

CITY OF LOMA LINDA, CA

Fiscal Year End

June 30, 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT





“Now, we have inscribed a new memory alongside those others. It’s a memory of tragedy and shock, of loss and mourning. But not only of loss and mourning. It’s also a memory of bravery and self-sacrifice, and the love that lays down its life for a friend—even a friend whose name it never knew. “

- President George W. Bush, December 11, 2001



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF LOMA LINDA, CALIFORNIA

For the Fiscal Year Ended June 30, 2013

Prepared by:

**City Manager's Office
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CITY OF LOMA LINDA
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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City of Loma Linda

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December 9, 2013,

To the Honorable Mayor, Members of the City Council, and Citizens of Loma Linda:

It is with great pleasure that we present to you the City of Loma Linda's audited Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. The financial statements contained in this report are presented in conformity with generally accepted accounting principles (GAAP) and have been audited in accordance with generally accepted auditing standards (GAAS) and Government Auditing Standards (GAGAS) by an independent certified public accountants firm.

The Comprehensive Annual Financial Report includes the financial activity for all funds of the City and the Redevelopment Agency. The report is organized into three major sections which include the Introductory Section, the Financial Section, and the Statistical Section.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose, which include an array of administrative procedures. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, as well as the reliability of financial records for accurate and fair presentation of financial reports. The concept of reasonable assurance recognizes that the cost of specific controls should not exceed the benefits likely to be derived from exercising the controls, and that this evaluation involves estimates and judgments by management. It is believed that the City's internal accounting controls adequately safeguard City assets and provide reasonable assurance of proper recording of financial transactions.

Rogers, Anderson, Malody and Scott, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Loma Linda's financial statements for the year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

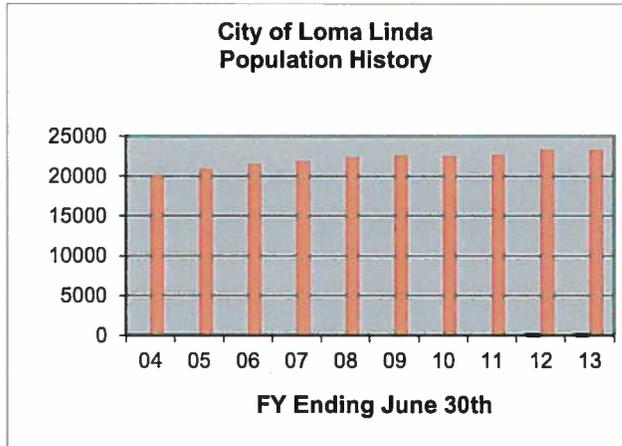
Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Loma Linda (City), incorporated in September 29, 1970, is located on the south side of Interstate 10, east of the 215 Freeway. Loma Linda is home to the world famous Loma Linda University and Medical Center with over 11,216 employees, the one of the largest employer in San Bernardino County. Loma Linda ("Beautiful Hill"), originally known as "Mound City", has a history of being a health-conscious community, and in 1993 became the first "smoke free" city in San Bernardino County. The Seventh-Day Adventist Church purchased the Loma Linda Resort Hotel from a group of businessmen and physicians from Los Angeles hospitals and converted it into the Loma Linda Sanitarium in 1905. The Sanitarium eventually became a full service

medical facility and medical college, the forerunners of the Loma Linda University and Medical Center.

Loma Linda covers an area of 7.56 square miles and has a resident population of 23,476, as certified by the State Department of Finance, as of June 30, 2013. The City once ranked one of the largest growing cities in San Bernardino County has only increased by 87 residents, mainly due to the economic downturn and cessation of new residential construction. Loma Linda's median income is \$57,774, 13% higher than the average for San Bernardino County, and is ranked 18th in average home prices in the Inland Empire.



As presented in the ten year population history chart, Loma Linda's population has begun to plateau over the past few years. As of the 2010 Census which measured the population at 23,261, the State Department of Finance has estimated a growth of 215 to its current total of 23,476, with the growth of 87 from 2012 to 2013.

The City is governed under charter by a City Council/City Manager plan. The people of Loma Linda elect five Council Members, from which the City Council chooses the Mayor and the Mayor pro

tempore. The City Council appoints the City Manager, who is responsible for the daily operations of all City departments and the Council also appoints the City Attorney.

The City's operating departments are Fire Department, Public Works, Community Development, Economic Development, City Clerk, Finance, Information Systems and Administration.

The City of Loma Linda is a full service Municipal Government. Services provided by the City include police (through contract with San Bernardino Sheriff's) and fire protection; utilities services of water, sewer and refuse (under contract with a private hauler); internet connection services; street and park maintenance; storm and waste water drainage maintenance; planning and zoning management; general administrative services; a senior center and a library branch (staffed by the County of San Bernardino).

Financial administration of the City is the responsibility of the Finance Director/City Treasurer, who supervises the City's fiscal administration, which includes the day-to-day accounting, budgetary and reporting compliance, business licensing, utility billing operations and cash management.

**THE REPORTING ENTITY
(Activities included in the report)**

The report includes all activities carried out by the City as a legal entity, and also includes the activities of the Loma Linda Successor Agency to the Redevelopment Agency (Successor Agency), the Loma Linda Housing Authority (LLHA) and the Public Financing Authority (PFA), for which the City Council, acting in the capacity of Board to the Successor Agency and both Authorities, is financially accountable as determined under the guidelines of the Governmental Accounting Standards Board (GASB).

ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

The City's fund accounting records are maintained using a modified accrual basis of accounting as explained in the Notes to the Financial Statements, following the accounting practices for governmental units as mandated by the Governmental Accounting Standards Board. Basic City operations are accounted for in the City's General Fund, with other activities accounted for in separate funds as required by law or determined by management discretion.

The Government-Wide financial statements (*Statement of Net Position* and *Statement of Activities*) follow the accrual basis of accounting. As required by GASB, an accompanying summary reconciliation schedule is presented following the Governmental fund financial statements. These reconciliation schedules are presented on pages 15 and 16 in the body of the financial statements.

The Finance Director/City Treasurer is charged with the responsibility for the receipt and disbursement of all monies and to maintain control over all expenditures to insure that budget appropriations are not exceeded. The level of budgetary control, that is, the level at which expenditures are not to exceed Council approved appropriations is established at the fund, department, division and categories (personnel, maintenance and operations, and capital outlay) of expenditure levels. Adjustments at the object level within major categories of expenditures are permissible at the department and division level, however, adjustments involving transfers between major categories of expenditures, between departmental and division budgets or between departments within the same fund, require Finance Director recommendation and City Manager approval. Adjustments between funds and additional supplemental appropriation funding require City Council approval. An encumbrance (commitment) accounting system is utilized as a technique to enhance budgetary control during the year. All appropriations lapse at year-end and become available for re-appropriation the following year, upon recommendation by the City Manager. Furthermore, the Citizen's Budget Committee plays a major role in the budgetary recommendations to the City Council.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

During 2012/2013 the City achieved many accomplishments that may not be evident from a review of the financial statements. Some of the more important accomplishments as well as on-going projects are summarized below.

Community Development

During the period, the Community Development Department's Planning Division completed precise plans of design for two long-term memory care facilities, General Plan Amendments, Tentative Parcel Map, Zoning Changes and Specific Plan Amendments relating to the development of a 300,000 sq. ft. Medical Clinic; entitlement and approval of an 87 unit apartment complex; all entitlement issues revolving around an 80,000 sq. ft. retail center; and multiple land use and remodel permits. Additionally, the Department processed small project applications, special events permits, home occupation permits, land use permits and two master sign programs at the retail center and Corporate Business Center.

Commensurate with the level of entitlement activity experienced by the community, the Building Division checked plans, issued building permits, and conducted inspections for permit requests.

The Code Enforcement Section was very active during the 2012/2013 fiscal year. The Code Enforcement officer worked with the community to review code complaints. In addition, staff continued to administer the City's Animal Control Agreement for Services with the City of San Bernardino, Animal Control and Shelter Services Department. Groundwork was laid, as well as

procedures defined, to bring on a full time Code Enforcement Officer, and to facilitate Animal Control in house.

Fire Department

During the fiscal year Loma Linda Fire Department resources responded to 3,213 calls for service. Of these incidents, 255 were for fires. Fire Department personnel were successful in containing all structure fires in the community to either room or building of origin. Fires within commercial occupancies were contained as minor incidents. As a result of these efforts there was appreciable impact to precious property or sales tax revenues that the community relies on. 68% of these responses were for emergency medical or traffic collision incidents. After implementation of our emergency medical dispatch protocol we have continued to monitor and refine the system. One significant adjustment was the implementation of a "pre-alert" system that launches resources upon the first indication of an incident type and location while dispatch personnel continue to interview 911 callers required emergency medical dispatch information. The response can be altered as an outcome of the additional information. This adjustment has resulted in an approximate one minute improvement in response time across all CONFIRE agencies. This system has continued to be a valuable tool in assuring that only necessary resources are committed to any single emergency medical incident leaving remaining City resources available to mitigate further emergency incidents. Another important accomplishment was realized as the Department implemented the first steps of a functional consolidation with City of Colton Fire Department. The functional consolidation is an outgrowth of our successful resource sharing agreement with the City of Colton. The Departments will consolidate their command staff resources and combine functional responsibilities to minimize duplication of efforts. For example, there will be a single set of operational Battalion Chiefs rather than one set in each City. This will allow the reassignment of Chief Officers to staff positions to be dedicated to the oversight of important programs such as training, EMS and compliance for example. This consolidated command staff will also result in the cost savings of one Chief Officer position.

Information Systems Department

The City of Loma Linda continues to prepare for the future with its Loma Linda Connected Community Program (LLCCP). The Program includes the deployment of an advanced city-wide fiber optic network as well as modifications to building regulations to ensure that development will be designed to meet the needs of future communication technologies. The City building code requires all new commercial and residential developments (or re-models involving greater than 50% of the structure) to equip the new structures with a fiber-optics interface and copper cabling throughout. The network is expanding into commercial areas via organic growth at existing locations.

The City continues to expand services to commercial customers through focused network expansion and custom designed services. Existing businesses are utilizing the service, and new businesses are locating to the area as well as expanding to take advantage of the service. The existing fiber infrastructure has been completed to provide traffic signal coordination at all thoroughfares. Fiber infrastructure is also being utilized in monitoring and control of water production, street lights, energy usage, and distributed computing throughout the City.

Additional, IT projects include the completion of upgrades data storage systems, new work station rollout, and upgrade of security camera software. Management continues to work with outside organizations that desire to tap into the infrastructure as a means of expanding their communication abilities. The City continues to support facilities and services which are allowing the City to leverage these assets to continue to grow a vibrant, economically strong community.

