(1,964)
City clerk	307,739	300,150	297,872	2,278
City attorney	603,154	543,602	595,349	(51,747)
City treasurer	739,602	617,979	612,106	5,873
Finance	1,415,575	1,418,261	1,350,865	67,396
Human resources	2,216,822	2,051,448	2,096,480	(45,032)
Building maintenance	1,334,974	1,155,887	1,258,123	(102,236)
Community development	2,116,376	1,564,942	1,589,048	(24,106)
Total general government	<u>9,865,239</u>	<u>8,553,421</u>	<u>8,706,285</u>	<u>(152,864)</u>
<b>Public safety:</b>				
Police	22,903,950	21,801,160	21,472,083	329,077
Fire	9,563,067	9,919,780	9,664,842	254,938
Total public safety	<u>32,467,017</u>	<u>31,720,940</u>	<u>31,136,925</u>	<u>584,015</u>
Highway and streets	<u>4,325,697</u>	<u>3,932,689</u>	<u>4,038,333</u>	<u>(105,644)</u>
<b>Culture and recreation:</b>				
Community services	1,917,669	1,936,547	1,875,802	60,745
Parks	1,756,627	1,621,285	1,621,386	(101)
Total culture and recreation	<u>3,674,296</u>	<u>3,557,832</u>	<u>3,497,188</u>	<u>60,644</u>
Library	<u>2,164,163</u>	<u>2,002,418</u>	<u>2,028,917</u>	<u>(26,499)</u>
Capital outlay	<u>738,034</u>	<u>376,567</u>	<u>743,718</u>	<u>(367,151)</u>

(Continued)

CITY OF REDLANDS  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 (Continued)

	Budget		Actual	Variance with Final Budget Positive
	Original	Final		(Negative)
Debt service:				
Principal	464,490	479,585	464,376	15,209
Interest	85,779	88,769	86,887	1,882
Total debt service	<u>550,269</u>	<u>568,354</u>	<u>551,263</u>	<u>17,091</u>
Total expenditures	<u>53,784,715</u>	<u>50,712,221</u>	<u>50,702,629</u>	<u>9,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,666,233</u>	<u>1,558,494</u>	<u>2,437,645</u>	<u>879,151</u>
Other financing sources (uses):				
Transfers in	2,492,772	1,837,306	6,153,286	4,315,980
Transfers out	<u>(4,968,201)</u>	<u>(4,743,911)</u>	<u>(4,857,342)</u>	<u>(113,431)</u>
Total other financing sources (uses)	<u>(2,475,429)</u>	<u>(2,906,605)</u>	<u>1,295,944</u>	<u>4,202,549</u>
Net change in fund balance	190,804	(1,348,111)	3,733,589	5,081,700
Fund balance at beginning of year	<u>15,128,551</u>	<u>15,128,551</u>	<u>15,128,551</u>	<u>-</u>
Fund balance at end of year	<u>\$ 15,319,355</u>	<u>13,780,440</u>	<u>18,862,140</u>	<u>5,081,700</u>

CITY OF REDLANDS  
Special Revenue Fund

Public Facilities Development

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, permits and fines	\$ 1,850,000	990,000	701,795	(288,205)
Investment income	-	4,000	-	(4,000)
Total revenues	<u>1,850,000</u>	<u>994,000</u>	<u>701,795</u>	<u>(292,205)</u>
Expenditures:				
Current:				
General government	33,000	169,344	76,907	92,437
Capital outlay	<u>556,000</u>	<u>1,090,106</u>	<u>554,436</u>	<u>535,670</u>
Total expenditures	<u>589,000</u>	<u>1,259,450</u>	<u>631,343</u>	<u>628,107</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,261,000</u>	<u>(265,450)</u>	<u>70,452</u>	<u>335,902</u>
Other financing sources (uses):				
Transfers out	<u>(1,138,240)</u>	<u>(1,138,240)</u>	<u>(1,149,338)</u>	<u>(11,098)</u>
Total other financing sources (uses)	<u>(1,138,240)</u>	<u>(1,138,240)</u>	<u>(1,149,338)</u>	<u>(11,098)</u>
Net change in fund balance	122,760	(1,403,690)	(1,078,886)	324,804
Fund balance (deficit) at beginning of year	<u>(1,973,960)</u>	<u>(1,973,960)</u>	<u>(1,973,960)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (1,851,200)</u>	<u>(3,377,650)</u>	<u>(3,052,846)</u>	<u>324,804</u>



**SUPPLEMENTARY SCHEDULES**

CITY OF REDLANDS  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2009

	<u>Special</u>	<u>Debt</u>	<u>Capital</u>	<u>Permanent Fund</u>	
	<u>Revenue</u>	<u>Service</u>	<u>Projects</u>	<u>Cemetery</u>	<u>Total</u>
				<u>Endowment</u>	
<b>Assets:</b>					
Cash and investments	\$ 25,278,060	3,676,106	3,857,930	1,710,028	34,522,124
Cash and investments with fiscal agent	-	3,602,265	-	-	3,602,265
<b>Receivables:</b>					
Accounts	488,432	-	-	985	489,417
Taxes	179,711	-	-	-	179,711
Interest	16,085	119,727	28,894	-	164,706
Due from other governments	1,085,101	-	-	-	1,085,101
<b>Total assets</b>	<b><u>\$ 27,047,389</u></b>	<b><u>7,398,098</u></b>	<b><u>3,886,824</u></b>	<b><u>1,711,013</u></b>	<b><u>40,043,324</u></b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,043,863	276,919	260,062	-	1,580,844
Accrued payroll	172,347	-	18,954	-	191,301
Deferred revenue	1,210,362	-	-	-	1,210,362
Due to other funds	461,934	-	-	-	461,934
Deposits	58,588	-	267,366	-	325,954
<b>Total liabilities</b>	<b><u>2,947,094</u></b>	<b><u>276,919</u></b>	<b><u>546,382</u></b>	<b><u>-</u></b>	<b><u>3,770,395</u></b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	1,141,427	-	1,567,777	-	2,709,204
Endowment	-	-	-	1,711,013	1,711,013
Debt service	-	3,602,265	-	-	3,602,265
Unreserved	22,958,868	3,518,914	1,772,665	-	28,250,447
<b>Total fund balances</b>	<b><u>24,100,295</u></b>	<b><u>7,121,179</u></b>	<b><u>3,340,442</u></b>	<b><u>1,711,013</u></b>	<b><u>36,272,929</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 27,047,389</u></b>	<b><u>7,398,098</u></b>	<b><u>3,886,824</u></b>	<b><u>1,711,013</u></b>	<b><u>40,043,324</u></b>

CITY OF REDLANDS  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year ended June 30, 2009

	Special Revenue	Debt Service	Capital Projects	Permanent Fund Cemetery Endowment	Total
<b>Revenues:</b>					
Taxes	\$ 1,223,074	6,570,850	-	-	7,793,924
Licenses, permits and fines	1,042,803	-	55,796	-	1,098,599
Intergovernmental	5,927,072	-	-	-	5,927,072
Charges for services	282,317	-	-	-	282,317
Investment income	779,149	262,860	364,366	-	1,406,375
Other	1,645,911	-	1,972	54,910	1,702,793
<b>Total revenues</b>	<b>10,900,326</b>	<b>6,833,710</b>	<b>422,134</b>	<b>54,910</b>	<b>18,211,080</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	8,883,160	-	1,997,241	-	10,880,401
Public safety	4,382,629	-	-	-	4,382,629
Highway and streets	695,751	-	110,341	-	806,092
Culture and recreation	37,062	-	-	-	37,062
Capital outlay	2,275,792	-	2,243,870	-	4,519,662
<b>Debt service:</b>					
Principal	42,002	3,230,000	-	-	3,272,002
Interest	57,200	2,276,860	-	-	2,334,060
Fiscal charges	-	342,785	-	-	342,785
<b>Total expenditures</b>	<b>16,373,596</b>	<b>5,849,645</b>	<b>4,351,452</b>	<b>-</b>	<b>26,574,693</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(5,473,270)</b>	<b>984,065</b>	<b>(3,929,318)</b>	<b>54,910</b>	<b>(8,363,613)</b>
<b>Other financing sources (uses):</b>					
Transfers in	4,618,994	4,695,835	3,907,720	-	13,222,549
Transfers out	(2,411,246)	(4,902,320)	(7,026,402)	-	(14,339,968)
<b>Total other financing sources (uses)</b>	<b>2,207,748</b>	<b>(206,485)</b>	<b>(3,118,682)</b>	<b>-</b>	<b>(1,117,419)</b>
<b>Net change in fund balances</b>	<b>(3,265,522)</b>	<b>777,580</b>	<b>(7,048,000)</b>	<b>54,910</b>	<b>(9,481,032)</b>
Fund balances at beginning of year	27,365,817	6,343,599	10,388,442	1,656,103	45,753,961
Fund balances at end of year	\$ 24,100,295	7,121,179	3,340,442	1,711,013	36,272,929

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## NONMAJOR SPECIAL REVENUE FUNDS

The City maintains the following special revenue funds for the purposes indicated:

State Gas Tax – To account for the receipt and subsequent expenditure of the City's share of the State levied tax on gasoline and other vehicle fuels.

Community Development Block Grant – To account for expenditures and related reimbursements of various grants from the San Bernardino County Office of Economic and Community Development.

Downtown Redlands Business Association – To account for collection and subsequent expenditure of a fee, collected with the business license tax, for attracting business to the downtown area.

Parking Authority – To account for a city-wide authority formed to control parking.

Low and Moderate Income Housing – To account for annual monies which, by law, must be set aside from Redevelopment tax increment revenues for the purpose of funding a program for development and improvement of housing for low and moderate income families.

Emergency Services – To account for the collection of a special property tax to be spent on paramedic services.

Arterial Street Construction – To account for the collection and related expenditure of development impact fees designated for new street construction projects.

Traffic Safety – To account for the receipt and subsequent expenditure of traffic fines for moving violations within the City limits.

Open Space – To account for receipt and subsequent expenditure of fees collected to provide for open space land in and around the City.

Disaster Recovery – To account for all expenditures and revenues relating to natural disasters for the purpose of consolidating such information for federal and state reimbursements and enhancing Single Audit reporting requirements.

Park and Open Space (formerly Park Development) – To account for the collection and subsequent expenditure of developer fees levied for the purpose of acquiring land for parks.

Local Transportation – To account for the receipt and expenditure of street and road construction funds including projects financed by a share of the quarter of one percent State sales tax pursuant to the Transportation Development Act.

Street Lighting District #1 – To account for the maintenance, operation and service of street lighting facilities financed by assessments collected from landowners within the district.

## NONMAJOR SPECIAL REVENUE FUNDS, (CONTINUED)

Air Quality Improvement – To account for the collection and subsequent expenditure of AB2766 (District Fees to Implement the California Clean Air Act) monies to be used for pollution reduction.

Measure I – To account for revenues resulting from a voter approved half cent retail transaction and use tax, to be used for transportation improvements and traffic management programs.

General Capital Improvement – To account for the receipt and expenditure of grant revenue received by the City for capital projects; other than Community Development Block Grant revenues.

Designated Receipts – To account for deposits and donations designated for specific purposes.

Traffic Signals – To account for the collection and related expenditure of development impact fees designated for new traffic signal construction projects.

Landscape Maintenance District – To account for assessments collected from landowners to maintain landscaping in parkways and common areas within the District.

Household Hazardous Waste – To account for revenue collected and expenditures made to properly dispose of household hazardous waste.

Supplemental Law Enforcement – To account for receipt and subsequent expenditure of AB3229 monies which pursuant to the Citizens' Option for Public Safety (COPS) Program must be spent for supplemental law enforcement services.

Neighborhood Initiative Program – To account for expenditures and related reimbursements of grant monies received from the County of San Bernardino to preserve and revitalize neighborhoods.

Drug Confiscation – To account for receipt and subsequent expenditure of various asset seizure monies.

Community Facilities District – To account for developer deposits and bond proceeds related to Community Facilities Districts established for the purpose of constructing infrastructure.

Police Grants – To account for receipt and expenditure of grant monies received from various agencies for public safety programs.

CFD 2004 – 1 Assessment – To account for the maintenance of landscaping in public right-of-way and easements surrounding tract no. 16408.

Freeway Interchanges – To account for the collection and related expenditure of development impact fees designated for new freeway interchange construction projects.

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CITY OF REDLANDS  
Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2009

	<u>State Gas Tax</u>	<u>Community Development Block Grant</u>	<u>Downtown Redlands Business Association</u>	<u>Parking Authority</u>	<u>Low and Moderate Income Housing</u>
Assets:					
Cash and investments	\$ -	-	171,108	90,125	3,595,333
Receivables:					
Accounts	-	-	75	-	-
Taxes	93,621	-	-	-	-
Interest	-	-	-	-	16,085
Due from other governments	-	15,976	-	-	-
 Total assets	 <u>\$ 93,621</u>	 <u>15,976</u>	 <u>171,183</u>	 <u>90,125</u>	 <u>3,611,418</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	-	7,580	1,445	301,331
Accrued payroll	-	-	5,515	-	19,626
Deferred revenue	-	15,976	-	-	-
Due to other funds	-	16,215	-	-	-
Deposits	-	-	-	5,905	-
 Total liabilities	 <u>-</u>	 <u>32,191</u>	 <u>13,095</u>	 <u>7,350</u>	 <u>320,957</u>
Fund balances (deficits):					
Reserved for encumbrances	-	-	3,934	82,775	51,272
Unreserved	93,621	(16,215)	154,154	-	3,239,189
 Total fund balances (deficit)	 <u>93,621</u>	 <u>(16,215)</u>	 <u>158,088</u>	 <u>82,775</u>	 <u>3,290,461</u>
 Total liabilities and fund balances	 <u>\$ 93,621</u>	 <u>15,976</u>	 <u>171,183</u>	 <u>90,125</u>	 <u>3,611,418</u>



<u>Emergency Services</u>	<u>Arterial Street Construction</u>	<u>Traffic Safety</u>	<u>Open Space</u>	<u>Disaster Recovery</u>	<u>Park and Open Space</u>	<u>Local Transportation</u>	<u>Street Lighting District #1</u>
138,707	932,427	-	2,092,608	-	2,454,480	6,219,645	50
-	-	12,031	-	-	-	-	-
16,917	-	-	-	-	-	-	609
-	-	-	-	-	-	-	-
-	-	4,608	-	57,671	-	557,166	-
<u>155,624</u>	<u>932,427</u>	<u>16,639</u>	<u>2,092,608</u>	<u>57,671</u>	<u>2,454,480</u>	<u>6,776,811</u>	<u>659</u>
33,490	-	-	-	-	201	40,668	-
122,134	-	-	-	-	-	7,305	659
-	-	-	-	57,671	-	412,785	-
-	-	-	-	57,839	-	-	-
-	-	-	-	-	-	-	-
<u>155,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,510</u>	<u>201</u>	<u>460,758</u>	<u>659</u>
3,694	-	-	-	-	5,132	328,005	17,636
(3,694)	932,427	16,639	2,092,608	(57,839)	2,449,147	5,988,048	(17,636)
-	932,427	16,639	2,092,608	(57,839)	2,454,279	6,316,053	-
<u>155,624</u>	<u>932,427</u>	<u>16,639</u>	<u>2,092,608</u>	<u>57,671</u>	<u>2,454,480</u>	<u>6,776,811</u>	<u>659</u>