Redevelopment - Economic Development and Housing:

Redevelopment Agencies

In 2011-2012, every California City with a redevelopment agency felt the effects of implementing AB1X 26; approved by the Governor on June 28, 2011 and upheld by the California Supreme Court on December 29, 2011, redevelopment agencies were dissolved and replaced with Successor Agencies responsible for winding down the affairs of the redevelopment agencies including disposing of their assets and paying on recognized enforceable obligations. Upon the effective date of the legislation (June 29, 2011) Redevelopment agencies could no longer incur indebtedness, amend or modify existing agreements, increase pay, pay bonuses or hire employees, refund, restructure or refinance bonds or transfer money out of the Low and Moderate Income Housing Fund. Enforceable Obligations (EO) consists of bonds, loans, payments required by governments (except pass-through payments), court judgments and settlements, legal contracts and agreements and contracts necessary for continued administration.

Successor Agencies

On February 1, 2012, Successor Agencies replaced Redevelopment Agencies. On this date all assets, property contracts, and leases of the former redevelopment agency transferred to the Successor Agency. Loma Linda elected to become the Successor Agency for its former redevelopment agency. The Successor Agencies created a Redevelopment Obligation Retirement Fund, which continues to make payments on approved Recognized Enforceable Obligation Schedules (ROPS), maintain reserves, perform obligations required by Enforceable Obligations, enforce all rights for the benefit of taxing agencies and will eventually dispose of assets and property based on an approved Property Management Plan. Annually the Successor Agency must submit two ROPS for a fiscal year's operating periods of 1) June – December, and 2) January – June. These must be approved by the Oversight Board, and submitted to the Department of Finance (DOF), State Controller's Office (SCO) and County Administration Office (CAO).

Oversight Board

The Oversight Board is composed of one member each appointed by the County Board of Supervisors, Mayor, the largest Special District by property tax share, the County Supervisor of Education, the Chancellor of the California Community Colleges, a public member appointed by the County Board of Supervisors and a member representing employees of the former Redevelopment Agency appointed by the Mayor or the Chair of the County Board of Supervisors. Per AB 26, the members of the Oversight Board had to be established by May 1, 2012, and reported to the Department of Finance by May 1, 2012. The Oversight Board directs staff of the Successor Agency, has fiduciary responsibilities to holders of enforceable obligations, approves actions of the Successor Agency and establishes the Recognized Obligations Payment Schedules. It takes a majority of the Oversight Board to constitute a quorum and to vote to take action. On, or after July 1, 2016, a single Oversight Board for the County shall be appointed.

Loma Linda Housing Authority

Similar to the Successor Agency, on February 1, 2012, The Loma Linda Housing Authority (LLHA) replaced the Low-Mod Housing Fund of the Redevelopment Agency. On this date all property assets, property contracts, and leases of the former Low-Mod Housing Fund transferred to the LLHA.

Economic Development:

The Veterans Administration (VA) has selected the City as the site for a new 300,000 sq. ft. medical clinic. Efforts are underway to attract retail and commercial customers to adjacent parcels. Construction commenced on a new 80,000 sq. ft. retail center and Staff worked with developers to help attract retail tenants for the complex. An 88 bed national brand hotel has begun the entitlement process with construction expected to commence in spring of 2014. Entitlement has begun on a new gas station and C – Store with construction expected to commence in summer of 2014. Additionally, there are several other commercial projects in the preliminary stages of building plan checks and permitting that will bring much needed businesses to the community.

Capital Improvement Program (CIP) Projects:

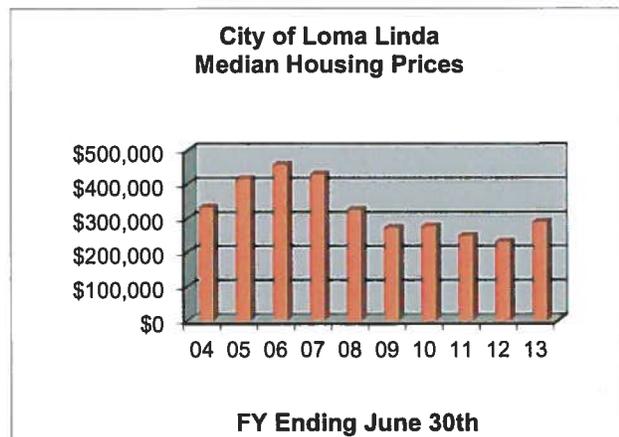
Public Works

During fiscal year 2012/2013, the Public Works Department focused on several projects. The Stewart Street widening and pedestrian bridge began construction. The City also repaired sidewalk as needed at various locations throughout the City. In preparation for the pavement maintenance program we replaced waterlines on Acacia Street, Daisy Street and Tulip Avenue. The Water Division continued with the meter replacement program. The water treatment facilities continue being refined. Hardscape improvements were installed at the eastbound I-10 on-and off-ramps. The Department continues with required State and Federal regulation compliance, including air quality, storm water, energy and water conservation, and solid waste diversion. Plan checking is completed on an as needed basis. We completed the final phase of the Civic Center fire alarm system.

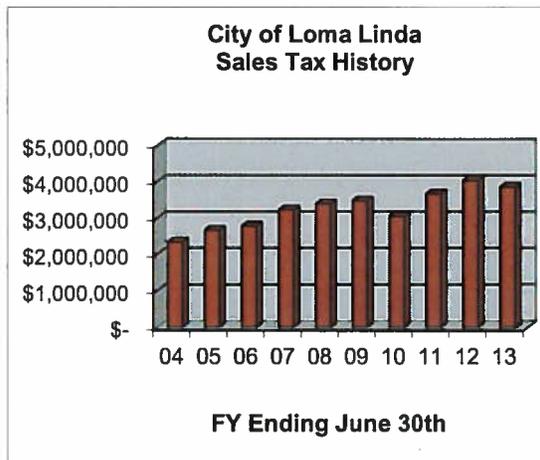
LOCAL ECONOMY AND PROSPECTS FOR THE FUTURE

As presented in the Loma Linda General Plan (2009), Loma Linda is a unique community with strong ties to its religious, educational and healing arts roots. The Loma Linda University Medical Center (LLUMC) and the Jerry L. Pettis Memorial Veterans Medical Center (VA Medical Center) provide much of the economic base of the community through the employment of a highly trained local labor force. The City is seeking to expand upon this economic base with medical support services, research facilities, professional offices and lodging accommodations for visitors to the medical centers and community. In addition to increasing commercial and industrial opportunities, Loma Linda is in the process of managing residential growth to provide an appropriate range of housing opportunities to accommodate the diverse work force needed by the medical facilities. The vision for the future of Loma Linda is for the City to have a balanced economy that meets the needs of the community and is a great place to live and do business. The goal is to attract high-tech industries to the City and create a diverse mix of high paying job opportunities to maintain the City's high quality standard of living and complement the LLUMC.

In 2013, the median price of a home in Loma Linda was \$290,000, an increase of \$59,000 or 26%, from \$231,000 in 2012,



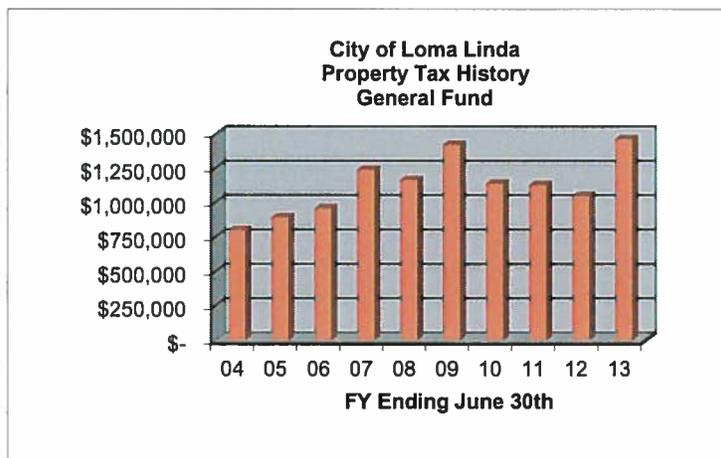
according to the Zillow Home Value Index, a real estate information company, www.zillow.com. This is an overall decrease of 37% to the median price since peaking at \$457,200, in 2006. After several years of fluctuations in home values due to uncertain economic conditions, Loma Linda is seeing a significant increase in the year to year data for 2013. The City of Loma Linda is expected to continue attracting skilled and educated residents that can be provided with local jobs as well as access to surrounding job markets via Internet technology. The LLCCP has established building requirements to enhance technological access as part of each new development project, providing the technological infrastructure for local residents to stay “connected” from home.



The Sales Tax History chart is a ten year historical presentation of the City’s sales tax revenue through fiscal year ending June 30, 2013. In 2013, the City received \$3,864,216 in sales tax revenues, a decrease of 4% or \$175,857 from \$4,040,073 in 2012. 2% of the decrease can be attributed to a misallocation, which will be corrected in Fiscal Year 2013-2014; the balance is due to lower auto and technology sales. In fiscal year 2003/2004, sales tax revenue dipped significant was due to a large refund granted to a major business taxpayer. However, sales tax revenue has grown steadily since the dips in 2003/2004; and a dip in 2009/2010 due to lack of consumer confidence

and drops in business and industry taxable sales. The City continues to be heavily dependent on taxable sales from business and industry, and auto and transportation groups.

The City of Loma Linda continues to heavily rely on retail sales to fund its general government services. By improving the availability of retail shopping facilities and attracting more shoppers to buy locally, the City is hoping to expand sales tax revenues in connection with the economic development projects planned over the next few years.



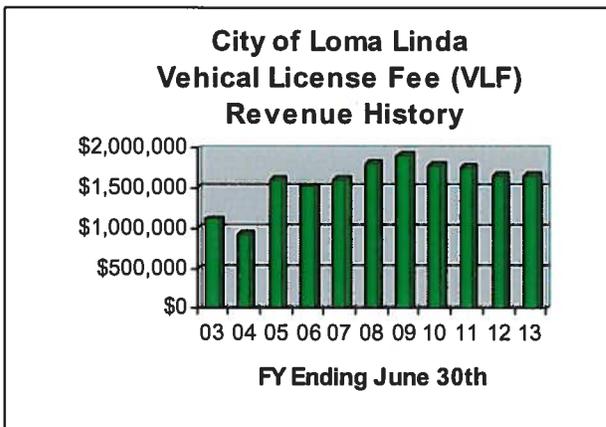
Property taxes are collected by the City and the Successor Agency to the Redevelopment Agency, with the bulk of the property tax collected by the Agency. The chart to the left is a 10-year history of the City’s General Fund property tax revenues through fiscal year ending June 30, 2013. As shown here, General Fund property taxes had been steadily increasing over the last six years, but have declined sharply over the fiscal years 2010 through 2012 as the result of the housing market

collapse and the ongoing economic recession. On June 30, 2013, property tax revenues were reported at \$1,420,706, an increase of \$414,990 or 40% from fiscal year 2012/2013. The majority of the increase (\$378,558 or 36%) is attributed to the dissolution of the Redevelopment Agency, and the City receiving pass-through and residual receipts of property taxes not needed

to meet enforceable obligations by the Successor Agency. Property tax revenue is reported in the attached Statistical table on pages 156.