(Continued)

CITY OF REDLANDS  
Nonmajor Special Revenue Funds

Combining Balance Sheet

(Continued)

	Air Quality Improvement	Measure I	General Capital Improvement	Designated Receipts	Traffic Signals	Landscape Maintenance District
Assets:						
Cash and investments	355,255	5,441,045	-	2,084,543	354,901	2,404
Receivables:						
Accounts	-	-	466,873	-	-	-
Taxes	-	65,833	-	-	-	369
Interest	-	-	-	-	-	-
Due from other governments	<u>22,449</u>	<u>-</u>	<u>5,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>377,704</u>	<u>5,506,878</u>	<u>471,959</u>	<u>2,084,543</u>	<u>354,901</u>	<u>2,773</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	-	1,700	1,589	122,778	-	2,113
Accrued payroll	-	1,654	-	-	-	660
Deferred revenue	-	-	488,134	-	-	-
Due to other funds	-	-	369,162	-	-	-
Deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>3,354</u>	<u>858,885</u>	<u>122,778</u>	<u>-</u>	<u>2,773</u>
Fund balances (deficits):						
Reserved for encumbrances	49,563	3,833	288,308	-	-	6,481
Unreserved	<u>328,141</u>	<u>5,499,691</u>	<u>(675,234)</u>	<u>1,961,765</u>	<u>354,901</u>	<u>(6,481)</u>
Total fund balances (deficit)	<u>377,704</u>	<u>5,503,524</u>	<u>(386,926)</u>	<u>1,961,765</u>	<u>354,901</u>	<u>-</u>
Total liabilities and fund balances	<u>377,704</u>	<u>5,506,878</u>	<u>471,959</u>	<u>2,084,543</u>	<u>354,901</u>	<u>2,773</u>

Household Hazardous Waste	Supplemental Law Enforcement	Neighborhood Initiative Program	Drug Confiscation	Community Facilities District	Police Grants	CFD 2004-1 Assessment	Freeway Interchanges	Total
426,298	126,553	-	207,828	-	-	350,060	234,690	25,278,060
9,453	-	-	-	-	-	-	-	488,432
-	-	-	-	-	-	2,362	-	179,711
-	-	-	-	-	-	-	-	16,085
-	10,178	-	13,095	-	398,872	-	-	1,085,101
<u>435,751</u>	<u>136,731</u>	<u>-</u>	<u>220,923</u>	<u>-</u>	<u>398,872</u>	<u>352,422</u>	<u>234,690</u>	<u>27,047,389</u>
281,738	17,334	-	4,092	-	224,322	3,482	-	1,043,863
-	1,371	-	-	-	11,567	1,856	-	172,347
-	58,821	-	-	-	176,975	-	-	1,210,362
-	-	-	-	-	18,718	-	-	461,934
-	-	-	-	-	-	52,683	-	58,588
<u>281,738</u>	<u>77,526</u>	<u>-</u>	<u>4,092</u>	<u>-</u>	<u>431,582</u>	<u>58,021</u>	<u>-</u>	<u>2,947,094</u>
1,124	22,190	-	1,135	-	242,407	33,938	-	1,141,427
152,889	37,015	-	215,696	-	(275,117)	260,463	234,690	22,958,868
154,013	59,205	-	216,831	-	(32,710)	294,401	234,690	24,100,295
<u>435,751</u>	<u>136,731</u>	<u>-</u>	<u>220,923</u>	<u>-</u>	<u>398,872</u>	<u>352,422</u>	<u>234,690</u>	<u>27,047,389</u>

CITY OF REDLANDS  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year ended June 30, 2009

	State Gas Tax	Community Development Block Grant	Downtown Redlands Business Association	Parking Authority	Low and Moderate Income Housing
Revenues:					
Taxes	\$ -	-	-	-	-
Licenses, permits and fines	-	-	77,453	-	-
Intergovernmental	1,145,892	91,532	-	-	-
Charges for services	-	-	260,714	-	9,350
Investment income	-	-	6,645	8,705	92,261
Other	-	-	4,263	-	25,200
	<u>1,145,892</u>	<u>91,532</u>	<u>349,075</u>	<u>8,705</u>	<u>126,811</u>
Total revenues					
Expenditures:					
Current:					
General government	-	39,558	406,636	33,488	6,629,087
Public safety	-	-	-	-	-
Highway and streets	-	49,104	-	-	-
Culture and recreation	-	8,400	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
	<u>-</u>	<u>97,062</u>	<u>406,636</u>	<u>33,488</u>	<u>6,629,087</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>1,145,892</u>	<u>(5,530)</u>	<u>(57,561)</u>	<u>(24,783)</u>	<u>(6,502,276)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	1,318,731
Transfers out	<u>(1,052,271)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(787,570)</u>
Total other financing sources (uses)	<u>(1,052,271)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>531,161</u>
Net change in fund balances	93,621	(5,530)	(57,561)	(24,783)	(5,971,115)
Fund balances (deficit) at beginning of year	<u>-</u>	<u>(10,685)</u>	<u>215,649</u>	<u>107,558</u>	<u>9,261,576</u>
Fund balances (deficit) at end of year	<u>\$ 93,621</u>	<u>(16,215)</u>	<u>158,088</u>	<u>82,775</u>	<u>3,290,461</u>

<u>Emergency Services</u>	<u>Arterial Street Construction</u>	<u>Traffic Safety</u>	<u>Open Space</u>	<u>Disaster Recovery</u>	<u>Park and Open Space</u>	<u>Local Transportation</u>	<u>Street Lighting District #1</u>
1,075,972	-	-	-	-	-	-	25,493
-	119,941	328,735	33,328	-	386,558	-	-
-	-	-	796,549	-	-	1,668,335	-
10,773	-	-	-	-	-	-	-
-	29,442	-	68,275	-	84,392	157,596	-
10,000	-	-	116	-	-	-	-
<u>1,096,745</u>	<u>149,383</u>	<u>328,735</u>	<u>898,268</u>	<u>-</u>	<u>470,950</u>	<u>1,825,931</u>	<u>25,493</u>
-	-	-	667	-	-	-	-
3,385,761	-	-	-	-	-	-	-
-	2,399	-	-	-	-	431,135	55,851
-	-	-	-	-	28,662	-	-
-	-	-	796,549	-	-	45,520	-
-	-	-	-	-	42,002	-	-
-	-	-	-	-	57,200	-	-
<u>3,385,761</u>	<u>2,399</u>	<u>-</u>	<u>797,216</u>	<u>-</u>	<u>127,864</u>	<u>476,655</u>	<u>55,851</u>
<u>(2,289,016)</u>	<u>146,984</u>	<u>328,735</u>	<u>101,052</u>	<u>-</u>	<u>343,086</u>	<u>1,349,276</u>	<u>(30,358)</u>
2,289,016	-	-	-	-	-	767,059	31,237
-	-	(319,229)	-	-	(124,998)	-	-
<u>2,289,016</u>	<u>-</u>	<u>(319,229)</u>	<u>-</u>	<u>-</u>	<u>(124,998)</u>	<u>767,059</u>	<u>31,237</u>
-	146,984	9,506	101,052	-	218,088	2,116,335	879
-	785,443	7,133	1,991,556	(57,839)	2,236,191	4,199,718	(879)
<u>-</u>	<u>932,427</u>	<u>16,639</u>	<u>2,092,608</u>	<u>(57,839)</u>	<u>2,454,279</u>	<u>6,316,053</u>	<u>-</u>

(Continued)

CITY OF REDLANDS  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 (Continued)

	Air Quality Improvement	Measure I	General Capital Improvement	Designated Receipts	Traffic Signals	Landscape Maintenance District
Revenues:						
Taxes	-	-	-	-	-	32,373
Licenses, permits and fines	-	-	-	-	-	-
Intergovernmental	83,856	837,298	1,219	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	11,923	175,992	-	-	11,609	-
Other	-	-	72,800	1,232,320	-	-
<b>Total revenues</b>	<b>95,779</b>	<b>1,013,290</b>	<b>74,019</b>	<b>1,232,320</b>	<b>11,609</b>	<b>32,373</b>
Expenditures:						
Current:						
General government	-	-	55,300	1,400,331	-	123,115
Public safety	-	-	-	-	-	-
Highway and streets	-	104,337	-	-	50,989	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	79,999	401,966	144,067	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>79,999</b>	<b>506,303</b>	<b>199,367</b>	<b>1,400,331</b>	<b>50,989</b>	<b>123,115</b>
Excess (deficiency) of revenues over (under) expenditures	15,780	506,987	(125,348)	(168,011)	(39,380)	(90,742)
Other financing sources (uses):						
Transfers in	-	-	122,209	-	-	90,742
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>122,209</b>	<b>-</b>	<b>-</b>	<b>90,742</b>
<b>Net change in fund balances</b>	<b>15,780</b>	<b>506,987</b>	<b>(3,139)</b>	<b>(168,011)</b>	<b>(39,380)</b>	<b>-</b>
Fund balances (deficit) at beginning of year	361,924	4,996,537	(383,787)	2,129,776	394,281	-
<b>Fund balances (deficit) at end of year</b>	<b>377,704</b>	<b>5,503,524</b>	<b>(386,926)</b>	<b>1,961,765</b>	<b>354,901</b>	<b>-</b>

Household Hazardous Waste	Supplemental Law Enforcement	Neighborhood Initiative Program	Drug Confiscation	Community Facilities District	Police Grants	CFD 2004-1 Assessment	Freeway Interchanges	Total
-	-	-	-	-	-	89,236	-	1,223,074
-	-	-	-	-	-	-	96,788	1,042,803
7,457	155,763	9,280	-	-	1,129,891	-	-	5,927,072
1,480	-	-	-	-	-	-	-	282,317
107,240	5,304	2,502	-	-	-	10,789	6,474	779,149
-	-	-	248,729	-	52,483	-	-	1,645,911
<u>116,177</u>	<u>161,067</u>	<u>11,782</u>	<u>248,729</u>	<u>-</u>	<u>1,182,374</u>	<u>100,025</u>	<u>103,262</u>	<u>10,900,326</u>
87,457	-	-	-	-	-	107,521	-	8,883,160
-	110,574	-	218,336	-	667,958	-	-	4,382,629
-	-	-	-	-	-	-	1,936	695,751
-	-	-	-	-	-	-	-	37,062
303,727	45,189	-	41,263	-	417,512	-	-	2,275,792
-	-	-	-	-	-	-	-	42,002
-	-	-	-	-	-	-	-	57,200
<u>391,184</u>	<u>155,763</u>	<u>-</u>	<u>259,599</u>	<u>-</u>	<u>1,085,470</u>	<u>107,521</u>	<u>1,936</u>	<u>16,373,596</u>
<u>(275,007)</u>	<u>5,304</u>	<u>11,782</u>	<u>(10,870)</u>	<u>-</u>	<u>96,904</u>	<u>(7,496)</u>	<u>101,326</u>	<u>(5,473,270)</u>
-	-	-	-	-	-	-	-	4,618,994
-	-	(127,124)	-	(54)	-	-	-	(2,411,246)
-	-	(127,124)	-	(54)	-	-	-	2,207,748
(275,007)	5,304	(115,342)	(10,870)	(54)	96,904	(7,496)	101,326	(3,265,522)
<u>429,020</u>	<u>53,901</u>	<u>115,342</u>	<u>227,701</u>	<u>54</u>	<u>(129,614)</u>	<u>301,897</u>	<u>133,364</u>	<u>27,365,817</u>
<u>154,013</u>	<u>59,205</u>	<u>-</u>	<u>216,831</u>	<u>-</u>	<u>(32,710)</u>	<u>294,401</u>	<u>234,690</u>	<u>24,100,295</u>

CITY OF REDLANDS  
State Gas Tax Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 910,000	1,145,892	235,892
Excess (deficiency) of revenues over (under) expenditures	910,000	1,145,892	235,892
Other financing uses:			
Transfers out	<u>(910,000)</u>	<u>(1,052,271)</u>	<u>(142,271)</u>
Net change in fund balance	-	93,621	93,621
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>93,621</u>	<u>93,621</u>



CITY OF REDLANDS  
Community Development Block Grant Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 724,684	91,532	(633,152)
Expenditures:			
Current:			
General government	39,558	39,558	-
Highways and streets	203,848	49,104	154,744
Culture and recreation	8,400	8,400	-
Capital outlay	<u>472,878</u>	<u>-</u>	<u>472,878</u>
Total expenditures	<u>724,684</u>	<u>97,062</u>	<u>627,622</u>
Net change in fund balance	-	(5,530)	(5,530)
Fund balance (deficit) at beginning of year	<u>(10,685)</u>	<u>(10,685)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (10,685)</u>	<u>(16,215)</u>	<u>(5,530)</u>

CITY OF REDLANDS  
Downtown Redlands Business Association Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses, permits and fines	\$ 70,000	77,453	7,453
Charges for services	272,000	260,714	(11,286)
Investment income	4,000	6,645	2,645
Other	<u>3,000</u>	<u>4,263</u>	<u>1,263</u>
Total revenues	<u>349,000</u>	<u>349,075</u>	<u>75</u>
Expenditures:			
Current:			
General government	<u>413,840</u>	<u>406,636</u>	<u>7,204</u>
Net change in fund balance	(64,840)	(57,561)	7,279
Fund balance at beginning of year	<u>215,649</u>	<u>215,649</u>	<u>-</u>
Fund balance at end of year	<u>\$ 150,809</u>	<u>158,088</u>	<u>7,279</u>

CITY OF REDLANDS  
Parking Authority Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 7,870	8,705	835
Expenditures:			
Current:			
General government	<u>19,006</u>	<u>33,488</u>	<u>(14,482)</u>
Net change in fund balance	(11,136)	(24,783)	(13,647)
Fund balance at beginning of year	<u>107,558</u>	<u>107,558</u>	<u>-</u>
Fund balance at end of year	<u>\$ 96,422</u>	<u>82,775</u>	<u>(13,647)</u>

CITY OF REDLANDS  
Low and Moderate Income Housing Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for services	\$ 9,350	9,350	-
Investment income	100,000	92,261	(7,739)
Other	25,200	25,200	-
Total revenues	134,550	126,811	(7,739)
Expenditures:			
Current:			
General government	6,479,394	6,629,087	(149,693)
Excess (deficiency) of revenues over (under) expenditures	(6,344,844)	(6,502,276)	(157,432)
Other financing sources (uses):			
Transfers in	1,242,600	1,318,731	76,131
Transfers out	(767,709)	(787,570)	(19,861)
Total other financing sources (uses)	474,891	531,161	56,270
Net change in fund balance	(5,869,953)	(5,971,115)	(101,162)
Fund balance at beginning of year	9,261,576	9,261,576	-
Fund balance at end of year	\$ 3,391,623	3,290,461	(101,162)

CITY OF REDLANDS  
Emergency Services Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 1,015,337	1,075,972	60,635
Charges for services	10,479	10,773	294
Other	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total revenues	<u>1,035,816</u>	<u>1,096,745</u>	<u>60,929</u>
Expenditures:			
Current:			
Public safety	<u>3,373,821</u>	<u>3,385,761</u>	<u>(11,940)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,338,005)	(2,289,016)	48,989
Other financing sources:			
Transfers in	<u>2,269,301</u>	<u>2,289,016</u>	<u>19,715</u>
Net change in fund balance	(68,704)	-	68,704
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (68,704)</u>	<u>-</u>	<u>68,704</u>

CITY OF REDLANDS  
Arterial Street Construction Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses, permits and fines	\$ 130,000	119,941	(10,059)
Investment income	<u>14,000</u>	<u>29,442</u>	<u>15,442</u>
Total revenues	<u>144,000</u>	<u>149,383</u>	<u>5,383</u>
Expenditures:			
Current:			
Highway & streets	<u>3,400</u>	<u>2,399</u>	<u>1,001</u>
Excess (deficiency) of revenues over (under) expenditures	140,600	146,984	6,384
Other financing uses:			
Transfers out	<u>(1,200,000)</u>	<u>-</u>	<u>1,200,000</u>
Net change in fund balance	(1,059,400)	146,984	1,206,384
Fund balance at beginning of year	<u>785,443</u>	<u>785,443</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (273,957)</u>	<u>932,427</u>	<u>1,206,384</u>

CITY OF REDLANDS  
Traffic Safety Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses, permits and fines	<u>\$ 270,000</u>	<u>328,735</u>	<u>58,735</u>
Excess (deficiency) of revenues over (under) expenditures	270,000	328,735	58,735
Other financing uses:			
Transfers out	<u>(213,000)</u>	<u>(319,229)</u>	<u>(106,229)</u>
Net change in fund balance	57,000	9,506	(47,494)
Fund balance at beginning of year	<u>7,133</u>	<u>7,133</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 64,133</u></u>	<u><u>16,639</u></u>	<u><u>(47,494)</u></u>

CITY OF REDLANDS  
Open Space Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses, permits and fees	\$ 35,000	33,328	(1,672)
Intergovernmental	-	796,549	796,549
Investment income	40,115	68,275	28,160
Other	-	116	116
	<u>75,115</u>	<u>898,268</u>	<u>823,153</u>
Expenditures:			
Current:			
General government	9,400	667	8,733
Capital outlay	-	796,549	(796,549)
	<u>9,400</u>	<u>797,216</u>	<u>(787,816)</u>
Net change in fund balance	65,715	101,052	35,337
Fund balance at beginning of year	<u>1,991,556</u>	<u>1,991,556</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,057,271</u>	<u>2,092,608</u>	<u>35,337</u>



CITY OF REDLANDS  
Disaster Recovery Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:			
Capital outlay	\$ 55,881	-	55,881
Net change in fund balance	(55,881)	-	55,881
Fund balance (deficit) at beginning of year	<u>(57,839)</u>	<u>(57,839)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u><u>\$ (113,720)</u></u>	<u><u>(57,839)</u></u>	<u><u>55,881</u></u>

CITY OF REDLANDS  
Park & Open Space Fund (formerly Park Development Fund)

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses, permits and fines	\$ 450,000	386,558	(63,442)
Investment income	<u>40,000</u>	<u>84,392</u>	<u>44,392</u>
Total revenues	<u>490,000</u>	<u>470,950</u>	<u>(19,050)</u>
Expenditures:			
Current:			
Culture and recreation	21,569	28,662	(7,093)
Debt Service:			
Principal retirement	42,002	42,002	-
Interest	<u>60,583</u>	<u>57,200</u>	<u>3,383</u>
Total expenditures	<u>124,154</u>	<u>127,864</u>	<u>(3,710)</u>
Excess (deficiency) of revenues over (under) expenditures	365,846	343,086	(22,760)
Other financing uses:			
Transfers out	<u>-</u>	<u>(124,998)</u>	<u>(124,998)</u>
Net change in fund balance	365,846	218,088	(147,758)
Fund balance at beginning of year	<u>2,236,191</u>	<u>2,236,191</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,602,037</u>	<u>2,454,279</u>	<u>(147,758)</u>

CITY OF REDLANDS  
Local Transportation Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 2,315,306	1,668,335	(646,971)
Investment income	<u>78,920</u>	<u>157,596</u>	<u>78,676</u>
Total revenues	<u>2,394,226</u>	<u>1,825,931</u>	<u>(568,295)</u>
Expenditures:			
Current:			
Highway and streets	662,995	431,135	231,860
Capital outlay	<u>4,095,812</u>	<u>45,520</u>	<u>4,050,292</u>
Total expenditures	<u>4,758,807</u>	<u>476,655</u>	<u>4,282,152</u>
Excess (deficiency) of revenues over (under) expenditures	(2,364,581)	1,349,276	3,713,857
Other financing sources:			
Transfers in	<u>1,990,000</u>	<u>767,059</u>	<u>(1,222,941)</u>
Net change in fund balance	(374,581)	2,116,335	2,490,916
Fund balance at beginning of year	<u>4,199,718</u>	<u>4,199,718</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,825,137</u>	<u>6,316,053</u>	<u>2,490,916</u>

CITY OF REDLANDS  
Street Lighting District #1 Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 23,700	25,493	1,793
Expenditures:			
Current:			
Highway and streets	61,642	55,851	5,791
Excess (deficiency) of revenue over (under) expenditures	(37,942)	(30,358)	7,584
Other financing uses:			
Transfers in	20,314	31,237	10,923
Net change in fund balance	(17,628)	879	18,507
Fund balance (deficit) at beginning of year	(879)	(879)	-
Fund balance (deficit) at end of year	<u>\$ (18,507)</u>	<u>-</u>	<u>18,507</u>

CITY OF REDLANDS  
Air Quality Improvement Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 80,000	83,856	3,856
Investment income	<u>6,500</u>	<u>11,923</u>	<u>5,423</u>
Total revenues	<u>86,500</u>	<u>95,779</u>	<u>9,279</u>
Expenditures:			
Capital outlay	<u>125,000</u>	<u>79,999</u>	<u>45,001</u>
Net change in fund balance	(38,500)	15,780	54,280
Fund balance at beginning of year	<u>361,924</u>	<u>361,924</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 323,424</u></u>	<u><u>377,704</u></u>	<u><u>54,280</u></u>

CITY OF REDLANDS  
Measure I Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 820,000	837,298	17,298
Investment income	<u>100,000</u>	<u>175,992</u>	<u>75,992</u>
Total revenues	<u>920,000</u>	<u>1,013,290</u>	<u>93,290</u>
Expenditures:			
Current:			
Highway and streets	281,922	104,337	177,585
Capital outlay	<u>2,640,338</u>	<u>401,966</u>	<u>2,238,372</u>
Total expenditures	<u>2,922,260</u>	<u>506,303</u>	<u>2,415,957</u>
Net change in fund balance	(2,002,260)	506,987	2,509,247
Fund balance at beginning of year	<u>4,996,537</u>	<u>4,996,537</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,994,277</u>	<u>5,503,524</u>	<u>2,509,247</u>

CITY OF REDLANDS  
General Capital Improvement Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 298,952	1,219	(297,733)
Other	<u>36,572</u>	<u>72,800</u>	<u>36,228</u>
Total revenues	<u>335,524</u>	<u>74,019</u>	<u>(261,505)</u>
Expenditures:			
Current:			
General government	226,071	55,300	170,771
Capital outlay	<u>445,805</u>	<u>144,067</u>	<u>301,738</u>
Total expenditures	<u>671,876</u>	<u>199,367</u>	<u>472,509</u>
Excess (deficiency) of revenues over (under) expenditures	(336,352)	(125,348)	211,004
Other financing uses:			
Transfers in	<u>-</u>	<u>122,209</u>	<u>122,209</u>
Net change in fund balance	(336,352)	(3,139)	333,213
Fund balance (deficit) at beginning of year	<u>(383,787)</u>	<u>(383,787)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (720,139)</u>	<u>(386,926)</u>	<u>333,213</u>

CITY OF REDLANDS  
Designated Receipts Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Other	\$ -	1,232,320	1,232,320
Expenditures:			
Current:			
General government	-	1,400,331	(1,400,331)
Net change in fund balance	-	(168,011)	(168,011)
Fund balance at beginning of year	<u>2,129,776</u>	<u>2,129,776</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,129,776</u>	<u>1,961,765</u>	<u>(168,011)</u>



CITY OF REDLANDS  
Traffic Signals Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 7,500	11,609	4,109
Expenditures:			
Current:			
Highway & streets	-	50,989	(50,989)
Net change in fund balance	7,500	(39,380)	(46,880)
Fund balance at beginning of year	<u>394,281</u>	<u>394,281</u>	<u>-</u>
Fund balance at end of year	<u>\$ 401,781</u>	<u>354,901</u>	<u>(46,880)</u>

CITY OF REDLANDS  
Landscape Maintenance District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 27,000	32,373	5,373
Expenditures:			
Current:			
General government	131,555	123,115	8,440
Excess (deficiency) of revenues over (under) expenditures	(104,555)	(90,742)	13,813
Other financing sources:			
Transfers in	95,443	90,742	(4,701)
Net change in fund balance	(9,112)	-	9,112
Fund balance at beginning of year	-	-	-
Fund balance (deficit) at end of year	<u>\$ (9,112)</u>	<u>-</u>	<u>9,112</u>

CITY OF REDLANDS  
Household Hazardous Waste Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 10,000	7,457	(2,543)
Charges for services	-	1,480	1,480
Investment income	<u>96,565</u>	<u>107,240</u>	<u>10,675</u>
Total revenues	<u>106,565</u>	<u>116,177</u>	<u>9,612</u>
Expenditures:			
Current:			
General government	104,132	87,457	16,675
Capital outlay	<u>300,933</u>	<u>303,727</u>	<u>(2,794)</u>
Total expenditures	<u>405,065</u>	<u>391,184</u>	<u>13,881</u>
Net change in fund balance	(298,500)	(275,007)	23,493
Fund balance at beginning of year	<u>429,020</u>	<u>429,020</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 130,520</u></u>	<u><u>154,013</u></u>	<u><u>23,493</u></u>

CITY OF REDLANDS  
Supplemental Law Enforcement Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 187,925	155,763	(32,162)
Investment income	<u>3,500</u>	<u>5,304</u>	<u>1,804</u>
Total revenues	<u>191,425</u>	<u>161,067</u>	<u>(30,358)</u>
Expenditures:			
Current:			
Public safety	225,326	110,574	114,752
Capital outlay	<u>20,000</u>	<u>45,189</u>	<u>(25,189)</u>
Total expenditures	<u>245,326</u>	<u>155,763</u>	<u>89,563</u>
Net change in fund balance	(53,901)	5,304	59,205
Fund balance at beginning of year	<u>53,901</u>	<u>53,901</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>59,205</u>	<u>59,205</u>

CITY OF REDLANDS  
Neighborhood Initiative Program Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 9,280	9,280	-
Investment income	<u>2,502</u>	<u>2,502</u>	<u>-</u>
Total revenues	<u>11,782</u>	<u>11,782</u>	<u>-</u>
Expenditures:			
Current:			
Culture and recreation	4,097	-	4,097
Capital outlay	<u>101,558</u>	<u>-</u>	<u>101,558</u>
Total expenditures	<u>105,655</u>	<u>-</u>	<u>105,655</u>
Excess (deficiency) of revenues over (under) expenditures	(93,873)	11,782	105,655
Other financing uses:			
Transfers out	<u>-</u>	<u>(127,124)</u>	<u>(127,124)</u>
Net change in fund balance	(93,873)	(115,342)	(21,469)
Fund balance at beginning of year	<u>115,342</u>	<u>115,342</u>	<u>-</u>
Fund balance at end of year	<u>\$ 21,469</u>	<u>-</u>	<u>(21,469)</u>

CITY OF REDLANDS  
Drug Confiscation Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Other	\$ 173,300	248,729	75,429
Expenditures:			
Current:			
Public safety	215,196	218,336	(3,140)
Capital outlay	<u>92,405</u>	<u>41,263</u>	<u>51,142</u>
Total expenditures	<u>307,601</u>	<u>259,599</u>	<u>48,002</u>
Net change in fund balance	(134,301)	(10,870)	123,431
Fund balance at beginning of year	<u>227,701</u>	<u>227,701</u>	<u>-</u>
Fund balance at end of year	<u>\$ 93,400</u>	<u>216,831</u>	<u>123,431</u>

CITY OF REDLANDS  
Community Facilities District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other financing sources:			
Transfers out	\$ -	(54)	(54)
Net change in fund balance	-	(54)	(54)
Fund balance at beginning of year	<u>54</u>	<u>54</u>	<u>-</u>
Fund balance at end of year	<u>\$ 54</u>	<u>-</u>	<u>(54)</u>

CITY OF REDLANDS  
Police Grants Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 2,390,012	1,129,891	(1,260,121)
Investment income	112	-	(112)
Other	<u>132,613</u>	<u>52,483</u>	<u>(80,130)</u>
Total revenues	<u>2,522,737</u>	<u>1,182,374</u>	<u>(1,340,363)</u>
Expenditures:			
Current:			
Public safety	2,260,132	667,958	1,592,174
Capital outlay	<u>511,573</u>	<u>417,512</u>	<u>94,061</u>
Total expenditures	<u>2,771,705</u>	<u>1,085,470</u>	<u>1,686,235</u>
Net change in fund balance	(248,968)	96,904	345,872
Fund balance (deficit) at beginning of year	<u>(129,614)</u>	<u>(129,614)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (378,582)</u>	<u>(32,710)</u>	<u>345,872</u>



CITY OF REDLANDS  
CFD 2004-1 Assessment

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 89,235	89,236	1
Investment income	<u>6,171</u>	<u>10,789</u>	<u>4,618</u>
Total revenues	<u>95,406</u>	<u>100,025</u>	<u>4,619</u>
Expenditures:			
Current:			
General government	<u>102,669</u>	<u>107,521</u>	<u>(4,852)</u>
Net change in fund balance	(7,263)	(7,496)	(233)
Fund balance at beginning of year	<u>301,897</u>	<u>301,897</u>	<u>-</u>
Fund balance at end of year	<u>\$ 294,634</u>	<u>294,401</u>	<u>(233)</u>

CITY OF REDLANDS  
Freeway Interchanges Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses, permits, & fines	\$ 90,000	96,788	6,788
Investment income	<u>5,000</u>	<u>6,474</u>	<u>1,474</u>
Total revenues	<u>95,000</u>	<u>103,262</u>	<u>8,262</u>
Expenditures:			
Current:			
Highway & streets	<u>1,500</u>	<u>1,936</u>	<u>(436)</u>
Net change in fund balance	93,500	101,326	7,826
Fund balance at beginning of year	<u>133,364</u>	<u>133,364</u>	<u>-</u>
Fund balance at end of year	<u>\$ 226,864</u>	<u>234,690</u>	<u>7,826</u>

## DEBT SERVICE FUNDS

The City maintains the following debt service funds for the purposes indicated:

### Nonmajor Funds

Redlands Public Improvement Corporation – To account for the retirement of the 1993 Refunding of the 1986 and 1987 Projects Certificates of Participation and the 1994 Taxable Certificates of Participation (City of Redlands/Wal-Mart Parking Facility), and the 2003 Refunding Lease Revenue Certificates of Participation.