Median housing prices are just one factor in citywide assessed values. Tax-exempt properties continue to be a significant factor in the overall assessed values for the City and the former Redevelopment Agency, now the Successor Agency, in Loma Linda. As of June 30, 2013, the San Bernardino County's Assessor reported an increase in citywide assessed property values of 0.56%, with Loma Linda showing a 0.05% increase.

Overall property tax revenues are showing signs of stabilizing and starting to increase as foreclosures decline and are resold, signs of growth in the sales of existing homes, and the fact that the majority of recently developed and available undeveloped land is within the merged redevelopment project areas. As a taxing entity, the City will receive pass-through taxes from the Successor Agency as property values increase and vacant land gets developed.

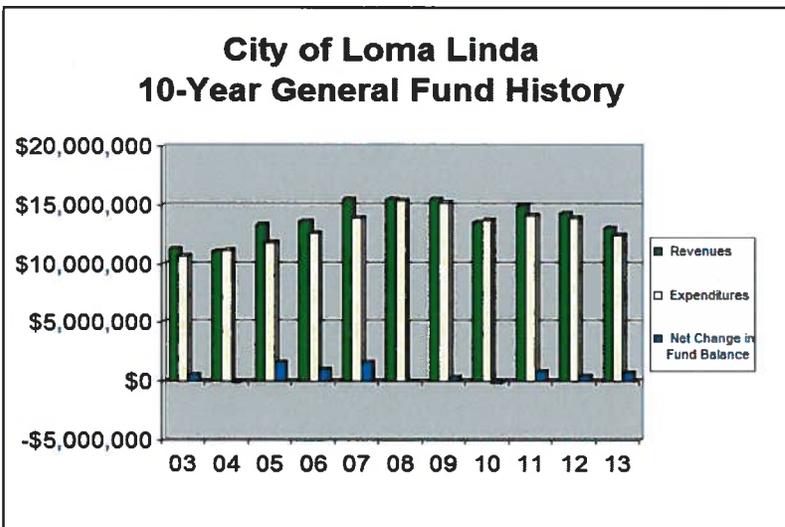


In fiscal year 2004/2005, as part of the Governor's Budget/Constitutional Protection package, a VLF swap was approved. What the swap boils down to is an exchange of the current VLF backfill from the State's general fund for an equivalent amount of property tax revenues in fiscal year 2004/2005. Any future growth in VLF revenue would be calculated in proportion to the growth in gross assessed valuation, including the then merged Redevelopment Agency valuation.

In fiscal year 2003/2004 the City felt the affects of the State budget crisis, with a revenue loss of \$341,452, or 27% of total Vehicle License Fee (VLF) revenues, when the State's backfill was stopped and restarted three months later creating a gap (loan from the State) of VLF payments to the City. In fiscal year 2004/2005, City VLF revenues show a significant increase due to the early repayment of the VLF loan, originally scheduled to be repaid in August of 2006. As presented in the ten year history chart, VLF had been steadily increasing since fiscal year 2004/2005. In fiscal year 2012/2013, the City collected \$1,661,319 in VLF revenue, an increase of \$12,851 or 0.8% due slight increase in property values within the City.

In fiscal year 2003/2004 the City felt the affects of the State budget crisis, with a

ACTUAL OPERATING RESULTS – GENERAL FUND



The following discussion summarizes the annual operating results of the City's General Fund, for the fiscal year ended June 30, 2013. Further details are presented in the individual financial statements attached to this transmittal letter.

The chart on the right illustrates the ten year history of total revenues, expenditures and net change

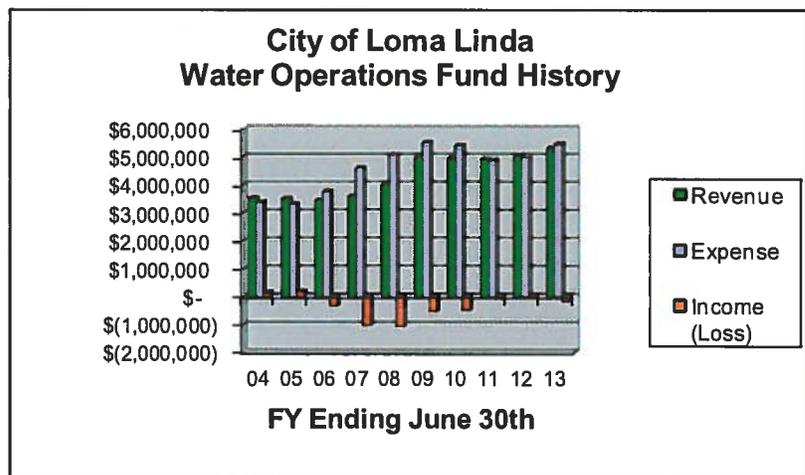
in fund balance for the General Fund through June 30, 2013. The Net Change in Fund Balance figure in the chart includes operating revenues, operating expenditures, transfers to and from other funds and gain on sale of capital assets. For further detail and breakdown, please refer to the statistical section of this CAFR.

ANNUAL OPERATING RESULTS – ENTERPRISE FUNDS

The City accounts for its Water, Sewer and LLCCP operations on an “enterprise” basis, meaning that the activity is treated more like a commercial business, separate and apart from general City operations. In fiscal year 2012/2013, Enterprise Fund operating revenues for Water, Sewer and LLCCP combined, totaled \$9,325,117, an increase of 3% over fiscal year 2011/2012, while operating expenditures increased by \$960,179, or about 9%, over the same period.

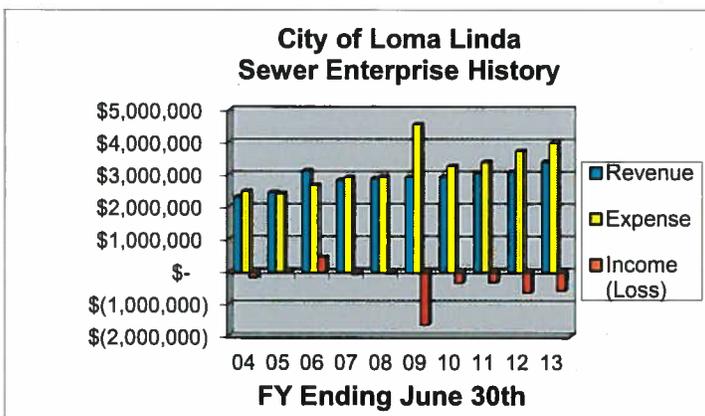
Water Operations

For Water Operations specifically, the Water fund operating expenses exceeded operating revenues by \$813,949 this year, mainly attributable to the increase in depreciation on contributed capital. Last year the Water Fund showed an operating loss of \$139,213 for the year. Note that this chart includes any “non-operating” revenues or expenses, such as interest revenue of \$6,958, capital contributions of \$18,249,598,



and interest expense of \$11,610. Interest expense in the Water Fund has decreased by 23.3% or \$3,520, due to the progressive decreases of interest rates on the 1995 Variable Rate Water Revenue Refunding bonds. Market interest rates have declined resulting in lower interest costs for the Water Fund on the variable rate interest bond. The bond issue is currently being monitored by the City’s financial advisor in order to determine when the cost vs. benefit of converting from a variable rate to a fixed rate obligation will be beneficial to the City. The City is in the process of conducting a rate study to address the ongoing operating losses. Additionally, the City is in the third year of a City-wide meter replacement project to reduce the loss of revenue from malfunctioning old infrastructure.

Sewer Operations



For the operating period ending June 30, 2013, the Sewer Fund ended the year with a net operating loss of \$803,315. Sewer revenues increased by \$224,692, or 6.6%, and operating expenses increased by \$450,708, or 11.4% (see the MD&A for an explanation to this increase). The chart to the

left shows the ten-year financial operating history of the Sewer Enterprise Fund. Note that this chart excludes any "non-operating" revenues or expenses (i.e., interest revenue or interest expenses, etc.) or contributions and transfers. Interest revenue has increased minimally from prior year due to low cash balances in the fund and increased treatment expenses relate to the contractual services agreement with the City of San Bernardino implemented as a rate increase for treatment services provided. Because the Sewer Fund has no outstanding debt, interest expense is zero. The City is in the process of conducting a rate study to address the ongoing operating losses.

Loma Linda Connected Communities

In Fiscal year 2003/2004 a new Enterprise fund was set up for the purpose of establishing requirements for standardized residential and commercial telecommunications cabling systems. This new system provides some Loma Linda residents and businesses the opportunity to have voice, data, multimedia, home automation systems, environmental control, security, audio, television, sensors, alarms, and intercom services. The revenues and expenses for 2003/2004 and 2004/2005 were minimal as these were the starting years of the program. Fiscal Year 2012/2013 was the ninth full year of operations for the LLCCP with major infrastructure construction activity occurring in the fiscal year's 2006/2007 and 2007/2008. For the operating period ending June 30, 2013, LLCCP ended the year with operating revenues of \$287,944 compared to \$275,905 in 2011/2012. Operating expenses of \$419,566 are \$64,997 or 13.4% lower than expenses for fiscal year 2011/2012. Due to the significant upfront investment in infrastructure, and the annual depreciation of those capital assets, operating revenues are not sufficient to cover expenses, resulting in an operating loss of \$131,622. Additionally, net non-operating expenses, interest revenue and interest expense, is higher as interest on outstanding loans to construct the Fiber Optic Network, continues to go unpaid and gets added to the outstanding loan balance.

PENSION FUNDING STATUS

The City's employees are members of the California Public Employees' Retirement System (PERS). PERS acts as a common investment and administrative agent for local governmental units and school districts throughout California. Since the valuation as of June 30, 2003, CalPERS implemented their new rate stabilization policy, which requires both City plans to participate in a risk pool. As of the most recent actuarial valuation at June 30, 2010, the Miscellaneous pool's assets total \$2.32 billion and the present value of the projected benefits equal \$3.31 billion with a funded ratio of 70.1%; and the Safety pool's assets total \$1.28 billion and the present value of the projected benefits equal \$1.92 billion with a funded ratio of 66.9%. As of fiscal year 2012, the employee's agreed to pay the PERS employee contribution, previously paid by the employer, 7% for Miscellaneous group and 9% for Safety groups. For this year, the City paid \$1,067,581 employer pension costs to PERS. In fiscal year 2012/2013, the "City's" share of retirement costs increased from 11.141% to 11.866% for Miscellaneous employees and increased from 26.494% to 26.739% for Public Safety employees. The reason for the increases in the City's (employer) share of retirement costs is due to decreases in pool asset values, and differences between projected rate of returns and actual returns on pooled assets.

DEBT ADMINISTRATION

As of June 30, 2013, the City and the Successor Agency had debt outstanding in the amount of \$49.7 million. The Successor Agency has bonded debt principal as follows: (1) the 2003 Tax Allocation Refunding Bonds of \$8,215,000, (2) the Subordinate 2005 A Tax Allocation Bonds of \$14,270,000, (3) the Subordinate 2005 B Tax Allocation Bonds of \$7,740,000 (not including

unamortized issuance costs), and (4) the 2008 Taxable Housing Tax Allocation Bonds of \$8,380,000. The City had \$6,265,000 in debt outstanding as follows: (1) 1978 Water bonds (general obligation) of \$10,000 and (2) 1995 Water revenue refunding bonds of \$6,255,000 at June 30, 2013. Also, the Loma Linda Public Financing Authority had \$2,760,000 of outstanding Lease Revenue Refunding Bonds issued in 2002. Other debt recorded in Note 7 - "Non-City Obligation" of the financial statements is not a legal obligation of the City and therefore not included here.

CASH MANAGEMENT

In order to maximize investment leverage, it is the City's practice to "pool" available cash from all City Funds for investment purposes. In accordance with the annually adopted investment policy, available cash is invested with the goal of safety, meaning protection of principal, as the first priority, insuring adequate liquidity as the second priority, and maximizing yield as the third priority. The Successor Agency and Housing Authority maintain separate investment accounts with the State's Local Agency Investment Fund Pool (LAIF) with total balances of \$6,030,944 and \$222,115, respectively. As of June 30, 2013, the City's cash investment portfolio (excluding restricted cash with independent fiscal agents) totaled \$32,965,153 and was 96.3% invested in the LAIF.

Total cash and investment balances increased \$50,369 from June 30, 2012. The increase is mainly attributed to the timing of general receipts and disbursements. Additionally, continued low investment yields have contributed to a decreased amount of overall interest revenue in the Governmental and other Fund types. The average rate on the pooled investment portfolio for the quarter ending June 30, 2013 was .24% (largely driven by LAIF), a decrease from the prior year yield of .36% reflective of decreasing interest rates. At June 30, 2013 the benchmark six-month U.S. Treasury was 0.09%, a decrease from the 0.15% yield at June 30, 2012. To support a strong economic recovery and price stability, the Federal Open Market Committee (FOMC) has maintained the target rate for federal funds at 0% to 1/4%, current federal monetary policy is anticipated to last through late 2014. Currently the City invests excess cash on hand with the State's Local Agency Investment Fund (LAIF) pool investment, as its primary investment authorized vehicle. At this time, due to safety and liquidity needs, the State's LAIF pool continues to be a good option for the City's investment portfolio.

RISK MANAGEMENT

The City of Loma Linda is a member of the California Joint Powers Insurance Authority (Authority), which is composed of 123 California public entities organized under a joint powers agreement. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance and to arrange for group purchased insurance for property and other coverage.

General Liability – The City, as a member under the Liability Protection Program losses have a self-insured retention up to \$20,000,000. Reinsurance and excess insurance are purchased from \$5,000,000 to \$50,000,000. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

Workers Compensation - The City also participates in the Workers' Compensation Pool administered by the Authority. Losses are pooled by the Authority Members up to \$2,000,000 anything above that, from \$2,000,000 to \$5,000,000 is purchased. Any loss from \$5,000,000 to \$10,000,000 will be pooled by the Authority Members. Employers' liability limit is \$10,000,000 per occurrence.

The City also carries Property Insurance and Crime Insurance summarized in Note 10 on page 71.

INDEPENDENT AUDIT

An independent audit of the City's records was performed for the year ended June 30, 2013 by the certified public accounting firm of Rogers, Anderson, Malody and Scott, LLP. The auditors report on the basic financial statements, and combining and individual fund statements and schedules is included in the Financial Section of the CAFR.

In general, the auditors concluded that the financial statements and schedules referred to above present fairly, in all material respects, the financial position of the City of Loma Linda, the Loma Linda Housing Authority and the Loma Linda Redevelopment Agency Successor Agency, as of June 30, 2013, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America. The professionalism and knowledge exhibited by Rogers, Anderson, Malody and Scott, LLP during the audit is appreciated.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Loma Linda for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the sixth consecutive year the City of Loma Linda has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish as easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both the generally accepted accounting principles and applicable legal requirements.

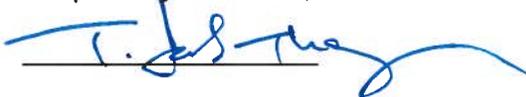
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and other City Departments that provided data for preparation of the Statistical section of the Report. We would like to express our appreciation to members of all departments who assisted and contributed to the preparation of this report.

We would like to extend our appreciation to the Mayor, City Council, and each City Department for their cooperation and support in conducting the fiscal operations of the City.

Respectfully submitted,



T. Jarb Thaipejr
City Manager



Diana De Anda
Finance Director/Treasurer



Government Finance Officers Association

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

Presented to

**City of Loma Linda
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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CITY OF LOMA LINDA
PRINCIPAL OFFICIALS

ELECTED OFFICIALS

Rhodes Rigsby
Mayor

Ovidiu Popescu
Mayor Pro Tempore

Ron Dailey
Councilmember

Phill Dupper
Councilmember

John Lenart
Councilmember

APPOINTED OFFICIALS

Jarb Thaipejr
City Manager/Public Works Director

Richard Holdaway
City Attorney

Pamela Byrnes O’Camb.....City Clerk

Konrad Bolowich.....Assistant City Manager

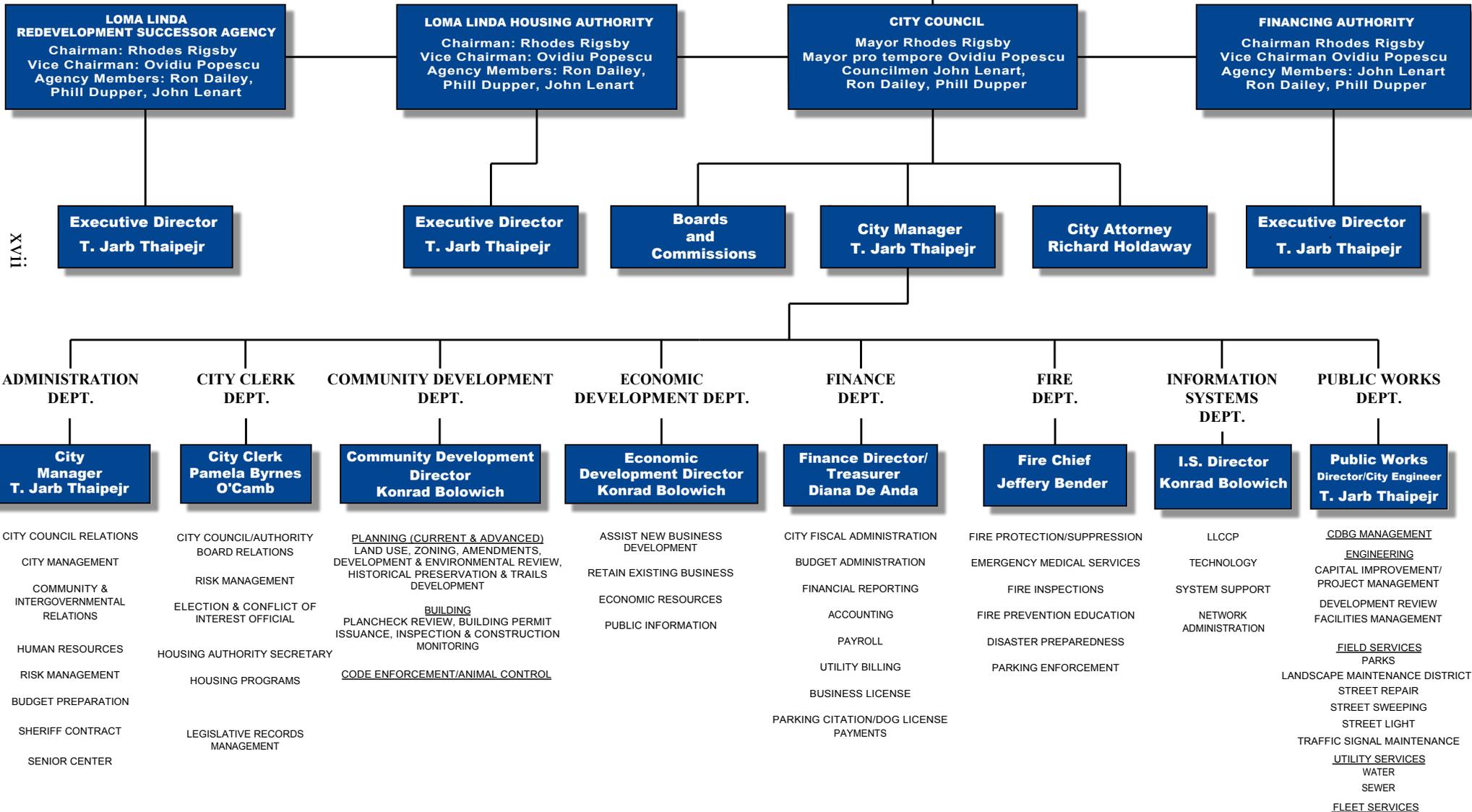
Diana De Anda.....Finance Director/Treasurer

Jeff Bender.....Fire Chief

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CITY OF LOMA LINDA ORGANIZATION CHART

The People of Loma Linda



XVII

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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San Bernardino, CA 92408
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909 889 5361 F
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
Of the City of Loma Linda
Loma Linda, California

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Matthew B. Wilson, CPA, MSA, CGMA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA
Bradferd A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Papa Matar Thiaw, CPA, MBA
Maya S. Ivanova, CPA, MBA
Peter E. Murray, CPA
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Yiann Fang, CPA
Daniel T. Turner, CPA, MSA
Derek J. Brown, CPA, MST
David D. Henwood, CPA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of City of Loma Linda (City), California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress on pages 5-15 and 85-88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Loma Linda, California, basic financial statements. The introductory section, supplementary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Implementation of new pronouncement

As discussed in Note 1 of the financial statements, the City adopted the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Loma Linda's, California, internal control over financial reporting and compliance.