Redevelopment Agency – To account for the receipt of tax increment and retirement of the 1987 Tax Allocation Refunding Bonds, the 1994 Subordinated Tax Allocation Refunding Bonds, the 1994 Refunding Parking Lease Revenue Bonds, and the 2003A Series Tax Allocation Bonds.

### Major Fund

General Debt Service – To account for the receipt of property taxes to be used for the retirement of the 1988 General Obligation Measure “O” Open Space Bonds, the 1994 Refunding General Obligation Bonds, and the 2003 General Obligation Refunding Bonds, as well as to account for activity relating to the 2007 Taxable Pension Funding Bonds.

CITY OF REDLANDS  
Nonmajor Debt Service Funds

Combining Balance Sheet

June 30, 2009

	<u>Redlands Public Improvement Corporation</u>	<u>Redevelopment Agency</u>	<u>Total</u>
Assets:			
Cash and investments	\$ -	3,676,106	3,676,106
Cash and investments with fiscal agent	-	3,602,265	3,602,265
Receivables:			
Interest	-	119,727	119,727
Total assets	<u>-</u>	<u>7,398,098</u>	<u>7,398,098</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	<u>\$ -</u>	<u>276,919</u>	<u>276,919</u>
Total liabilities	<u>-</u>	<u>276,919</u>	<u>276,919</u>
Fund balances:			
Reserved:			
Debt service	-	3,602,265	3,602,265
Unreserved	<u>-</u>	<u>3,518,914</u>	<u>3,518,914</u>
Total fund balances	<u>-</u>	<u>7,121,179</u>	<u>7,121,179</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>7,398,098</u>	<u>7,398,098</u>

CITY OF REDLANDS  
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2009

	Redlands Public Improvement Corporation	Redevelopment Agency	Total
Revenues:			
Taxes	\$ -	6,570,850	6,570,850
Investment income	-	262,860	262,860
	<u>-</u>	<u>6,833,710</u>	<u>6,833,710</u>
Total revenues			
Expenditures:			
Debt service:			
Principal	1,380,000	1,850,000	3,230,000
Interest	542,286	1,734,574	2,276,860
Fiscal charges	3,450	339,335	342,785
	<u>1,925,736</u>	<u>3,923,909</u>	<u>5,849,645</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(1,925,736)</u>	<u>2,909,801</u>	<u>984,065</u>
Other financing sources (uses):			
Transfers in	1,925,736	2,770,099	4,695,835
Transfers out	-	(4,902,320)	(4,902,320)
	<u>1,925,736</u>	<u>(2,132,221)</u>	<u>(206,485)</u>
Total other financing sources (uses)			
Net change in fund balances	-	777,580	777,580
Fund balances at beginning of year	<u>-</u>	<u>6,343,599</u>	<u>6,343,599</u>
Fund balances at end of year	<u>\$ -</u>	<u>7,121,179</u>	<u>7,121,179</u>

CITY OF REDLANDS  
 Redlands Public Improvement Corporation  
 Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:			
Debt service:			
Principal	\$ 1,380,000	1,380,000	-
Interest	542,286	542,286	-
Fiscal charges	<u>3,450</u>	<u>3,450</u>	<u>-</u>
Total expenditures	<u>1,925,736</u>	<u>1,925,736</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,925,736)</u>	<u>(1,925,736)</u>	<u>-</u>
Other financing sources:			
Transfers in	<u>1,926,286</u>	<u>1,925,736</u>	<u>(550)</u>
Net change in fund balance	550	-	(550)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 550</u>	<u>-</u>	<u>(550)</u>

CITY OF REDLANDS  
Redevelopment Agency  
Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 6,243,400	6,570,850	327,450
Investment income	<u>100,000</u>	<u>262,860</u>	<u>162,860</u>
Total revenues	<u>6,343,400</u>	<u>6,833,710</u>	<u>490,310</u>
Expenditures:			
Debt service:			
Principal	1,850,000	1,850,000	-
Interest	1,734,574	1,734,574	-
Fiscal charges	<u>834,259</u>	<u>339,335</u>	<u>494,924</u>
Total expenditures	<u>4,418,833</u>	<u>3,923,909</u>	<u>494,924</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,924,567</u>	<u>2,909,801</u>	<u>985,234</u>
Other financing sources (uses):			
Transfers in	767,709	2,770,099	2,002,390
Transfers out	<u>(3,246,255)</u>	<u>(4,902,320)</u>	<u>(1,656,065)</u>
Total other financing sources (uses)	<u>(2,478,546)</u>	<u>(2,132,221)</u>	<u>346,325</u>
Net change in fund balance	(553,979)	777,580	1,331,559
Fund balance at beginning of year	<u>6,343,599</u>	<u>6,343,599</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,789,620</u>	<u>7,121,179</u>	<u>1,331,559</u>

CITY OF REDLANDS  
Debt Service Fund

City of Redlands General Debt Service

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 611,000	611,000	620,185	9,185
Investment income	25,000	25,000	50,321	25,321
Total revenues	636,000	636,000	670,506	34,506
Expenditures:				
Debt service:				
Principal	805,000	805,000	805,000	-
Interest	1,565,394	1,565,394	1,565,394	-
Fiscal charges	3,426	7,226	8,550	(1,324)
Total expenditures	2,373,820	2,377,620	2,378,944	(1,324)
Excess (deficiency) of revenues over (under) expenditures	(1,737,820)	(1,741,620)	(1,708,438)	33,182
Other financing sources (uses):				
Transfers in	-	2,332,972	2,282,655	(50,317)
Net change in fund balances	(1,737,820)	591,352	574,217	(17,135)
Fund balance at beginning of year	2,290,845	2,290,845	2,290,845	-
Fund balance at end of year	\$ 553,025	2,882,197	2,865,062	(17,135)



## NONMAJOR CAPITAL PROJECT FUNDS

The City maintains the following capital project funds for the purposes indicated:

Storm Drain – To account for receipt and subsequent expenditure of developer fees assessed to provide additional storm drains as required.

General Obligation Bonds Series 1988A – To account for proceeds of a general obligation bond approved by the voters for the purchase of park lands and “open space” areas.

Redevelopment Projects – To account for monies to be used for the acquisition or construction of facilities or land, as well as other miscellaneous administrative costs.

CITY OF REDLANDS  
Nonmajor Capital Projects Funds

Combining Balance Sheet

June 30, 2009

	Storm Drain	General Obligation Bond, Series 1988A	Redevelopment Projects	Total
Assets:				
Cash and investments	\$ 2,895,233	186,699	775,998	3,857,930
Receivables:				
Interest	-	-	28,894	28,894
Total assets	\$ 2,895,233	186,699	804,892	3,886,824
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	-	260,062	260,062
Accrued payroll	3,544	-	15,410	18,954
Deposits	-	-	267,366	267,366
Total liabilities	3,544	-	542,838	546,382
Fund balances:				
Reserved for encumbrances	18,745	-	1,549,032	1,567,777
Unreserved	2,872,944	186,699	(1,286,978)	1,772,665
Total fund balances	2,891,689	186,699	262,054	3,340,442
Total liabilities and fund balances	\$ 2,895,233	186,699	804,892	3,886,824

CITY OF REDLANDS  
Nonmajor Capital Projects Funds

Combining Statement Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2009

	Storm Drain	General Obligation Bond, Series 1998A	Redevelopment Projects	Total
Revenues:				
Licenses, permits and fines	\$ 55,796	-	-	55,796
Investment income	94,598	6,103	263,665	364,366
Other	-	-	1,972	1,972
Total revenues	150,394	6,103	265,637	422,134
Expenditures:				
Current:				
General government	-	-	1,997,241	1,997,241
Highway and streets	110,341	-	-	110,341
Capital outlay	227,473	-	2,016,397	2,243,870
Total expenditures	337,814	-	4,013,638	4,351,452
Excess (deficiency) of revenues over (under) expenditures	(187,420)	6,103	(3,748,001)	(3,929,318)
Other financing sources (uses):				
Transfers in	211,375	-	3,696,345	3,907,720
Transfer out	(2,843)	-	(7,023,559)	(7,026,402)
Total other financing sources (uses)	208,532	-	(3,327,214)	(3,118,682)
Net change in fund balances	21,112	6,103	(7,075,215)	(7,048,000)
Fund balances at beginning of year	2,870,577	180,596	7,337,269	10,388,442
Fund balances at end of year	\$ 2,891,689	186,699	262,054	3,340,442

CITY OF REDLANDS  
Storm Drain Fund  
Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses, permits and fines	\$ 67,000	55,796	(11,204)
Investment income	<u>45,000</u>	<u>94,598</u>	<u>49,598</u>
Total revenues	<u>112,000</u>	<u>150,394</u>	<u>38,394</u>
Expenditures:			
Current:			
Highway and streets	197,824	110,341	87,483
Capital Outlay	<u>649,284</u>	<u>227,473</u>	<u>421,811</u>
Total expenditures	<u>847,108</u>	<u>337,814</u>	<u>509,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(735,108)</u>	<u>(187,420)</u>	<u>547,688</u>
Other financing sources (uses):			
Transfers in	-	211,375	211,375
Transfer out	<u>-</u>	<u>(2,843)</u>	<u>(2,843)</u>
Total other financing sources (uses)	<u>-</u>	<u>208,532</u>	<u>208,532</u>
Net change in fund balances	(735,108)	21,112	756,220
Fund balance at beginning of year	<u>2,870,577</u>	<u>2,870,577</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,135,469</u>	<u>2,891,689</u>	<u>756,220</u>

CITY OF REDLANDS  
 General Obligation Bonds, Series 1988A  
 Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual

Year ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 4,500	6,103	1,603
Net change in fund balances	4,500	6,103	1,603
Fund balance at beginning of year	<u>180,596</u>	<u>180,596</u>	<u>-</u>
Fund balance at end of year	<u>\$ 185,096</u>	<u>186,699</u>	<u>1,603</u>

CITY OF REDLANDS  
Redevelopment Projects Fund  
Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year ended June 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 200,500	263,665	63,165
Miscellaneous	1,972	1,972	-
Total revenues	202,472	265,637	63,165
 Expenditures:			
Current:			
General government	3,522,565	1,997,241	1,525,324
Capital outlay	1,407,603	2,016,397	(608,794)
Total expenditures	4,930,168	4,013,638	916,530
Excess (deficiency) of revenues over (under) expenditures	(4,727,696)	(3,748,001)	979,695
 Other financing sources (uses):			
Transfers in	2,003,655	3,696,345	1,692,690
Transfers out	(156,791)	(7,023,559)	(6,866,768)
Total other financing sources (uses)	1,846,864	(3,327,214)	(5,174,078)
Net change in fund balance	(2,880,832)	(7,075,215)	(4,194,383)
Fund balance at beginning of year	7,337,269	7,337,269	-
Fund balance at end of year	\$ 4,456,437	262,054	(4,194,383)

## NONMAJOR ENTERPRISE FUNDS

The City maintains the following enterprise funds for the purposes indicated:

Aviation – To account for the operations of the Redlands Municipal Airport.

Cemetery – To account for the operations of Hillside Memorial Park Cemetery.

Groves – To account for the farming operations of citrus groves owned by the City.

Non Potable (NP) Water – To account for non potable water utility operations, projects, debt service costs, and impact fees of the City.

CITY OF REDLANDS  
 Nonmajor Enterprise Funds  
 Combining Statement of Net Assets  
 June 30, 2009

	Business-type Enterprise Funds				Total
	Aviation	Cemetery	Groves	NP Water	
<b>Assets:</b>					
Current assets:					
Cash and investments	\$ 125,966	671,416	256,334	205,187	1,258,903
Accounts receivable	-	40,199	35,718	-	75,917
Due from other governments	57,772	-	-	-	57,772
Total current assets	<u>183,738</u>	<u>711,615</u>	<u>292,052</u>	<u>205,187</u>	<u>1,392,592</u>
Noncurrent assets:					
Interest receivable	-	6,148	-	-	6,148
Capital assets:					
Land and water rights	1,165,281	630,631	16,375,957	-	18,171,869
Buildings and improvements	2,726,995	82,119	-	-	2,809,114
Machinery and equipment	109,979	401,041	-	-	511,020
Less: accumulated depreciation	(411,778)	(459,600)	-	-	(871,378)
Total capital assets	<u>3,590,477</u>	<u>654,191</u>	<u>16,375,957</u>	<u>-</u>	<u>20,620,625</u>
Total assets	<u>3,774,215</u>	<u>1,371,954</u>	<u>16,668,009</u>	<u>205,187</u>	<u>22,019,365</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	3,061	7,139	32,534	-	42,734
Accrued payroll	2,077	11,134	2,077	-	15,288
Deferred revenue	130,950	-	-	-	130,950
Deposits	1,431	650,130	15,917	-	667,478
Compensated absences - current	-	4,607	-	-	4,607
Total current liabilities	<u>137,519</u>	<u>673,010</u>	<u>50,528</u>	<u>-</u>	<u>861,057</u>
Long-term liabilities:					
Compensated absences - noncurrent	-	4,606	-	-	4,606
Net OBEB obligation	-	12,537	-	-	12,537
Advances payable	1,618,057	1,326,052	-	-	2,944,109
Total long-term liabilities	<u>1,618,057</u>	<u>1,343,195</u>	<u>-</u>	<u>-</u>	<u>2,961,252</u>
Total liabilities	<u>1,755,576</u>	<u>2,016,205</u>	<u>50,528</u>	<u>-</u>	<u>3,822,309</u>
<b>Net assets:</b>					
Invested in capital assets, net of related debts	3,590,477	654,191	16,375,957	-	20,620,625
Unrestricted	(1,571,838)	(1,298,442)	241,524	205,187	(2,423,569)
Total net assets (deficit)	<u>\$ 2,018,639</u>	<u>(644,251)</u>	<u>16,617,481</u>	<u>205,187</u>	<u>18,197,056</u>