Rogers Anderson Malooly & Scott, LLP

San Bernardino, California
December 9, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Loma Linda's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$111,026,434 (net position); of this amount \$8,312,746 is a negative unrestricted.
- The City's net position increased 17% or \$16,244,757 from \$94,781,677 at the beginning of the year, to \$111,026,434 at the end of the year. The increase can be mainly attributed to a capital contribution recorded in the water fund. This contribution consists of a water treatment facility recorded at cost of \$18,137,141 and donated by Lockheed Martin as a way to remediate contamination of the water basin the City uses.
- During the current year, governmental program revenues were up \$1,359,043 as signs of economic recovery in the region start to impact local development projects; the increases were in charges for services for Community Development, and capital contributions and grants for Public Works. General revenues were down by \$4.9 million as a result of Redevelopment Agency dissolution in 2012. Business-type program revenues were up \$18,249,598, in capital contribution, and general revenues declined by \$25,061, as shown in the *statement of activities*.
- During the year, the General Fund reported a positive net change in fund balance of \$980,969 due to revenues exceeding expenditures by \$673,579, plus the contribution of other financing sources of \$307,390.
- For the General Fund, the actual revenues available for appropriation were more than the final budget by \$369,144, while actual expenditures were \$784,916 less than the final budget. Net actual other financing sources were \$910 less than the final budget, resulting in a positive net change in fund balance.
- For the current year the City continues to maintain an overall solid financial position, with the operations of the City, as a whole, having resulted in a net positive change to net assets of \$16,244,757. City Council and management annually make great efforts to adopt a balanced budget that preserves, if not adding, to the general fund - fund balance. The City has committed \$3,500,000 of general fund balance for emergency contingency and assigned \$1,250,000 for capital equipment replacement. In the adopted budget for fiscal year 2012/2013 this represented 32.5% of the general fund budget.

USING THIS ANNUAL REPORT

The discussion and analysis is intended to serve as an introduction to the City of Loma Linda's basic financial statements. The basic financial statements consist of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*.

The *government-wide statements* provide information about the activities of the City as a whole and present a longer-term view of the City's finances. These statements consist of the *statement of net position* and *statement of activities*.

Fund financial statements, which consist of the *governmental funds*, *proprietary funds* and *fiduciary funds*, report the City's operations in more detail than the government-wide statements by providing information about the City's most significant (major) funds. The *governmental fund* statements also tell how City services were financed in the short term as well as what remains for future spending. The *proprietary funds* statements use the same accounting method as the business-type activities, but provide more detail of the activities. The *fiduciary fund* 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.

Reporting for the City as a Whole

The Government-wide Financial Statements

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 this year's activities?" The *statement of net position* and the *statement of activities* report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

The *statement of net position* and the *statement of activities* present information about the following:

- Governmental activities - All of the City's basic services are considered to be governmental activities, including general government, community development, public safety and public works. Property taxes, motor vehicle in lieu, sales taxes, and franchise fees, finance most of these activities.

- Business-type activities – All Proprietary Funds (enterprise funds), water acquisition, water enterprise, sewer capital, and Loma Linda connected communities program, which receive funding through service charges and developer contributions.
- Component units - The City's governmental activities include the Public Financing Authority (Authority) and the Loma Linda Housing Authority (LLHA).

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State Law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's three kinds of funds – *governmental*, *proprietary* and *fiduciary* - 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 *financial* assets that can readily be converted into 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the *statement of net position* and the *statement of activities*) and governmental *funds* in reconciliation schedule accompanying the fund financial statements.

The City of Loma Linda maintains thirty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general fund, special projects construction fund, redevelopment capital projects fund and the redevelopment debt service fund; which are considered to be *major* funds. The remaining twenty six *non-major* funds are combined and presented in the *non-major* governmental funds column. Individual fund detail for the *non-major* funds is presented in the *combining statements* located on pages 100-115 of this report.

Proprietary funds - When the City charges customers for certain services it provides, these services are generally reported in proprietary funds. There are two types of proprietary funds: enterprise fund (business-type activities) and internal service funds (internal allocation of costs). Proprietary funds are reported on the full accrual basis of accounting, which is the same method that all activities are reported in the statement of net position and the statement of activities.

The City of Loma Linda maintains four enterprise funds to account for Water, Sewer and the LLCCP activities. The four funds are considered to be *major* funds and as such detail activity is presented in the *statement of net position*, *statement of revenues*, *expenditures and changes in fund net position*, and *statement of cash flows* on pages 32-35.

Fiduciary Funds - The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners, and others. The City's fiduciary activities are reported in separate statement of fiduciary net position and changes in fiduciary net position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The statement of fiduciary net position can be found on page 38.

Fiduciary Fund - Private Purpose Trust Fund - The City acting as Successor Agency to the Redevelopment Agency is the trustee, or fiduciary, for amounts held on behalf of bond holders, enforceable obligations, and taxing entities. The City's fiduciary activities are reported in separate statement of private purpose trust fund net position and changes in net position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City acting as the Successor Agency is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The statement of private purpose trust fund net position can be found on page 38-39.

Notes to the financial statements – Additional information that is crucial to a full understanding of the figures provided in the government-wide and fund financial statements is provided in the notes to the financial statements. The notes to the financial statements can be found on pages 41-82 of this report.

Required supplementary information - The budget and budgetary accounting and defined benefit pension plan information can be found on pages 85 of this report.

Government-wide Financial Analysis

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities reported in the government-wide statements.

Net Position

As shown in Table 1, the City's net position from governmental activities increased over 0.41% from \$80,029,965 to \$80,356,601, as the result of a positive increase of \$326,636 change in net position. While the business-type activities increased over 107.9% from \$14,751,712 to \$30,669,833, as the result of net increase in capital assets in the water enterprise fund and net change in net deficit in the sewer capital, Loma Linda connected communities and water acquisition funds. These changes are recorded in the *statement of activities* (Table 2) which flows through to the *statement of net position*.

Table 1
City of Loma Linda's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 37,803,940	\$ 36,611,451	\$ 6,336,238	\$ 6,291,758	\$ 44,140,178	\$ 42,903,209
Capital assets	52,855,507	53,236,605	46,021,681	29,626,645	98,877,188	82,863,250
Total Assets	\$ 90,659,447	\$ 89,848,056	\$ 52,357,919	\$ 35,918,403	\$ 143,017,366	\$ 125,766,459
Long-term liabilities	\$ 4,244,458	\$ 4,949,497	\$ 19,778,880	\$ 19,576,526	\$ 24,023,338	\$ 24,526,023
Other liabilities	6,058,388	4,868,594	1,909,206	1,590,165	7,967,594	6,458,759
Total Liabilities	\$ 10,302,846	\$ 9,818,091	\$ 21,688,086	\$ 21,166,691	\$ 31,990,932	\$ 30,984,782
Net Position:						
Invested in capital assets, net of debt	\$ 49,923,947	\$ 49,487,378	\$ 39,756,680	\$ 23,001,645	\$ 89,680,627	\$ 72,489,023
Restricted	29,617,713	26,474,920	40,839	40,839	29,658,552	26,515,759
Unrestricted	814,941	4,067,667	(9,127,686)	(8,290,772)	(8,312,745)	(4,223,105)
Total Net Position	\$ 80,356,601	\$ 80,029,965	\$ 30,669,833	\$ 14,751,712	\$ 111,026,434	\$ 94,781,677

As shown in Table 2, the change in net position is a positive \$326,636 for *governmental activities* and positive \$15,918,121 for *business-type activities*, with a combined total increase in net position of \$16,244,757 for the fiscal year ending June 30, 2013. *Governmental activity* program revenues were higher than last year by \$1,359,043, while general revenues decreased by \$4,937,778. The net increase in program revenues is the result of increases in charges for services by \$623,601, mainly for Community Development - Development Impact fees, and capital contributions and grants by \$777,880 for Public Works infrastructure expansion. General revenues were down by \$4.9 million mainly due to the decreases in property taxes and investment revenues due to the dissolution of the Merged Redevelopment Agency in 2012. Business-type program revenues were up \$18,397,858, recognizing a major capital contribution received in the Water Enterprise fund, and general revenues declined by \$25,061, due to lower operational refunds and reimbursements, as shown in the *statement of activities*.

Overall governmental expenses decreased by \$2,855,292, with the main decreases of \$1.2 million in interest on long term debt of the Redevelopment Agency that was transferred to the Successor Agency in 2012, and \$1.6 million in general government. *Business-type activities* expenses reflected a net increase of \$956,660; in the water fund there was a significant increase in depreciation expense associated with an \$18 million dollar capital contribution, in addition to standard increases in costs of services, in the sewer fund there were increases to depreciation for recent infrastructure improvements, increase in treatment costs associated with the pass-through rate increase by the City of San Bernardino, and standard increases to administration and general expenses and in the Loma Linda Connected Communities Program increase in cost of services were offset by decreases in administration and general expense, while depreciation expense continues to drop as not major capital assets are being added to the program. In comparison to fiscal year 2012, the overall change in net position for *governmental activities* was an increase of \$326,636 and *business-type activities* increased by \$15,918,121 resulting to the overall City net position of \$111,026,434 in fiscal year 2013.