CITY OF REDLANDS  
Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2009

	Business-type Enterprise Funds				Total
	Aviation	Cemetery	Groves	NP Water	
Operating revenues:					
Charges for services	\$ -	308,923	439,670	-	748,593
Impact fees	-	-	-	203,900	203,900
Other	254,398	-	112,752	-	367,150
Total operating revenues	<u>254,398</u>	<u>308,923</u>	<u>552,422</u>	<u>203,900</u>	<u>1,319,643</u>
Operating expenses:					
Personal services	55,959	274,922	46,301	-	377,182
Repairs and maintenance	7,302	42,261	-	-	49,563
Administrative and general	133,057	178,558	678,906	-	990,521
Depreciation	137,341	623	-	-	137,964
Total operating expenses	<u>333,659</u>	<u>496,364</u>	<u>725,207</u>	<u>-</u>	<u>1,555,230</u>
Operating income (loss)	<u>(79,261)</u>	<u>(187,441)</u>	<u>(172,785)</u>	<u>203,900</u>	<u>(235,587)</u>
Nonoperating revenues (expenses):					
Property taxes	45,221	-	-	-	45,221
Investment income	6,420	67,954	11,550	1,287	87,211
Interest expense	(37,230)	(30,032)	-	-	(67,262)
Miscellaneous income	315	128,893	-	-	129,208
Total non-operating revenues (expenses)	<u>14,726</u>	<u>166,815</u>	<u>11,550</u>	<u>1,287</u>	<u>194,378</u>
Grants	<u>25,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,756</u>
Change in net assets	<u>(38,779)</u>	<u>(20,626)</u>	<u>(161,235)</u>	<u>205,187</u>	<u>(15,453)</u>
Net assets (deficit) at beginning of year, as restated (note 20)	<u>2,057,418</u>	<u>(623,625)</u>	<u>16,778,716</u>	<u>-</u>	<u>18,212,509</u>
Net assets (deficit) at end of year	<u>\$ 2,018,639</u>	<u>(644,251)</u>	<u>16,617,481</u>	<u>205,187</u>	<u>18,197,056</u>

CITY OF REDLANDS  
Nonmajor Enterprise Funds

Combining Statement of Cash Flows

Year ended June 30, 2009

	Business-type Enterprise Funds				Total
	Aviation	Cemetery	Groves	NP Water	
Cash flows from primary activities:					
Cash received from customers	\$ 248,889	388,527	516,704	203,900	1,358,020
Cash payments to suppliers for goods and services	(156,105)	(207,532)	(680,176)	-	(1,043,813)
Cash payments for employees for services	(55,676)	(271,025)	(46,018)	-	(372,719)
Cash received for other activities	(69,823)	78,925	-	-	9,102
Net cash provided by (used for) operating activities	<u>(32,715)</u>	<u>(11,105)</u>	<u>(209,490)</u>	<u>203,900</u>	<u>(49,410)</u>
Cash flows from noncapital financing activities:					
Cash received from other funds	-	28,380	-	-	28,380
Cash paid to other funds	-	(28,380)	-	-	(28,380)
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Cash paid for acquisition of capital assets	(39,329)	-	-	-	(39,329)
Interest paid on long-term debt	(37,230)	(30,032)	-	-	(67,262)
Grants received	124,690	-	-	-	124,690
Net cash provided by (used for) capital and related financing activities	<u>48,131</u>	<u>(30,032)</u>	<u>-</u>	<u>-</u>	<u>18,099</u>
Cash flows from investing activities:					
Interest received	6,420	67,954	11,550	1,287	87,211
Net cash provided by investing activities	<u>6,420</u>	<u>67,954</u>	<u>11,550</u>	<u>1,287</u>	<u>87,211</u>
Net increase (decrease) in cash and cash equivalents	21,836	26,817	(197,940)	205,187	55,900
Cash and cash equivalents at beginning of year	104,130	644,599	454,274	-	1,203,003
Cash and cash equivalents at end of year	<u>\$ 125,966</u>	<u>671,416</u>	<u>256,334</u>	<u>205,187</u>	<u>1,258,903</u>

(Continued)

CITY OF REDLANDS  
Nonmajor Enterprise Funds

Combining Statement of Cash Flows

(Continued)

	Business-type Enterprise Funds				Total
	Aviation	Cemetery	Groves	NP Water	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (79,261)	(187,441)	(172,785)	203,900	(235,587)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	137,341	623	-	-	137,964
Miscellaneous income	(69,823)	78,925	-	-	9,102
(Increase) decrease in accounts receivable	-	37,729	(35,718)	-	2,011
(Increase) decrease in taxes receivable	594	-	-	-	594
(Increase) decrease in due from other governments	(6,103)	-	-	-	(6,103)
(Increase) decrease in interest receivable	-	6,274	-	-	6,274
(Increase) decrease in other assets	7,146	-	-	-	7,146
Increase (decrease) in accounts payable	(22,892)	750	(1,270)	-	(23,412)
Increase (decrease) in accrued payroll	283	1,419	283	-	1,985
Increase (decrease) in deposits	-	35,601	-	-	35,601
Increase (decrease) in compensated absences	-	2,478	-	-	2,478
Increase (decrease) in net OPEB obligation	-	12,537	-	-	12,537
Total adjustments	46,546	176,336	(36,705)	-	186,177
Net cash provided by (used for) operating activities	\$ (32,715)	(11,105)	(209,490)	203,900	(49,410)

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## INTERNAL SERVICE FUNDS

The City maintains the following internal service funds for the purposes indicated:

Workers' Compensation Self-Insurance – To account for the City's self-insured Workers' Compensation program which is provided to all City departments and funds.

Liability Self-Insurance – To account for the City's self-insured general and automobile liability programs which are provided to all City departments and funds.

Information Technology – To account for the general maintenance and service of all City computers and phone equipment provided to all City departments.

Payroll Clearing – To account for the City's activity relative to all taxes, health, and Public Employee Retirement System contributions.

Utility Billing – To account for billing services costs provided for water, sewer and solid waste.

Equipment Maintenance – To provide replacement and maintenance of all City vehicles and major equipment and to account for vehicle rental services to all City departments.

CITY OF REDLANDS  
Internal Service Funds

Combining Statement of Net Assets

June 30, 2009

	Workers' Compensation Self-Insurance	Liability Self-Insurance	Information Technology	Payroll Clearing	Utility Billing	Equipment Maintenance	Total
<b>Assets:</b>							
<b>Current assets:</b>							
Cash and investments	\$ 4,956,443	1,988,078	508,271	231,790	604,721	618,081	8,907,384
Accounts receivable	-	-	-	-	4,282	22,684	26,966
Inventory	-	-	-	-	-	181,489	181,489
<b>Total current assets</b>	<b>4,956,443</b>	<b>1,988,078</b>	<b>508,271</b>	<b>231,790</b>	<b>609,003</b>	<b>822,254</b>	<b>9,115,839</b>
<b>Capital assets:</b>							
Buildings and improvements	-	-	9,768	-	-	-	9,768
Machinery and equipment	-	-	7,425	-	-	240,801	248,226
Less: accumulated depreciation	-	-	(2,475)	-	-	(84,558)	(87,033)
<b>Total capital assets</b>	<b>-</b>	<b>-</b>	<b>14,718</b>	<b>-</b>	<b>-</b>	<b>156,243</b>	<b>170,961</b>
<b>Total assets</b>	<b>4,956,443</b>	<b>1,988,078</b>	<b>522,989</b>	<b>231,790</b>	<b>609,003</b>	<b>978,497</b>	<b>9,286,800</b>
<b>Liabilities:</b>							
<b>Current liabilities:</b>							
Accounts payable	71,005	33,069	30,113	231,790	18,219	250,369	634,565
Accrued payroll	3,388	5,445	41,246	-	36,403	38,241	124,723
Claims payable	2,017,000	700,000	-	-	-	-	2,717,000
Compensated absences - current	-	15,899	69,084	-	45,420	81,692	212,095
<b>Total current liabilities</b>	<b>2,091,393</b>	<b>754,413</b>	<b>140,443</b>	<b>231,790</b>	<b>100,042</b>	<b>370,302</b>	<b>3,688,383</b>
<b>Noncurrent liabilities:</b>							
Compensated absences	-	17,223	74,841	-	49,204	88,500	229,768
Net OPEB obligation	8,399	10,902	109,016	-	130,819	159,107	418,243
<b>Total noncurrent liabilities</b>	<b>8,399</b>	<b>28,125</b>	<b>183,857</b>	<b>-</b>	<b>180,023</b>	<b>247,607</b>	<b>648,011</b>
<b>Total liabilities</b>	<b>2,099,792</b>	<b>782,538</b>	<b>324,300</b>	<b>231,790</b>	<b>280,065</b>	<b>617,909</b>	<b>4,336,394</b>
<b>Net assets:</b>							
Invested in capital assets, net of related debt	-	-	14,718	-	-	156,243	170,961
Unrestricted	2,856,651	1,205,540	183,971	-	328,938	204,345	4,779,445
<b>Total net assets</b>	<b>\$ 2,856,651</b>	<b>1,205,540</b>	<b>198,689</b>	<b>-</b>	<b>328,938</b>	<b>360,588</b>	<b>4,950,406</b>

CITY OF REDLANDS  
Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Year ended June 30, 2009

	Workers' Compensation Self-Insurance	Liability Self-Insurance	Information Technology	Payroll Clearing	Utility Billing	Equipment Maintenance	Total
Operating revenues:							
Charges for services	\$ 1,433,967	-	1,715,215	2,408,362	1,082,956	4,631,193	11,271,693
Other	-	172,403	-	-	445,459	3,388	621,250
Total operating revenues	<u>1,433,967</u>	<u>- 172,403</u>	<u>1,715,215</u>	<u>2,408,362</u>	<u>1,528,415</u>	<u>4,634,581</u>	<u>11,892,943</u>
Operating expenses:							
Personal services	376,241	186,838	1,070,981	-	885,605	1,205,006	3,724,671
Repairs and maintenance	-	-	-	-	13,572	2,077,657	2,091,229
Administration and general	532,066	1,219,335	471,976	-	642,112	883,008	3,748,497
Depreciation	-	-	2,475	-	-	15,840	18,315
Premiums paid out	109,593	263,128	-	-	-	-	372,721
Total operating expenses	<u>1,017,900</u>	<u>1,669,301</u>	<u>1,545,432</u>	<u>-</u>	<u>1,541,289</u>	<u>4,181,511</u>	<u>9,955,433</u>
Operating income (loss)	<u>416,067</u>	<u>(1,496,898)</u>	<u>169,783</u>	<u>2,408,362</u>	<u>(12,874)</u>	<u>453,070</u>	<u>1,937,510</u>
Nonoperating revenues:							
Investment income	165,525	53,334	12,609	418,346	19,087	7,577	676,478
Total nonoperating revenues	<u>165,525</u>	<u>53,334</u>	<u>12,609</u>	<u>418,346</u>	<u>19,087</u>	<u>7,577</u>	<u>676,478</u>
Income (loss) before transfers	<u>581,592</u>	<u>(1,443,564)</u>	<u>182,392</u>	<u>2,826,708</u>	<u>6,213</u>	<u>460,647</u>	<u>2,613,988</u>
Transfers:							
Transfers in	-	1,483,479	70,064	-	-	-	1,553,543
Transfers out	-	(89,375)	-	(2,826,578)	-	-	(2,915,953)
Total transfers	<u>-</u>	<u>1,394,104</u>	<u>70,064</u>	<u>(2,826,578)</u>	<u>-</u>	<u>-</u>	<u>(1,362,410)</u>
Change in net assets	581,592	(49,460)	252,456	130	6,213	460,647	1,251,578
Net assets (deficit) at beginning of year	<u>2,275,059</u>	<u>1,255,000</u>	<u>(53,767)</u>	<u>(130)</u>	<u>322,725</u>	<u>(100,059)</u>	<u>3,698,828</u>
Net assets at end of year	<u>\$ 2,856,651</u>	<u>1,205,540</u>	<u>198,689</u>	<u>-</u>	<u>328,938</u>	<u>360,588</u>	<u>4,950,406</u>

CITY OF REDLANDS  
Internal Service Funds

Combining Statement of Cash Flows

Year ended June 30, 2009

	Workers' Compensation Self-Insurance	Liability Self-Insurance	Information Technology	Payroll Clearing	Utility Billing	Equipment Maintenance	Total
Cash flows from operating activities:							
Cash received from user departments	\$ 1,433,967	172,403	1,715,215	2,435,321	1,527,578	4,615,625	11,900,109
Cash payments to suppliers for goods and services	(474,470)	(1,177,066)	(359,874)	(520,470)	(509,936)	(2,731,309)	(5,773,125)
Cash payments for claims	(539,593)	(318,128)	-	-	-	-	(857,721)
Cash payments to employees for services	(383,497)	(154,762)	(1,015,601)	-	(871,140)	(1,236,817)	(3,661,817)
Net cash provided by (used for) operating activities	<u>36,407</u>	<u>(1,477,553)</u>	<u>339,740</u>	<u>1,914,851</u>	<u>146,502</u>	<u>647,499</u>	<u>1,607,446</u>
Cash flows from noncapital financing activities:							
Cash received from other funds	-	1,483,479	70,064	-	-	-	1,553,543
Cash paid to other funds	-	(89,375)	-	(2,826,578)	-	-	(2,915,953)
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>1,394,104</u>	<u>70,064</u>	<u>(2,826,578)</u>	<u>-</u>	<u>-</u>	<u>(1,362,410)</u>
Cash flows from capital and related financing activities:							
Cash paid for acquisition of capital assets	-	-	(9,768)	-	-	(36,995)	(46,763)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(9,768)</u>	<u>-</u>	<u>-</u>	<u>(36,995)</u>	<u>(46,763)</u>
Cash flows from investing activities:							
Interest received	165,525	53,334	12,609	418,346	19,087	7,577	676,478
Net cash provided by investing activities	<u>165,525</u>	<u>53,334</u>	<u>12,609</u>	<u>418,346</u>	<u>19,087</u>	<u>7,577</u>	<u>676,478</u>
Net increase (decrease) in cash and cash equivalents	201,932	(30,115)	412,645	(493,381)	165,589	618,081	874,751
Cash and cash equivalents at beginning of year	<u>4,754,511</u>	<u>2,018,193</u>	<u>95,626</u>	<u>725,171</u>	<u>439,132</u>	<u>-</u>	<u>8,032,633</u>
Cash and cash equivalents at end of year	<u>\$ 4,956,443</u>	<u>1,988,078</u>	<u>508,271</u>	<u>231,790</u>	<u>604,721</u>	<u>618,081</u>	<u>8,907,384</u>

(Continued)



CITY OF REDLANDS  
Internal Service Funds

Combining Statement of Cash Flows  
(Continued)

	Workers' Compensation Self-Insurance	Liability Self-Insurance	Information Technology	Payroll Clearing	Utility Billing	Equipment Maintenance	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ 416,067	(1,496,898)	169,783	2,408,362	(12,874)	453,070	1,937,510
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation	-	-	2,475	-	-	15,840	18,315
(Increase) decrease in accounts receivable	-	-	-	-	(837)	(18,956)	(19,793)
(Increase) decrease in interest receivable	-	-	-	26,959	-	-	26,959
(Increase) decrease in inventory	-	-	-	-	-	(4,994)	(4,994)
(Increase) decrease in other assets	-	3,150	-	-	-	-	3,150
Increase (decrease) in accounts payable	49,197	28,217	3,086	(520,470)	14,929	75,243	(349,798)
Increase (decrease) in accrued payroll	(6,113)	(1,046)	2,983	-	2,384	(9,745)	(11,537)
Increase (decrease) in claims payable	(430,000)	(55,000)	-	-	-	-	(485,000)
Increase (decrease) in compensated absences	(1,143)	33,122	52,397	-	12,081	(22,066)	74,391
Increase (decrease) in net OPEB obligation	8,399	10,902	109,016	-	130,819	159,107	418,243
Total adjustments	(379,660)	19,345	169,957	(493,511)	159,376	194,429	(330,064)
Net cash provided by (used for) operating activities	\$ 36,407	(1,477,553)	339,740	1,914,851	146,502	647,499	1,607,446

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## AGENCY FUNDS

The City maintains the following Agency Funds for the purposes indicated:

Special Deposits – To account for the collection and disposition of deposits collected by various City departments which will be retained for specific purposes or subsequently refunded.