Table 2
City of Loma Linda's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program Revenues:						
Charges for services	\$ 6,134,210	\$ 5,510,609	\$ 8,746,533	\$ 8,413,273	\$ 14,880,743	\$ 13,923,882
Operating grants and contributions	244,822	287,260	-	-	244,822	287,260
Capital grants and contributions	1,633,410	855,530	18,249,598	185,000	19,883,008	1,040,530
General Revenues:						
Taxes	7,582,598	11,213,177	-	-	7,582,598	11,213,177
Intergovernmental-Motor Vehicle in	1,661,319	1,648,468	-	-	1,661,319	1,648,468
Use of money and property	208,226	936,266	11,789	12,986	220,015	949,252
Other	60,069	652,079	578,584	602,448	638,653	1,254,527
Total Revenues	17,524,654	21,103,389	27,586,504	9,213,707	45,111,158	30,317,096
Expenses:						
Governmental Activities:						
General government	1,770,611	3,371,844	-	-	1,770,611	3,371,844
Public safety	8,747,342	9,042,727	-	-	8,747,342	9,042,727
Community development	1,944,724	2,007,651	-	-	1,944,724	2,007,651
Public works	4,488,436	4,156,836	-	-	4,488,436	4,156,836
Interest on long-term debt	246,905	1,474,252	-	-	246,905	1,474,252
Business-Type Activities:						
Water acquisition	-	-	152,932	221,075	152,932	221,075
Water	-	-	6,113,936	5,474,845	6,113,936	5,474,845
Sewer	-	-	4,420,067	3,969,359	4,420,067	3,969,359
LL Connected Communities	-	-	981,448	1,046,444	981,448	1,046,444
Total Expenses	17,198,018	20,053,310	11,668,383	10,711,723	28,866,401	30,765,033
Changes in Net Position before						
Transfers	326,636	1,050,079	15,918,121	(1,498,016)	16,244,757	(447,937)
Transfers	-	-	-	-	-	-
Extraordinary Items	-	15,798,167	-	(7,531,946)	-	8,266,221
Change in Net Position	326,636	16,848,246	15,918,121	(9,029,962)	16,244,757	7,818,284
Net Position at Beginning of Year	80,029,965	63,181,719	14,751,712	23,781,674	94,781,677	86,963,393
Net Position at End of Year	\$ 80,356,601	\$ 80,029,965	\$ 30,669,833	\$ 14,751,712	\$ 111,026,434	\$ 94,781,677

Government Activities

Table 3 presents the *total cost* (expenses) of each of the City's major public services in general government, community development, public safety, public works, and interest expense. Also included is each program's *net cost* (total cost less program revenues generated by the activities).

Table 3
City of Loma Linda
Net Cost of Governmental Activities

	Total Cost		Net Cost	
	2013	2012	2013	2012
Functions:				
General government	\$ 1,770,611	\$ 3,371,844	\$ (494,503)	\$ 1,189,425
Public safety	8,747,342	9,042,727	8,015,169	8,260,129
Community development	1,944,724	2,007,651	406,498	1,398,899
Public works	4,488,436	4,156,836	1,011,507	1,077,206
Interest on long-term debt	246,905	1,474,252	246,905	1,474,252
 Total Governmental Activities	 \$ 17,198,018	 \$ 20,053,310	 \$ 9,185,576	 \$ 13,399,911

The *net cost* shows the financial burden that was placed on the City's taxpayers by each of these functions. In 2013, total costs decreased by \$2,855,292, a result of decreases in most programs, except for public works, with the major decreases in general government and interest on long-term debt. In looking at table 3 you will note the significant decrease in general government due to a \$1.97 million dollar reduction in debt service payments due to the transferred of bond obligations from the Redevelopment Agency to the Successor Agency, and decrease in Community Development expenses related to the transfer of Low-Moderate housing activities to the Loma Linda Housing Authority. Net cost decreased by \$4,214,335, resulting from decrease in total costs than the \$2,838,391 and an increase \$1,359,043 in total program revenues as was previously discussed in the Changes to Net Position - Tables 2 section.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At year-end, the City's *governmental funds* reported combined fund balances of \$31,793,417, a net increase of \$91,631 in fund balance; included in this amount is a net increase in fund balance for the General Fund of \$980,969 and the Park Capital Fund of \$191,199; combined with decreases in Special Projects Construction Fund of \$541,522, Housing Authority of 21,772 and Non-Major Funds of \$517,243. The General Fund had a net increase in fund balance of \$980,969, resulting from net operating revenues exceeding expenditures by \$673,579 and other financing sources (net) of \$307,390. Although, the final adopted budget projected a \$172,181 negative change in fund balance, favorable results in revenues of \$369,144, expenditures of \$784,916 and other financing uses of \$910, resulted in the combined favorable results of \$1,153,150 when comparing final budget to actual results for the fiscal year.

In total the *Proprietary Funds* reported a negative change in net position of \$15,918,121. The Loma Linda Connected Communities Fund reported a negative change of \$692,965 reflects the ongoing operational gap between charges for services (revenues), and operating expenses and interest expenses. Efforts to reduce operational expenses have been implemented, but annual depreciation expense and non-operational expenses continue to exceed revenues. The Water Acquisition Fund ended the year with a negative change in net position of \$17,093. The Water Enterprise ended with a positive change in net position of \$17,430,997, as a result of ongoing effort to maintain operating expenses at current levels to avoid rate increases and a major capital contribution consisting of a water treatment facility recorded at cost of \$18,137,141 and donated by Lockheed Martin as a way to remediate contamination of the water basin the City use. For the fifth year in a row, the Sewer Fund ended the year with a negative change in net position of \$802,818, current revenues of \$3,592,431 are not sufficient to cover operating

expenses of \$4,420,067; ongoing repairs and maintenance of the facilities have required the use of resources to offset expenses, management will be conducting a rate study in the coming fiscal year and present the results to City Council for their consideration.

General Fund Budgetary Highlights

The actual expenditures of the *General Fund* at year-end were \$673,579 lower than the actual revenues. The positive budget-to-actual variance of \$784,916 in appropriations was due to reduced spending in refuse services due to a change in billing of commercial customers negotiated with the refuse hauler, general government salaries and benefits savings, senior center reduced operating expenditures, fire prevention reduced professional services costs and traffic safety reduced overtime and general operating expenditures. Actual revenues were \$369,144 higher than anticipated compared to the final budget, with the majority increases occurring in taxes - specifically property taxes now being received from the Successor Agency and higher business licenses taxes, licenses and permits – increased activity in building permits, miscellaneous – settlement funds received from a class action lawsuit, and use of money and property – lease payment for the Civic Center from the former Redevelopment Agency. Budget amendments and supplemental appropriations were made during the year to diminish budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget. The original revenue budget was increased by \$160,900 (including intergovernmental for grants awarded and miscellaneous for refund and reimbursements anticipated), while the expenditure appropriations budget was increased by \$351,781 for general government, public safety, fire and rescue services, planning activities and capital outlay anticipated needs, as of the final budget on June 30, 2013.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013, the City had \$98,877,188 invested in a broad range of capital assets, including fire and public safety equipment, buildings, land, park facilities, and roads (See Table 5 below).

Table 4
City of Loma Linda
Capital Assets at Year End
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Asset Type:						
Land	\$ 14,204,929	\$ 14,204,929	\$ 1,389,696	\$ 1,389,696	\$ 15,594,625	\$ 15,594,625
Construction in progress	2,213,894	392,436	92,575	-	2,306,469	392,436
Structures, machinery & equipment	14,988,295	16,191,576	11,169,267	12,279,024	26,157,562	28,470,600
Infrastructure	21,448,389	22,447,664	33,370,143	15,957,925	54,818,532	38,405,589
Total	\$ 52,855,507	\$ 53,236,605	\$ 46,021,681	\$ 29,626,645	\$ 98,877,188	\$ 82,863,250

The total increase in the City of Loma Linda investment in capital assets for fiscal year 2013 was 19.33% (a .72% decrease in *governmental activities* and 55.34% increase in *business-type activities*). The major capital assets added for *governmental activities* and *business-type activities* are indicated below.

Detailed information regarding capital assets activities can also be found in Notes 1i and 5 of the financial statements.

As shown in Table 5, below, *capital assets* current year activity decreased \$381,098 (net of depreciation) for *governmental activities* and increased \$16,395,036 (net of depreciation) for *business-type activities* for a total increase of \$16,013,938. In the *governmental activities* the decrease is a result of annual accumulated depreciation exceeding the amount of additions. Significant additions include \$1,660,443 in work in progress for widening of Stewart Street with major contribution from the Loma Linda University and \$158,558 added to the 9/11 Memorial constructed mainly through donations. Over the last few years, decreases in *business-type activities capital assets* (mainly in water operations) are due to depreciation and decreases in capital assets exceeding additions of new capital assets (construction or purchase); for the current year additions totaled \$18,451,989. The increase can be mainly attributed to a capital contribution recorded in the water fund. This contribution consists of a water treatment facility recorded at cost of \$18,137,141 and donated by Lockheed Martin as a legal measure to remediate contamination of the water basin used by the City. Deletions and depreciation totaled \$2,056,953 combined.

Table 5
City of Loma Linda
Schedule of Changes in Capital Assets/Infrastructure

Asset Type:	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	1,821,458	392,435	92,575	-	1,914,033	392,435
Structures, machinery and equipment	162,855	174,820	32,792	169,201	195,647	344,021
Infrastructure	-	917,868	18,326,622	583,195	18,326,622	1,501,063
Total Additions	1,984,313	1,485,123	18,451,989	752,396	20,436,302	2,237,519
Less: Decreases and depreciation	(2,365,411)	(2,767,783)	(2,056,953)	(1,431,698)	(4,422,364)	(4,199,481)
Capital Asset Increase/(Decrease)	\$ (381,098)	\$ (1,282,660)	\$ 16,395,036	\$ (679,302)	\$ 16,013,938	\$ (1,961,962)

Detailed information regarding capital assets activities can be found in Notes 1i and 5 of the financial statements.

Long-Term Debt

Governmental Activities - The City governmental funds have \$4,389,264 in outstanding long-term debt as of June 30, 2013. In fiscal year 2003, the City of Loma Linda and the Loma Linda Redevelopment Agency formed the Loma Linda Public Financing Authority, pursuant to a joint exercise of powers agreement dated September 10, 2002. This action allowed the City to issue \$10.2 million in Lease Revenue Refunding Bonds (to refund 1994 Certificates of Participation), which reduced annual debt service payments, and as of June 30, 2013 outstanding bond principal is \$2,760,000. Note 6 to the financial statements offer a more detailed view of governmental Long-Term Debt.

Business-type Activities - The enterprise funds have \$6,707,247 in outstanding long-term debt as of June 30, 2013. The water enterprise fund has bonded debt of \$6,625,000 consisting of the 1995 Variable Rate Water Revenue Refunding Bonds issued for \$10,000,000 with an outstanding balance of \$6,255,000; and the 1978 Water Bonds (General Obligation) with a current outstanding balance of \$10,000. Both bond issues are paid with water operating revenues and a portion of water development impact fees for excess capacity previous built into the water system. Additional detailed information for Bonds Payable is shown in Note 6 to the financial statements.

Table 6
City of Loma Linda
Long-Term Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Lease Revenue Refunding Bonds	\$ 2,760,000	\$ 3,615,000	\$ -	\$ -	\$ 2,760,000	\$ 3,615,000
1978 Water Bonds (General Obligation)	-	-	10,000	20,000	10,000	20,000
1995 Water Revenue Refunding Bonds	-	-	6,255,000	6,605,000	6,255,000	6,605,000
Compensated absences	584,916	587,928	279,242	249,305	864,158	837,233
JPIA Retrospective deposit	804,095	683,451	163,005	142,437	967,100	
Capital leases	271,894	300,113	-	-	271,894	300,113
Less: Unamortized loss on defeasance	(37,793)	(75,585)	-	-	(37,793)	(75,585)
Add: Unamortized bond premium	6,152	8,202	-	-	6,152	8,202
Add: Unamortized discount	-	-	-	-	-	-
Total	\$ 4,389,264	\$ 5,119,109	\$ 6,707,247	\$ 7,016,742	\$ 11,096,511	\$ 11,309,963

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

According to the Los Angeles County Economic Development Corp. (LAEDC), the Inland Empire (Riverside-San Bernardino) after experiencing a long, deep recession with high unemployment, decline in housing values and high numbers of foreclosures that contributed to the slow and lengthy economic recovery, since 2012 has shown promising indications of economic growth. The region is experiencing encouraging job growth and renewed interest in housing, construction, and manufacturing. The largest growth in the labor market are coming from leisure and hospitality, education and health care, professional and business services and trade, transportation and utilities, with losses still being experienced by some sections of construction and government. The unemployment rate has continued to drop from 12.4% in 2012 to 9.2% in 2013. The Inland Empire is projected to continue down the path of economic recovery in the years to come offering low-cost land, population growth and housing affordability.

Similar to what has been seen regionally, Loma Linda experienced the impacts of slight job growth with two major medical facilities within the community and seeing future growth with the addition of a new Veteran Administration (VA) medical facility in the pre-construction stages. The City is experiencing slight economic growth as employment starts to stabilize, consumer confidence increases resulting in consumer spending and increases to City revenues (sales tax, building permits and business licenses). In the past few years Loma Linda implemented cost cutting efforts to offset the loss in funding sources while still facing the challenges of increasing demands on city services (fire, police and general community services), and the ongoing maintenance of infrastructure expansion (parks, landscaping, streets, and utility services) that growth in the early 2000's brought to the community. Although, the City has seen growth in revenues it continues to operate in a lean, conservative capacity and is working on addressing the demands for services, with staff and designated committees implementing new policies and

working on economic development project proposals to maintain solid economic growth for the community, while preserving the necessary level of services.

On May 28, 2013, the City Council adopted the City of Loma Linda Operating and Capital Improvement Program (CIP) Budget for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013. The General Fund operating budget totals \$13,503,500, and is funded by operating revenue of \$12,134,100, and transfers in and other financing sources of \$1,415,000, yielding net increase to fund balance of \$45,600. The fund balance in the General Fund is expected to increase to \$9,874,300 with \$5,124,300 available and \$4,750,000 designated (committed or assigned) as budgetary reserves. The total City operating budget amounts to \$31,342,800, with total estimated resources available of \$30,657,700, for fiscal year 2013/2014. The approved CIP budget for fiscal year 2013/2014 totals \$5,972,700 with a five-year CIP investment plan estimated at \$25,400,900.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. For any questions about this report or additional financial information, please contact the City Manager and/or Finance Director/Treasurer of the City of Loma Linda, located at 25541 Barton Road, Loma Linda, CA 92354, (909) 799-2840, or visit their website at www.lomalinda-ca.gov.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF LOMA LINDA
Statement of Net position
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 19,042,132	\$ 3,338,083	\$ 22,380,215
Receivables:			
Accounts	687,565	1,041,123	1,728,688
Taxes	694,994	-	694,994
Interest	13,601	2,628	16,229
Contracts and loans	13,365,804	-	13,365,804
Internal balances	(1,550,856)	1,550,856	-
Due from other governments	200,362	-	200,362
Inventories	22,630	171,157	193,787
Prepaid items	41,923	151,552	193,475
Deferred charges	61,575	40,000	101,575
Land held for resale	4,167,914	-	4,167,914
Restricted assets:			
Cash and investments with fiscal agents	1,056,296	40,839	1,097,135
Capital assets:			
Non-depreciable	16,418,823	1,482,271	17,901,094
Depreciable, net	<u>36,436,684</u>	<u>44,539,410</u>	<u>80,976,094</u>
Total capital assets	<u>52,855,507</u>	<u>46,021,681</u>	<u>98,877,188</u>
Total assets	<u>90,659,447</u>	<u>52,357,919</u>	<u>143,017,366</u>
LIABILITIES			
Accounts payable	1,688,885	884,387	2,573,272
Interest payable - bonds	67,755	-	67,755
Accrued Liabilities	204,576	81,205	285,781
Due to other governments	599	-	599
Due to Successor Agency	2,273,000	-	2,273,000
Deposits payable	655,772	422,313	1,078,085
Unearned revenue	105,944	-	105,944
Noncurrent liabilities:			
Advances from the Loma Linda Successor Agency	897,896	13,577,261	14,475,157
Due within one year	1,042,702	505,628	1,548,330
Due in more than one year	3,346,562	6,201,619	9,548,181
Net OPEB obligation	<u>19,155</u>	<u>15,673</u>	<u>34,828</u>
Total liabilities	<u>10,302,846</u>	<u>21,688,086</u>	<u>31,990,932</u>
Net position			
Net investment in capital assets	49,923,947	39,756,681	89,680,628
Restricted for:			
Public works project	6,647,374	-	6,647,374
Public safety	3,904,811	-	3,904,811
Community development	17,856,279	-	17,856,279
General government	2,232	-	2,232
Debt service	1,207,017	40,839	1,247,856
Total restricted net position			
Unrestricted	814,941	(9,127,687)	(8,312,746)
Total Net Position	<u>\$ 80,356,601</u>	<u>\$ 30,669,833</u>	<u>\$ 111,026,434</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LOMA LINDA
Statement of Activities
For the year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Primary Government:					
Governmental activities:					
General government	\$ 1,770,611	\$ 2,265,114	\$ -	\$ -	\$ 2,265,114
Public safety	8,747,342	601,899	130,032	242	732,173
Community development	1,944,724	1,538,226	-	-	1,538,226
Public works	4,488,436	1,728,971	114,790	1,633,168	3,476,929
Interest on long-term debt	246,905	-	-	-	-
Total governmental activities	<u>17,198,018</u>	<u>6,134,210</u>	<u>244,822</u>	<u>1,633,410</u>	<u>8,012,442</u>
Business-type activities:					
Water acquisition	152,932	132,044	-	-	132,044
Water enterprise	6,113,936	4,734,114	-	18,249,598	22,983,712
Sewer capital	4,420,067	3,592,431	-	-	3,592,431
Loma Linda Connected Communities	981,448	287,944	-	-	287,944
Total business-type activities	<u>11,668,383</u>	<u>8,746,533</u>	<u>-</u>	<u>18,249,598</u>	<u>26,996,131</u>
Total primary government	<u>\$ 28,866,401</u>	<u>\$ 14,880,743</u>	<u>\$ 244,822</u>	<u>\$ 19,883,008</u>	<u>\$ 35,008,573</u>

General revenues:

Taxes:

Property tax, levied for general purpose

Sales tax

Franchise tax

Other taxes

Motor vehicle in lieu (unrestricted)

Investment revenue

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and Changes in Net Position
Primary Government**

Governmental Activities	Business-type Activities	Total
\$ 494,503	\$ -	\$ 494,503
(8,015,169)	-	(8,015,169)
(406,498)	-	(406,498)
(1,011,507)	-	(1,011,507)
(246,905)	-	(246,905)
<u>(9,185,576)</u>	<u>-</u>	<u>(9,185,576)</u>
-	(20,888)	(20,888)
-	16,869,776	16,869,776
-	(827,636)	(827,636)
-	(693,504)	(693,504)
<u>-</u>	<u>15,327,748</u>	<u>15,327,748</u>
<u>(9,185,576)</u>	<u>15,327,748</u>	<u>6,142,172</u>
2,205,347	-	2,205,347
3,864,216	-	3,864,216
778,424	-	778,424
734,611	-	734,611
1,661,319	-	1,661,319
208,226	11,789	220,015
60,069	578,584	638,653
<u>9,512,212</u>	<u>590,373</u>	<u>10,102,585</u>
326,636	15,918,121	16,244,757
<u>80,029,965</u>	<u>14,751,712</u>	<u>94,781,677</u>
<u>\$ 80,356,601</u>	<u>\$ 30,669,833</u>	<u>\$ 111,026,434</u>

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Governmental Fund Financial Statements

General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Loma Linda Housing Authority - Special Revenue Fund accounts for low/mod housing activities and is funded through re-payments of existing housing loans.

Special Projects Construction - Capital Projects Fund accounts for special or extraordinary projects, activities and allocations that might be recommended by staff and determined needed by the City Council.

Park Development - Capital Projects Fund accounts for developer fees collected and expended for future park development and acquisition.

CITY OF LOMA LINDA
Balance Sheet
Governmental Funds
June 30, 2013

	General	Special Revenue Fund	Capital Projects Funds
		Loma Linda Housing Authority	Special Projects Construction
ASSETS			
Cash and investments	\$ 10,256,156	\$ 222,115	\$ 823,321
Receivables:			
Accounts	273,130	575	49
Taxes	634,761	-	-
Interest	5,299	3,087	492
Contract and loans	9,659	13,353,323	2,822
Due from other funds	237,272	-	3,769
Due from other governments	95,525	-	-
Inventories	22,630	-	-
Prepaid items	1,319	-	40,584
Land held for resale	-	4,167,914	-
Advances to other funds	-	-	3,250,000
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total assets	\$ 11,535,751	\$ 17,747,014	\$ 4,121,037
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 613,207	\$ 20,464	\$ -
Accrued liabilities	201,319	-	-
Due to other funds	-	-	-
Due to other governments	599	-	-
Due to Successor Agency	-	-	2,273,000
Deposits payable	569,980	69,441	1,500
Deferred revenue	101,500	-	-
Unearned revenue	-	-	-
Advances from other funds	-	-	2,200,000
Advances from the Loma Linda Successor Agency	-	-	897,896
Total liabilities	1,486,605	89,905	5,372,396
Fund balances (deficit):			
Non spendable:			
Inventories	22,630	-	-
Prepaid items	1,319	-	-
Restricted for:			
Cultural and recreational	-	-	-
Public safety	35,743	-	-
Street improvements	-	-	-
Storm drains	-	-	-
Municipal facilities	-	-	-
Air quality management	-	-	-
General government	2,232	-	-
Debt service	-	-	-
Low/mod housing programs	-	17,657,109	-
Committed for:			
Emergency contingency	3,500,000	-	-
Assigned for:			
Refuse services	87,941	-	-
Fire equipment replacement	78,102	-	-
Capital equipment replacement	1,250,000	-	-
Unassigned	5,071,179	-	(1,251,359)
Total fund balances (deficit)	10,049,146	17,657,109	(1,251,359)
Total liabilities and fund balances (deficit)	\$ 11,535,751	\$ 17,747,014	\$ 4,121,037

The accompanying notes are an integral part of these financial statements.