Community Facilities District Trust – To account for fiscal agent activity related to a Community Facilities District established for the purpose of constructing infrastructure.

CITY OF REDLANDS  
 Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 Year ended June 30, 2009

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 4,808,195	5,054,336	5,721,147	4,141,384
Interest receivable	929,870	640,406	929,870	640,406
Total assets	\$ 5,738,065	5,694,742	6,651,017	4,781,790
Liabilities:				
Accounts payable	\$ 13,809	1,544,330	1,539,969	18,170
Deposits	5,724,256	719,149	1,679,785	4,763,620
Total liabilities	\$ 5,738,065	2,263,479	3,219,754	4,781,790
<u>Community Facilities District Trust</u>				
Assets:				
Cash and investments	\$ 2,510	-	-	2,510
Cash and investments with fiscal agent	2,607,902	1,009,211	994,105	2,623,008
Interest receivable	2,979	-	2,979	-
Total assets	\$ 2,613,391	1,009,211	997,084	2,625,518
Liabilities:				
Deposits	\$ 2,613,391	1,354,047	1,341,920	2,625,518
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 4,810,705	5,054,336	5,721,147	4,143,894
Cash and investments with fiscal agent	2,607,902	1,009,211	994,105	2,623,008
Interest receivable	932,849	640,406	932,849	640,406
Total assets	\$ 8,351,456	6,703,953	7,648,101	7,407,308
Liabilities:				
Accounts payable	\$ 13,809	1,544,330	1,539,969	18,170
Deposits	8,337,647	2,073,196	3,021,705	7,389,138
Total liabilities	\$ 8,351,456	3,617,526	4,561,674	7,407,308

**STATISTICAL SECTION**

## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	147
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	152
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	157
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	162
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	164
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Invested in capital assets, net of related debt	76,832,088	286,402,338	333,560,602	338,283,471	376,161,773	475,848,979	538,505,009
Restricted	7,680,350	20,217,874	20,169,777	19,302,690	19,431,228	17,261,278	30,310,832
Unrestricted	<u>17,731,491</u>	<u>22,731,051</u>	<u>15,269,017</u>	<u>21,427,233</u>	<u>29,808,370</u>	<u>62,448,864</u>	<u>9,510,396</u>
Total governmental activities net assets	<u>102,243,929</u>	<u>329,351,263</u>	<u>368,999,396</u>	<u>379,013,394</u>	<u>425,401,371</u>	<u>555,559,121</u>	<u>578,326,237</u>
Business-type activities:							
Invested in capital assets, net of related debt	73,291,319	97,298,064	106,786,695	101,228,505	118,629,704	129,384,736	126,384,905
Restricted	-	-	-	-	-	-	4,120,375
Unrestricted	<u>27,462,231</u>	<u>19,503,335</u>	<u>17,894,867</u>	<u>32,616,394</u>	<u>28,140,260</u>	<u>37,237,084</u>	<u>47,119,032</u>
Total business-type activities net assets	<u>100,753,550</u>	<u>116,801,399</u>	<u>124,681,562</u>	<u>133,844,899</u>	<u>146,769,964</u>	<u>166,621,820</u>	<u>177,624,312</u>
Primary government:							
Invested in capital assets, net of related debt	150,123,407	383,700,402	440,347,297	439,511,976	494,791,477	605,233,715	664,889,914
Restricted	7,680,350	20,217,874	20,169,777	19,302,690	19,431,228	17,261,278	34,431,207
Unrestricted	<u>45,193,722</u>	<u>42,234,386</u>	<u>33,163,884</u>	<u>54,043,627</u>	<u>57,948,630</u>	<u>99,685,948</u>	<u>56,629,428</u>
Total primary government net assets	<u>202,997,479</u>	<u>446,152,662</u>	<u>493,680,958</u>	<u>512,858,293</u>	<u>572,171,335</u>	<u>722,180,941</u>	<u>755,950,549</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 Assets  
Last Six Fiscal Years  
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses:							
Governmental activities:							
General government	11,406,883	9,937,107	10,634,567	11,868,103	13,987,953	15,161,802	19,973,152
Public safety	21,521,649	27,458,958	32,397,475	36,994,587	36,805,550	37,623,861	38,005,815
Highway and streets	6,130,261	5,752,512	6,284,884	8,325,785	8,492,440	8,341,455	8,648,714
Culture and recreation	2,694,475	3,667,475	2,858,152	3,692,986	3,668,992	4,129,747	4,021,267
Library	1,569,843	1,707,371	1,806,206	1,871,418	1,845,482	1,955,443	2,082,948
Interest and fiscal charges	4,366,521	3,352,377	3,169,104	3,713,659	2,883,874	5,035,588	4,335,844
Total governmental activities expenses	<u>47,689,632</u>	<u>51,875,800</u>	<u>57,150,388</u>	<u>66,466,538</u>	<u>67,684,291</u>	<u>72,247,896</u>	<u>77,067,740</u>
Business-type activities:							
Water	14,743,147	15,018,863	15,165,061	14,882,261	14,926,296	14,112,424	15,666,955
Disposal	6,535,367	8,154,201	8,339,209	8,799,485	8,753,717	8,956,968	10,446,326
Sewer	4,384,793	7,465,712	6,945,863	6,922,541	7,458,724	7,650,890	8,021,053
Aviation	143,518	117,417	456,441	218,316	268,309	400,298	370,715
Cemetery	519,639	569,764	630,307	591,363	541,946	552,989	522,045
Groves	472,247	463,753	872,263	749,143	708,779	604,998	725,163
Total business-type activities expenses	<u>26,798,711</u>	<u>31,789,710</u>	<u>32,409,144</u>	<u>32,163,109</u>	<u>32,657,771</u>	<u>32,278,567</u>	<u>35,752,257</u>
Total primary government expenses	<u>74,488,343</u>	<u>83,665,510</u>	<u>89,559,532</u>	<u>98,629,647</u>	<u>100,342,062</u>	<u>104,526,463</u>	<u>112,819,997</u>
Program revenues:							
Governmental activities:							
Charges for services:							
General government	7,739,885	5,920,646	5,644,238	6,559,998	6,393,161	5,826,011	5,290,837
Public safety	978,690	1,137,806	1,160,479	935,186	1,189,004	1,229,744	1,390,380
Highway and streets	417,834	1,189,059	1,201,865	1,491,579	1,623,290	1,891,618	1,286,006
Culture and recreation	303,366	251,492	219,018	263,771	230,870	237,357	277,167
Library	44,126	43,648	67,977	55,976	50,716	51,886	47,282
Operating grants and contributions	7,526,482	9,695,136	9,849,623	18,542,273	18,206,757	14,314,045	10,058,173
Capital grants and contributions	4,443,648	10,258,428	38,659,823	3,715,690	36,180,849	125,567,546	29,395,240
Total governmental activities program revenues	<u>21,454,031</u>	<u>28,496,215</u>	<u>56,803,023</u>	<u>31,564,473</u>	<u>63,874,647</u>	<u>149,118,207</u>	<u>47,745,085</u>
Business-type activities:							
Charges for services:							
Water	15,061,628	14,797,671	13,651,258	14,988,327	17,235,534	18,074,421	18,132,373
Disposal	8,396,057	8,815,119	11,619,754	9,056,597	9,060,415	9,297,234	9,631,846
Sewer	6,691,929	6,131,723	5,364,393	6,093,675	7,041,203	6,868,701	7,077,737
Aviation	331,945	90,768	86,507	154,907	210,434	230,835	254,398
Cemetery	422,644	475,047	455,865	561,620	537,454	401,733	308,923
Groves	374,712	464,116	950,970	713,935	720,621	600,363	439,670
Operating grants and contributions	29,128	26,628	1,488,852	423,720	617,206	4,313,798	702,524
Capital grants and contributions	-	14,266,620	4,794,810	7,891,272	7,512,629	10,917,476	5,729,189
Total business-type activities program revenues	<u>31,308,043</u>	<u>45,067,692</u>	<u>38,412,409</u>	<u>39,884,053</u>	<u>42,935,496</u>	<u>50,704,561</u>	<u>42,276,660</u>
Total primary government program revenues	<u>52,762,074</u>	<u>73,563,907</u>	<u>95,215,432</u>	<u>71,448,526</u>	<u>106,810,143</u>	<u>199,822,768</u>	<u>90,021,745</u>
Net revenues (expenses):							
Governmental activities	(26,235,601)	(23,379,585)	(347,365)	(34,902,065)	(3,809,644)	76,870,311	(29,322,655)
Business-type activities	4,509,332	13,277,982	6,003,265	7,720,944	10,277,725	18,425,994	6,524,403
Total net revenues (expenses)	<u>(21,726,269)</u>	<u>(10,101,603)</u>	<u>5,655,900</u>	<u>(27,181,121)</u>	<u>6,468,081</u>	<u>95,296,305</u>	<u>(22,798,252)</u>
General revenues and other changes in net assets:							
Governmental activities:							
Taxes:							
Property taxes	13,894,252	15,248,199	15,346,936	23,914,760	27,036,122	29,165,961	30,626,167
Sales taxes	10,546,723	10,870,623	13,646,820	15,267,688	14,762,456	13,986,798	11,862,852



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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Franchise taxes	816,204	939,519	996,858	1,097,157	3,659,356	4,044,161	5,476,066
Other taxes	892,445	1,080,199	1,115,401	1,230,525	1,543,302	1,726,102	1,354,067
Investment income	725,284	905,943	1,356,544	2,180,119	2,421,829	2,763,654	2,384,773
Intergovernmental (unrestricted)	7,467,008	3,394,937	8,261,949	1,225,814	654,950	496,302	436,414
Land sale proceeds	-	216,174	-	-	-	-	-
Transfers	136,947	48,139	(729,010)	-	119,606	1,104,461	(50,568)
Total governmental activities	<u>34,478,863</u>	<u>32,703,733</u>	<u>39,995,498</u>	<u>44,916,063</u>	<u>50,197,621</u>	<u>53,287,439</u>	<u>52,089,771</u>
Business-type activities:							
Property taxes	-	-	-	-	52,655	51,398	45,221
Investment income	1,378,230	611,614	1,147,888	1,442,393	2,714,291	2,478,925	2,029,765
Transfers	(136,947)	(48,139)	729,010	-	(119,606)	(1,104,461)	50,568
Total business-type activities	<u>1,241,283</u>	<u>563,475</u>	<u>1,876,898</u>	<u>1,442,393</u>	<u>2,647,340</u>	<u>1,425,862</u>	<u>2,125,554</u>
Total primary government	<u>35,720,146</u>	<u>33,267,208</u>	<u>41,872,396</u>	<u>46,358,456</u>	<u>52,844,961</u>	<u>54,713,301</u>	<u>54,215,325</u>
Changes in net assets							
Governmental activities	8,243,262	9,324,148	39,648,133	10,013,998	46,387,977	130,157,750	22,767,116
Business-type activities	5,750,615	13,841,457	7,880,163	9,163,337	12,925,065	19,851,856	8,649,957
Total primary government	<u>13,993,877</u>	<u>23,165,605</u>	<u>47,528,296</u>	<u>19,177,335</u>	<u>59,313,042</u>	<u>150,009,606</u>	<u>31,417,073</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  
Fund Balances of Governmental Funds  
Last Seven Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General fund:							
Reserved	9,099,467	7,693,349	8,559,857	8,886,457	8,893,298	10,169,670	10,972,417
Unreserved	10,548,153	10,672,433	7,058,101	2,922,503	4,354,426	4,958,881	7,889,723
Total general fund	<u>19,647,620</u>	<u>18,365,782</u>	<u>15,617,958</u>	<u>11,808,960</u>	<u>13,247,724</u>	<u>15,128,551</u>	<u>18,862,140</u>
All other governmental funds:							
Reserved	1,428,001	2,601,356	11,500,492	2,033,335	6,977,364	4,274,778	10,888,944
Unreserved, reported in:							
Special revenue fund	5,301,464	17,717,671	9,791,298	16,410,790	17,708,775	23,528,904	19,904,622
Debt service fund	4,716,871	8,617,660	8,392,355	6,793,832	6,891,672	8,634,444	3,518,914
Capital projects fund	1,039,229	6,470,702	6,862,140	9,865,235	9,361,936	9,632,720	1,772,665
Total all other governmental funds	<u>12,485,565</u>	<u>35,407,389</u>	<u>36,546,285</u>	<u>35,103,192</u>	<u>40,939,747</u>	<u>46,070,846</u>	<u>36,085,145</u>

NOTE:

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

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Revenues:</b>							
Taxes	25,874,219	28,211,269	31,241,724	41,642,820	47,142,875	49,074,516	49,319,152
Licenses, permits and fines	7,926,637	9,813,539	9,412,476	14,071,545	14,785,863	14,405,549	7,422,024
Intergovernmental	12,267,871	9,230,680	11,082,073	11,497,035	15,650,446	9,741,769	6,261,983
Charges for services	4,117,522	1,746,893	1,552,689	1,578,029	2,214,772	2,808,774	4,946,435
Charges for services to other city funds	-	3,252,119	2,935,835	-	-	-	-
Investment income	1,259,181	1,300,138	2,004,338	3,144,775	3,586,384	5,336,312	2,559,089
Contributions from property owners	-	6,608,423	-	-	-	-	-
Other	4,453,462	1,667,652	2,320,474	2,138,612	2,077,164	2,238,590	2,214,972
<b>Total revenues</b>	<b>55,898,892</b>	<b>61,830,713</b>	<b>60,549,609</b>	<b>74,072,816</b>	<b>85,457,504</b>	<b>83,605,510</b>	<b>72,723,655</b>
<b>Expenditures</b>							
<b>Current:</b>							
General government	12,144,871	9,548,691	10,308,122	11,478,185	13,758,100	19,638,037	19,663,593
Public safety	22,672,706	26,073,331	30,772,182	35,350,737	36,008,498	57,179,014	35,519,554
Highway and streets	4,415,591	3,542,929	6,600,623	5,076,512	5,434,175	4,826,627	4,844,425
Culture and recreation	2,567,771	2,443,711	2,594,046	3,344,777	3,311,493	3,821,206	3,534,250
Library	1,583,168	1,642,304	1,761,765	1,856,592	1,851,926	1,966,965	2,028,917
Capital outlay	5,172,975	8,911,917	3,196,389	16,004,189	13,561,057	8,384,995	5,817,816
<b>Debt service:</b>							
Principal	4,356,901	1,727,146	2,449,329	2,403,739	3,955,548	4,198,760	4,541,378
Interest	2,754,952	1,989,154	2,709,433	3,275,252	2,660,716	3,332,948	3,986,341
Fiscal charges	184,346	276,104	468,879	447,327	238,111	732,990	351,335
Underwriters' fees	-	268,705	-	-	-	-	-
Cost of issuance	-	704,438	-	-	-	-	-
<b>Total expenditures</b>	<b>55,853,281</b>	<b>57,128,430</b>	<b>60,860,768</b>	<b>79,237,310</b>	<b>80,779,624</b>	<b>104,081,542</b>	<b>80,287,609</b>
Excess (deficiency) of revenues over (under) expenditures	45,611	4,702,283	(311,159)	(5,164,494)	4,677,880	(20,476,032)	(7,563,954)
<b>Other financing sources (uses):</b>							
Transfers in	6,265,001	18,897,881	8,407,181	9,655,411	11,985,951	18,608,919	21,658,490
Transfers out	(6,025,606)	(20,134,841)	(9,704,950)	(10,993,456)	(12,642,677)	(17,269,538)	(20,346,648)
Land sale proceeds	-	216,174	-	-	-	-	-
Capital assets acquired with capital lease	-	654,891	-	-	-	-	-
Proceeds of capital lease	-	-	-	1,250,448	1,269,165	236,136	-
Issuance of long term debt	-	17,300,000	-	-	1,985,000	30,502,392	-
Refunding bonds issued	-	5,380,000	-	-	-	-	-
Proceeds of refunding bonds	17,366,732	-	-	-	-	-	-
Discount on issuance of long term debt	-	(154,936)	-	-	-	(297,722)	-
Premium on refunding bonds issued	-	142,261	-	-	-	-	-
Payment to refunding bond escrow agent	(17,338,898)	(5,363,727)	-	-	-	(4,292,229)	-
<b>Total other financing sources (uses)</b>	<b>267,229</b>	<b>16,937,703</b>	<b>(1,297,769)</b>	<b>(87,597)</b>	<b>2,597,439</b>	<b>27,487,958</b>	<b>1,311,842</b>
<b>Net change in fund balances</b>	<b>312,840</b>	<b>21,639,986</b>	<b>(1,608,928)</b>	<b>(5,252,091)</b>	<b>7,275,319</b>	<b>7,011,926</b>	<b>(6,252,112)</b>
Debt service as a percentage of noncapital expenditures <sup>1</sup>	14.4%	10.3%	9.8%	9.7%	10.2%	8.6%	11.9%

NOTE:  
 The City of Redlands has elected to show only six years of data for this schedule.

<sup>1</sup> Calculated by dividing debt service expenditures by the difference between total expenditures and capital outlay.

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

Fiscal Year Ended June 30 <sup>1</sup>	City			Taxable Assessed Value	Redevelopment Agency			Taxable Assessed Value	Total	Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions		Secured	Unsecured	Less: Exemptions		Taxable Assessed Value	
2000	2,907,804	154,083	(76,084)	2,985,803	-	-	-	-	2,985,803	0.31582
2001	2,828,293	104,875	(73,957)	2,859,211	229,932	40,466	(780)	269,618	3,128,829	0.31211
2002	2,954,145	120,501	(75,664)	2,998,982	247,116	42,240	(801)	288,555	3,287,537	0.31489
2003	3,332,102	145,151	(79,354)	3,397,899	271,199	49,078	(823)	319,454	3,717,353	0.31197
2004	3,672,991	152,007	(79,354)	3,745,644	287,821	46,720	(854)	333,687	4,079,331	0.30679
2005	4,072,008	137,651	(79,611)	4,130,048	316,589	44,019	(843)	359,765	4,489,813	0.30228
2006	4,854,140	160,644	(79,240)	4,935,544	348,224	47,055	(841)	394,438	5,329,982	0.28835
2007	5,745,855	164,409	(79,612)	5,830,652	390,031	49,336	(774)	438,593	6,269,245	0.27624
2008	6,535,813	204,391	(79,555)	6,660,649	428,699	56,938	(767)	484,870	7,145,519	0.27390
2009	6,935,648	231,948	(79,734)	7,087,862	456,545	58,275	(764)	514,056	7,601,918	0.27478

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.

<sup>1</sup> For fiscal years ended 2000, separate City and RDA information was not readily available. Therefore, the amounts shown in the City columns for those years represent the taxable assessed value for both the City and RDA combined.

Source: San Bernardino County Assessor (via HdL, Coren & Cone)  
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	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Residential	2,289,854	2,390,268	2,491,831	2,731,840	3,035,139	3,298,525	3,717,496	4,232,501	4,724,469	4,866,787
Commercial	286,957	358,716	385,745	426,292	446,564	492,024	560,210	658,585	745,188	828,697
Industrial	64,443	77,254	85,389	120,855	182,833	232,590	257,161	325,169	495,797	682,669
Dry Farm	233	1,722	1,755	2,062	1,113	1,097	337	344	840	714
Government	-	3,976	4,312	4,050	3,444	8,320	4,284	4,370	4,457	1,380
Institutional	22,575	9,777	11,874	27,394	10,896	15,557	25,209	13,607	14,163	14,604
Irrigated	2,569	22,481	29,626	26,701	24,053	29,247	39,464	41,481	36,360	40,045
Miscellaneous	11,109	5,685	8,113	70,751	15,709	11,049	12,328	12,968	18,547	17,869
Recreational	80,350	25,797	26,103	26,336	26,728	27,379	27,870	27,527	28,932	30,591
Vacant Land	141,673	145,896	139,106	149,807	151,675	175,163	248,366	264,268	289,940	313,328
SBE Nonunitary	6,180	16,645	17,407	17,213	61,061	96,019	306,375	555,066	605,819	595,509
Unsecured	154,083	145,341	162,741	194,229	198,727	181,670	207,699	213,745	261,329	290,223
Unknown	1,861	8	-	-	1,597	1,627	3,264	-	-	-
Total Assessed Value	<u>3,061,887</u>	<u>3,203,566</u>	<u>3,364,002</u>	<u>3,797,530</u>	<u>4,159,539</u>	<u>4,570,267</u>	<u>5,410,063</u>	<u>6,349,631</u>	<u>7,225,841</u>	<u>7,682,416</u>
Less: Exemptions	(76,084)	(74,737)	(76,465)	(80,177)	(80,208)	(80,454)	(80,081)	(80,386)	(80,322)	(80,498)
Taxable Assessed Value	<u>2,985,803</u>	<u>3,128,829</u>	<u>3,287,537</u>	<u>3,717,353</u>	<u>4,079,331</u>	<u>4,489,813</u>	<u>5,329,982</u>	<u>6,269,245</u>	<u>7,145,519</u>	<u>7,601,918</u>
Total Direct Rate	0.31582	0.31211	0.31489	0.31197	0.30679	0.30228	0.28835	0.27624	0.27390	0.27478

NOTE:

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

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

	2003	2004	2005	2006	2007	2008	2009
City Basic Rate	0.21455	0.21455	0.21455	0.21455	0.21455	0.21455	0.21878
Overlapping Rates:							
County General Fund	0.14707	0.14707	0.14707	0.14707	0.14707	0.14707	0.14600
County Superintendent	0.00755	0.00755	0.00755	0.00755	0.00755	0.00755	0.00750
East Valley Resource Conservation District	0.00049	0.00049	0.00049	0.00049	0.00049	0.00049	0.00050
Educational Revenue Augmentation Fund	0.22257	0.22257	0.22257	0.22257	0.22257	0.22257	0.22110
Flood Control Zone 3	0.02584	0.02584	0.02584	0.02584	0.02584	0.02584	0.02560
Flood Control Zone 8	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00088
Redlands Unified	0.30207	0.30207	0.30207	0.30207	0.30207	0.30207	0.30160
San Bernardino Community College	0.05185	0.05185	0.05185	0.05185	0.05185	0.05185	0.05130
San Bernardino Valley Municipal Water	0.02668	0.02668	0.02668	0.02668	0.02668	0.02668	0.02630
San Bernardino Valley Water Conservation District	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>
Redlands Debt Service	0.01960	0.01770	0.01550	0.01350	0.01200	0.01030	0.00990
Redlands Unified	0.03510	0.06280	0.04690	0.04490	0.03760	0.03220	0.05190
San Bernardino Community College	-	0.01690	0.01890	0.01660	0.01950	0.01270	0.03930
San Bernardino Unified	0.03150	0.04100	0.09160	0.07880	0.07070	0.06610	0.06780
San Bernardino Valley Municipal Water	0.14000	0.14000	0.14000	0.16000	-	-	-
San Bernardino Valley Municipal Water Debt Service	-	-	-	-	0.15500	0.16500	0.16500
Total Voter Approved Rate	<u>0.22620</u>	<u>0.27840</u>	<u>0.31290</u>	<u>0.31380</u>	<u>0.29480</u>	<u>0.28630</u>	<u>0.33390</u>
Total Tax Rate	<u>1.22620</u>	<u>1.27840</u>	<u>1.31290</u>	<u>1.31380</u>	<u>1.29480</u>	<u>1.28630</u>	<u>1.33390</u>
RDA Incremental Rate	1.15960	1.15770	1.15550	1.17350	1.16700	1.17530	1.17490
Total Direct Rate	0.31197	0.30679	0.30228	0.28835	0.27624	0.27390	0.27478

NOTE:

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

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

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

Taxpayer	2009		2000	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Property Tax Revenue	Percentage of Total City Taxable Assessed Value
Mountainview Power Company	\$ 593,500	8.03%	\$ -	N/A
Prologis	92,900	1.26%	-	N/A
AMB Institutional Alliance Fund	87,398	1.18%	-	N/A
Evans Withycombe Residential	70,596	0.95%	59,995	1.85%
Catellus	52,020	0.70%	-	N/A
2301 W. San Bernardino Avenue Investment Group	51,999	0.70%		N/A
NYS, LLC	46,351	0.63%	-	N/A
Redlands Business Center, LLC	45,820	0.62%	-	N/A
US Industrial REIT II Trust	40,800	0.55%	-	N/A
Mountainview Industrial Center LLC	36,143	0.49%	-	N/A
Paul J. Dangermond	-	N/A	14,262	0.44%
ESRI	-	N/A	13,950	0.43%
Mitsui SBD America Fund 88 II	-	N/A	13,205	0.41%
Wal Mart Stores Inc.	-	N/A	12,412	0.38%
California Gateway	-	N/A	11,819	0.36%
Spieker Northwest Inc.	-	N/A	10,167	0.31%
Glorious Redland Investment partners	-	N/A	9,858	0.30%
Barton Partners		N/A	9,585	0.30%
Jack & Laura Dangermond	-	N/A	9,219	0.28%
	<u>\$ 1,117,527</u>	<u>15.11%</u>	<u>\$ 164,472</u>	<u>5.06%</u>

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

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of Levy Amount	Percent of Levy		Amount	Percent of Levy
2000	10,833,250	10,715,869	98.92%	784,744	11,500,613	106.16%
2001	10,981,937	11,512,935	104.84%	329,758	11,842,693	107.84%
2002	11,141,753	11,589,661	104.02%	765,510	12,355,171	110.89%
2003	11,689,975	13,093,816	112.01%	829,560	13,923,376	119.11%
2004	13,693,200	14,146,989	103.31%	682,615	14,829,604	108.30%
2005	14,540,000	18,153,068	124.85%	722,833	18,875,901	129.82%
2006	21,285,300	22,204,121	104.32%	1,392,399	23,596,520	110.86%
2007	25,564,080	25,513,769	99.80%	1,292,499	26,806,268	104.86%
2008	27,124,422	27,666,659	102.00%	1,487,446	29,154,105	107.48%
2009	28,014,512	30,438,918	108.65%	1,820,063	32,258,981	115.15%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: City of Redlands



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

Fiscal Year Ended June 30	Governmental Activities					Business-type Activities						Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Loans	Total Governmental Activities	Water Revenue Bonds	Wastewater Revenue Bonds	Certificates of Participation	Loans	Total Business-type Activities			
2000	6,075,000	-	30,535,000	21,525,000	-	58,135,000	23,345,000	17,770,000	5,110,000	1,419,859	47,644,859	105,779,859	7.10%	1,561
2001	5,780,000	-	29,715,000	20,300,000	-	55,795,000	22,295,000	17,095,000	4,515,000	1,346,816	45,251,816	101,046,816	6.75%	1,547
2002	5,470,000	-	28,865,000	19,005,000	253,272	53,593,272	21,210,000	16,395,000	3,880,000	2,006,599	43,491,599	97,084,871	6.30%	1,471
2003	5,140,000	-	27,985,000	17,366,732	195,287	50,687,019	20,085,000	15,670,000	3,205,000	2,692,748	41,652,748	92,339,767	5.69%	1,366
2004	4,940,000	-	44,375,000	17,313,394	333,237	66,961,631	18,910,000	14,915,000	2,480,000	11,995,991	48,300,991	115,262,622	6.66%	1,675
2005	4,510,000	-	42,680,000	17,260,056	235,277	64,685,333	17,685,000	14,130,000	1,705,000	11,199,198	44,719,198	109,404,531	5.97%	1,556
2006	4,075,000	-	41,105,000	16,620,000	135,647	61,935,647	16,415,000	13,315,000	880,000	12,508,935	43,118,935	105,054,582	5.45%	1,478
2007	3,625,000	-	39,375,000	15,310,000	2,048,891	60,358,891	15,090,000	12,460,000	-	12,069,804	39,619,804	99,978,695	4.98%	1,401
2008	3,170,000	25,907,621	37,930,000	13,955,000	1,965,577	82,928,198	13,700,000	11,565,000	-	11,496,989	36,761,989	119,690,187	5.72%	1,667
2009	2,695,000	25,626,705	36,080,000	12,575,000	1,902,279	78,878,984	12,250,000	10,635,000	-	10,909,182	33,794,182	112,673,166	5.16%	1,573

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

Source: City of Redlands

CITY OF REDLANDS

Ratio of General Bonded Debt Outstanding

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt						Percent of Assessed Value <sup>1</sup>	Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Loans	Total		
2000	6,075	-	30,535	21,525	-	58,135	1.90%	858
2001	5,780	-	29,715	20,300	-	55,795	1.74%	854
2002	5,470	-	28,865	19,005	253	53,593	1.59%	812
2003	5,140	-	27,985	17,367	195	50,687	1.33%	750
2004	4,940	-	44,375	17,313	333	66,962	1.61%	973
2005	4,510	-	42,680	17,260	235	64,685	1.42%	920
2006	4,075	-	41,105	16,620	136	61,936	1.14%	871
2007	3,625	-	39,375	15,310	2,049	60,359	0.95%	846
2008	3,170	25,908	37,930	13,955	1,966	82,928	1.15%	1,155
2009	2,695	25,627	36,080	12,575	1,902	78,879	1.03%	1,101

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).

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

CITY OF REDLANDS  
Direct and Overlapping Debt  
June 30, 2009

Total 2008-2009 Assessed Valuation		\$ 7,682,415,838	
Redevelopment Agency Incremental Valuation		<u>514,820,373</u>	
Adjusted City Assessed Valuation		<u>\$ 7,167,595,465</u>	
	Percentage Applicable <sup>1</sup>	Outstanding Debt 06/30/09	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
San Bernardino Community College District	15.571%	\$ 436,519,736	\$ 67,970,488
Redlands Unified School District	66.391%	112,599,784	74,756,123
San Bernardino City Unified School District	0.160%	158,572,567	253,716
City of Redlands Community Facilities District No. 2001-1	100.000%	7,805,000	7,805,000
City of Redlands Community Facilities District No. 2003-1	100.000%	<u>9,445,000</u>	<u>9,445,000</u>
Total Overlapping Tax and Assessment Debt		<u>724,942,087</u>	<u>160,230,327</u>
Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	5.207%	\$ 741,470,000	\$ 38,608,343
San Bernardino County Pension Obligations	5.207%	688,325,591	35,841,114
San Bernardino County Flood Control District General Fund Obligations	5.207%	117,495,000	6,117,965
San Bernardino Valley Municipal Water District Certificates of Participation	21.810%	2,250,000	490,725
Redlands Unified School District Certificates of Participation	66.391%	5,000,000	3,319,550
Yucaipa-Calimesa Joint Unified School District Authority	0.773%	<u>16,250,000</u>	<u>125,613</u>
Total Gross Overlapping General Fund Debt		<u>1,570,790,591</u>	84,503,309
Less: San Bernardino Valley Municipal Water District Certificates of Participation			(490,725)
Less: Redlands Unified School District Self-Supporting Qualified Zone Academy Bonds			<u>(3,319,550)</u>
Total Net Overlapping General Fund Debt			<u>80,693,034</u>
Total Gross Overlapping Debt			\$ 244,733,635
Total Net Overlapping Debt			\$ 240,923,360
Direct Tax and Assessment Debt:			
City of Redlands	100.000%	<u>\$ 2,695,000</u>	<u>\$ 2,695,000</u>
Direct General Fund Debt:			
City of Redlands General Fund Obligations	100.000%	\$ 12,575,000	\$ 12,575,000
City of Redlands Pension Obligations	100.000%	<u>25,532,392</u>	<u>25,532,392</u>
Total Gross Overlapping General Fund Debt		<u>38,107,392</u>	<u>38,107,392</u>
Total Direct Debt			<u>\$ 40,802,392</u>
Total Gross Direct and Overlapping Debt			\$ 285,536,027
Total Net Direct and Overlapping Debt <sup>2</sup>			\$ 281,725,752

<sup>1</sup> Percentage of overlapping agency's assessed valuation located within boundaries of the City.

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

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

CITY OF REDLANDS  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed valuation	3,061,886,515	3,203,566,422	3,364,001,725	3,797,530,098	4,159,538,812	4,570,267,222	5,410,062,595	6,349,631,333	7,225,841,687	7,682,415,838
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	765,471,629	800,891,606	841,000,431	949,382,525	1,039,884,703	1,142,566,806	1,352,515,649	1,587,407,833	1,806,460,422	1,920,603,960
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	114,820,744	120,133,741	126,150,065	142,407,379	155,982,705	171,385,021	202,877,347	238,111,175	270,969,063	288,090,594
Total net debt applicable to limit: General obligation bonds	<u>6,075,000</u>	<u>5,780,000</u>	<u>5,470,000</u>	<u>5,140,000</u>	<u>4,940,000</u>	<u>4,510,000</u>	<u>4,075,000</u>	<u>3,625,000</u>	<u>3,170,000</u>	<u>2,695,000</u>
Legal debt margin	<u>108,745,744</u>	<u>114,353,741</u>	<u>120,680,065</u>	<u>137,267,379</u>	<u>151,042,705</u>	<u>166,875,021</u>	<u>198,802,347</u>	<u>234,486,175</u>	<u>267,799,063</u>	<u>285,395,594</u>
Total debt applicable to the limit as a percentage of debt limit	5.3%	4.8%	4.3%	3.6%	3.2%	2.6%	2.0%	1.5%	1.2%	0.9%

NOTE:

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

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

CITY OF REDLANDS  
Pledged Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds						Wastewater Revenue Bonds						Tax Allocation Bonds			
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Wastewater Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Tax Increment	Debt Service		Coverage
				Principal	Interest					Principal	Interest					
2000	15,018,702	7,593,679	7,425,023	-	731,100	10.16	4,154,359	2,861,516	1,292,843	-	562,262	2.30	3,382,741	1,270,000	1,392,728	
2001	10,458,450	8,498,058	1,960,392	1,050,000	1,041,849	0.94	4,315,888	3,542,829	773,059	675,000	803,699	0.52	3,339,196	820,000	1,354,063	1.27
2002	11,335,908	9,230,587	2,105,321	1,085,000	1,002,351	1.01	4,318,650	3,689,006	629,644	700,000	778,261	0.43	3,750,394	850,000	1,323,168	1.54
2003	15,073,046	11,108,209	3,964,837	1,125,000	957,669	1.90	6,691,929	3,941,439	2,750,490	725,000	750,812	1.86	4,194,603	880,000	1,291,163	1.73
2004	17,392,023	11,107,771	6,284,252	1,175,000	910,148	3.01	17,829,276	4,630,817	13,198,459	755,000	721,588	8.94	4,263,387	910,000	1,377,309	1.93
2005	16,131,641	11,292,982	4,838,659	1,225,000	862,735	2.32	7,995,331	4,891,105	3,104,226	785,000	691,166	2.10	4,269,038	1,695,000	1,866,995	1.86
2006	19,199,475	11,976,185	7,223,290	1,270,000	811,565	3.47	9,919,748	4,584,864	5,334,884	815,000	656,110	3.63	5,905,194	1,575,000	1,815,247	1.20
2007	21,807,806	11,514,062	10,293,744	1,325,000	751,770	4.96	11,288,913	5,353,523	5,935,390	855,000	618,371	4.03	5,864,297	1,730,000	1,762,942	1.74
2008	21,741,391	11,261,448	10,479,943	1,390,000	688,065	5.04	9,982,096	5,645,675	4,336,421	895,000	580,299	2.94	6,246,123	1,785,000	1,725,164	1.68
2009	20,449,999	14,957,318	5,492,681	1,450,000	624,860	2.65	9,330,293	7,398,576	1,931,717	930,000	539,684	1.31	6,570,850	1,850,000	1,734,574	1.78

NOTE:

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

Source: City of Redlands

CITY OF REDLANDS  
Demographic and Economic Statistics  
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2000	67,771	1,489,267,725	21,975	3.4%
2001	65,313	1,497,888,342	22,934	3.6%
2002	65,984	1,541,122,304	23,356	4.3%
2003	67,604	1,621,617,148	23,987	4.5%
2004	68,832	1,729,610,496	25,128	4.2%
2005	70,324	1,833,206,032	26,068	3.8%
2006	71,086	1,928,847,524	27,134	3.5%
2007	71,375	2,007,564,625	28,127	4.1%
2008	71,807	2,093,533,085	29,155	5.7%
2009	71,646	2,183,555,007	30,029	10.3%

- Sources:
- (1) State of California, Department of Finance - Demographic Research Unit
  - (2) State of California, Employment Development Department (data shown is for San Bernardino County; 2008-2009 figures are estimates based on the average percentage change in prior years)
  - (3) State of California, Employment Development Department (data shown is annual rate for Redlands from 2000-2008 and for 2009, the Redlands June 2009 rate is shown)

CITY OF REDLANDS  
Principal Employers  
Current Year and Nine Years Ago

Employer	2009		2000	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Redlands Unified School District	1,820	5.48%	1,550	4.97%
United States Postal Service	1,400	4.22%	1,400	4.49%
ESRI	1,300	3.92%	1,183	3.79%
Redlands Community Hospital	1,300	3.92%	668	2.14%
Verizon/GTE	570	1.72%	74	0.24%
University of Redlands	560	1.69%	500	1.60%
City of Redlands	558	1.68%	449	1.44%
EPIC Management/Beaver Medical	420	1.27%	358	1.15%
La-Z-Boy, Inc.	400	1.20%	395	1.27%
Wal-Mart Stores, Inc.	470	1.42%	340	1.09%
Southern California Gas Company	300	0.90%	316	1.01%
Klaussner Furniture	*	*	400	1.28%

NOTE:

"Total Employment" as used above represents the total employment of all employers located within City limits. For 2009, the June 2009 Redlands non-preliminary employment figure (33,200) was used. For 2000, the June 2000 non-preliminary employment figure (31,200) was used.

Sources:

Redlands Chamber of Commerce (via City of Redlands Redevelopment Agency)  
State of California, Employment Development Department (total employment data)

CITY OF REDLANDS

City Employees  
by Function

Last Ten Fiscal Years

	Employees as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Full-time employees:										
City clerk's office	2	2	2	2	2	2	2	2	2	-
City manager's office	6	7	7	6	6	6	6	6	8	6
City treasurer's office	7	8	8	8	8	7	7	7	6	-
Community development	15	18	18	16	18	18	18	19	17	17
Finance	13	12	12	12	12	12	11	12	13	24
Fire	59	60	60	60	60	60	67	67	64	64
Human Resources	5	5	5	5	5	5	5	5	6	4
Library	19	21	21	21	21	21	21	21	20	20
Management information systems	4	4	4	4	4	4	4	4	10	14
Municipal utilities and engineering:										
Administration	18	19	19	18	23	23	29	31	34	26
Water	38	39	39	41	38	38	39	40	41	45
Wastewater	21	21	21	24	24	24	24	24	24	24
Police	126	130	138	151	157	154	161	161	149	158.5
Quality of life										
Administration, parks & streets	53	53	53	56	57	56	52	53	48	47
Equipment maintenance	14	14	14	15	15	15	15	15	15	11
Solid waste	37	38	38	42	44	42	40	40	39	37
Cemetery	7	7	7	7	7	7	5	3	3	3
Redevelopment	-	-	-	-	-	-	5	5	9	9.5
	<u>444</u>	<u>458</u>	<u>466</u>	<u>488</u>	<u>501</u>	<u>494</u>	<u>511</u>	<u>515</u>	<u>508</u>	<u>510</u>
Part-time employees <sup>1</sup>	-	-	-	-	-	-	72	67	56	45
At-will employees	-	-	-	-	-	-	10	10	-	-
Grant-funded employees	<u>8</u>	<u>7</u>	<u>7</u>	<u>13</u>	<u>16</u>	<u>14</u>	<u>15</u>	<u>14</u>	<u>14</u>	<u>3</u>
Total	<u>452</u>	<u>465</u>	<u>473</u>	<u>501</u>	<u>517</u>	<u>508</u>	<u>608</u>	<u>606</u>	<u>578</u>	<u>558</u>

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

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

Source: City of Redlands Budget



CITY OF REDLANDS

Operating Indicators  
by Function

Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police:										
Calls for service <sup>1</sup>	42,935	45,614	48,124	55,512	63,727	63,560	59,182	56,821	61,184	58,702
Emergency calls for service <sup>1</sup>	9,419	8,899	8,900	9,699	10,521	11,178	11,970	16,546	2,643	2,730
Citations issued <sup>1</sup>	10,671	10,514	8,180	9,338	8,291	5,410	5,242	7,390	3,754	7,639
Fire:										
Number of incidents	5,836	6,319	6,340	6,675	7,116	7,040	7,625	8,038	7,885	8,113
Inspections performed <sup>1</sup>	2,271	2,262	2,355	2,456	2,498	2,576	2,737	3,610	2,296	3,145
Building and safety:										
Permits issued <sup>2</sup>	2,055	2,409	2,385	2,876	3,070	2,997	2,838	2,967	2,446	1,453
Inspections performed <sup>2</sup>	9,530	11,048	10,970	12,228	15,961	15,679	17,273	14,611	15,868	12,543
Parks and recreation:										
Community center attendance	54,076	39,686	46,968	36,211	45,228	35,160	62,048	69,861	85,216	68,093
Senior center attendance	40,920	43,452	48,788	47,941	43,644	42,496	43,374	43,633	41,258	34,899
Joslyn center attendance	41,407	39,989	40,175	47,292	43,201	49,808	39,328	40,830	38,960	43,989
Youth sports attendance	18,488	25,266	20,963	12,980	15,781	17,781	14,859	4,665	7,284	10,991
Adult sports attendance	12,077	12,943	14,780	10,255	11,989	20,418	19,797	17,427	30,509	10,259
Water:										
Number of services	18,617	18,857	19,357	19,670	20,140	20,500	21,047	21,450	21,547	21,667
Average daily consumption (thousands of gallons)	24,500	23,600	28,200	25,700	25,400	27,000	23,553	29,458	33,650	22,346
Solid waste:										
Recycled materials (tons) <sup>2</sup>	-	19,495	21,058	24,502	29,794	37,123	38,083	40,851	34,317	37,334
Refuse disposed (tons) <sup>2</sup>	-	50,250	52,034	54,599	56,865	59,745	61,607	58,402	57,480	54,171
Library:										
Number of volumes	95,307	129,472	134,032	138,513	136,671	138,446	141,310	140,644	141,241	142,050

<sup>1</sup> Data is calendar year, instead of fiscal year. Data is by Fiscal Year for 2009.

<sup>2</sup> Data not available for all years.

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

Source: City of Redlands

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	4	4	4	4	4	4	4	4	4	2
Fire:										
Fire stations	3	3	3	3	3	4	4	4	4	4
Public works:										
Streets (miles)	272	285	290	305	307	310	312	315	315	315
Traffic signals (city-owned)	49	51	54	58	61	61	64	68	68	68
Parks and recreation:										
Parks (acreage)	250	250	250	250	250	250	250	230	230	260
Groves (acreage)	268	268	268	200	175	175	196	192	204	204
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	346	361	361	368	381	387	407	416	421	404
Maximum daily production capacity (thousands of gallons)	52,000	42,600	45,400	45,400	55,400	59,000	50,000	50,000	55,000	55,000
Non Potable Water *										
Water mains (miles)	-	-	-	-	-	-	-	-	-	28
Maximum daily production capacity (thousands of gallons)	-	-	-	-	-	-	-	-	-	4,500
Wastewater:										
Sewers (miles)	214	215	215	222	222	226	232	239	239	241
Daily capacity of wastewater plant (thousands of gallons)	9,500	9,500	9,500	9,500	9,500	9,500	9,500	5,500	5,500	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