<u>Capital Projects Funds</u> <u>Park</u> <u>Development</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ 377,240	\$ 7,363,300	\$ 19,042,132
-	413,811	687,565
-	60,233	694,994
219	4,504	13,601
-	-	13,365,804
-	209,192	450,233
-	104,837	200,362
-	-	22,630
-	20	41,923
-	-	4,167,914
-	500,000	3,750,000
-	1,056,296	1,056,296
<u>\$ 377,459</u>	<u>\$ 9,712,193</u>	<u>\$ 43,493,454</u>
\$ -	\$ 1,055,214	\$ 1,688,885
-	3,257	204,576
-	301,089	301,089
-	-	599
-	-	2,273,000
510	14,341	655,772
-	20,776	122,276
-	105,944	105,944
3,250,000	-	5,450,000
-	-	897,896
<u>3,250,510</u>	<u>1,500,621</u>	<u>11,700,037</u>
-	-	22,630
-	20	1,339
-	284,673	284,673
-	369,068	404,811
-	5,561,625	5,561,625
-	749,230	749,230
-	336,519	336,519
-	73,431	73,431
-	-	2,232
-	1,207,017	1,207,017
-	199,170	17,856,279
-	-	3,500,000
-	-	87,941
-	-	78,102
-	-	1,250,000
(2,873,051)	(569,181)	377,588
<u>(2,873,051)</u>	<u>8,211,572</u>	<u>31,793,417</u>
<u>\$ 377,459</u>	<u>\$ 9,712,193</u>	<u>\$ 43,493,454</u>

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CITY OF LOMA LINDA
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2013

Fund Balances - Total Governmental Funds	<u>\$ 31,793,417</u>
Amounts reported for governmental activities in the statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the governmental funds.	<u>52,855,507</u>
Long-term Liabilities are not due and payable in the current period. Therefore they are not reported in the governmental funds:	
Long term liabilities, net of unamortized loss of defeasance, premium and discount	(3,804,348)
Compensated absences	(584,916)
Net OPEB liability	<u>(19,155)</u>
	<u>(4,408,419)</u>
Bond issuance costs from issuing debt are expenditures in the governmental funds. However, they are deferred and subject to capitalization and amortization in the Government-Wide Financial Statements.	61,575
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds	
Interest Payable - Bonds	(56,553)
Interest Payable - Capital Lease	<u>(11,202)</u>
	<u>(67,755)</u>
Revenues are recorded as deferred revenue in the governmental funds because they do not meet the revenue recognition criteria. However, they are classified as revenues in the Government-Wide Financial Statements	<u>122,276</u>
Net Position of Governmental Activities	<u><u>\$ 80,356,601</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF LOMA LINDA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year ended June 30, 2013

	General	Special Revenue Fund Housing Authority	Capital Projects Funds Special Projects Construction
REVENUES			
Taxes	\$ 6,500,890	\$ -	\$ -
Licenses and permits	318,636	-	-
Intergovernmental	1,683,102	-	-
Charges for services	1,644,371	1,438	-
Use of money and property	432,600	162,556	3,523
Fines and forfeitures	17,694	-	-
Miscellaneous	2,452,251	3,159	18,750
Developer fees	-	-	-
Total revenues	13,049,544	167,153	22,273
EXPENDITURES			
Current:			
General government	1,006,682	-	-
Public safety	8,293,165	-	-
Community development	974,036	191,266	-
Public works	1,845,264	-	-
Capital outlay	256,818	6,304	-
Debt service:			
Principal retirement	-	-	28,220
Interest and fiscal charges	-	-	52,615
Total expenditures	12,375,965	197,570	80,835
REVENUES OVER (UNDER) EXPENDITURES	673,579	(30,417)	(58,562)
OTHER FINANCING SOURCES (USES):			
Proceed from disposal of assets	-	8,645	-
Transfers in	1,337,133	-	-
Transfers out	(1,029,743)	-	(482,960)
Total other financing (uses) sources	307,390	8,645	(482,960)
Net change in fund balances	980,969	(21,772)	(541,522)
FUND BALANCE (Deficit):			
Beginning of year	9,068,177	17,678,881	(709,837)
End of year	\$ 10,049,146	\$ 17,657,109	\$ (1,251,359)

The accompanying notes are an integral part of these financial statements.

<u>Capital Projects Funds</u>	<u>Non major</u>	<u>Total</u>
<u>Park</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
\$ -	\$ 1,081,708	\$ 7,582,598
-	-	318,636
-	856,452	2,539,554
-	8,082	1,653,891
788	25,219	624,686
-	161,463	179,157
-	1,005,036	3,479,196
203,078	924,697	1,127,775
<u>203,866</u>	<u>4,062,657</u>	<u>17,505,493</u>
-	3,750	1,010,432
-	39,842	8,333,007
-	470,127	1,635,429
3,865	376,524	2,225,653
19,317	2,855,223	3,137,662
-	855,000	883,220
-	155,004	207,619
<u>23,182</u>	<u>4,755,470</u>	<u>17,433,022</u>
<u>180,684</u>	<u>(692,813)</u>	<u>72,471</u>
10,515	-	19,160
-	1,029,743	2,366,876
-	(854,173)	(2,366,876)
<u>10,515</u>	<u>175,570</u>	<u>19,160</u>
191,199	(517,243)	91,631
(3,064,250)	8,728,815	31,701,786
<u>\$ (2,873,051)</u>	<u>\$ 8,211,572</u>	<u>\$ 31,793,417</u>

CITY OF LOMA LINDA

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Activities and Changes in Net position For the year ended June 30, 2013

Net change in Fund Balance - Total Governmental Funds			\$ 91,631
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:			
	<u>Capital Outlay</u>	<u>Repairs and Maintenance</u>	
Governmental funds report capital outlays as expenditures. However, in the Government Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period:			
Capital outlays	\$ 3,137,662	(1,153,349)	<u>1,984,313</u>
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.			
			(2,365,411)
Amortization expense is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, amortization expense is not reported as an expenditure in the governmental funds.			
Amortization of deferred charges		\$ (20,524)	
Amortization of loss of defeasance		(37,793)	
Amortization of bond premium		<u>2,050</u>	<u>(56,267)</u>
Proceeds from long-term debt provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.			
OPEB liability Increase		\$ (807)	
JPIA insurance rolling retro increase		(120,644)	
Principal payment of capital lease		28,220	
Principal payment of bonds		<u>855,000</u>	<u>761,769</u>
Long-term compensated absences is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, long-term compensated absences is not reported as an expenditure in the governmental funds. The reconciling amount is the decrease in long term compensated absences from the prior year.			
			3,012
Accrued interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, interest expense is not reported as an expenditure in the governmental funds. The reconciling amount is the change in accrued interest from the prior year.			
			16,981
Certain revenues are recorded as deferred revenue in the governmental funds because they do not meet the revenue recognition criteria of availability. However, they are included as revenue in the Governmental-Wide Statement of Activities.			
			<u>(109,392)</u>
Change in Net Position of Governmental Activities			<u><u>\$ 326,636</u></u>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Financial Statements

Water Acquisition Fund accounts for developer fees collected to pay for the expansion of the water system and for debt service on qualifying projects.

Water Enterprise Fund is used to account for water production, distribution and meters.

Sewer Capital Fund accounts for the operation and maintenance of the City's sewer, storm drain and catch basin systems.

Loma Linda Connected Communities Program Fund provides Loma Linda residents and businesses with the opportunities for voice, data, video, multimedia, home automation systems, environmental control, security, audio, television, sensors, alarms and intercom services. The program establishes the standardized requirements for residential and commercial telecommunications cabling systems. The initial intent is to connect new development to the system, but the long-term goal is to eventually retrofit and extend these services to the entire community.

CITY OF LOMA LINDA
Statement of Net Position
Proprietary Funds
June 30, 2013

	Enterprise Funds				Total
	Water Acquisition	Water Enterprise	Sewer Capital	Loma Linda Connected Communities	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,400,661	\$ 1,510,034	\$ 201,442	\$ 225,946	\$ 3,338,083
Receivables:					
Accounts	-	574,675	450,901	15,547	1,041,123
Interest	804	1,596	107	121	2,628
Inventories	-	170,791	366	-	171,157
Due from other funds	-	721,416	-	-	721,416
Prepaid items	-	112,957	156	38,439	151,552
Deferred charges	-	40,000	-	-	40,000
Total current assets	<u>1,401,465</u>	<u>3,131,469</u>	<u>652,972</u>	<u>280,053</u>	<u>5,465,959</u>
Noncurrent assets:					
Advances to other funds	1,700,000	9,626	-	-	1,709,626
Restricted assets:					
Cash and investments with fiscal agents	-	40,839	-	-	40,839
Capital assets:					
Non-depreciable	-	1,482,271	-	-	1,482,271
Depreciable, net	-	35,274,785	3,972,029	5,292,596	44,539,410
Total capital asset	<u>-</u>	<u>36,757,056</u>	<u>3,972,029</u>	<u>5,292,596</u>	<u>46,021,681</u>
Total noncurrent assets	<u>1,700,000</u>	<u>36,807,521</u>	<u>3,972,029</u>	<u>5,292,596</u>	<u>47,772,146</u>
Total assets	<u>3,101,465</u>	<u>39,938,990</u>	<u>4,625,001</u>	<u>5,572,649</u>	<u>53,238,105</u>
LIABILITIES					
Current liabilities:					
Accounts payable	147,416	304,751	421,158	11,062	884,387
Accrued liabilities	-	52,141	22,425	6,639	81,205
Deposits payable	16,581	155,902	223,684	26,146	422,313
Due to other funds	-	-	870,560	-	870,560
Long-term debt - due within one year	-	464,236	33,709	7,683	505,628
Total current liabilities	<u>163,997</u>	<u>977,030</u>	<u>1,571,536</u>	<u>51,530</u>	<u>2,764,093</u>
Noncurrent liabilities:					
Advances from other funds	-	-	-	9,626	9,626
Advances from Loma Linda Successor Agency	-	-	-	13,577,261	13,577,261
Long-term debt - due in more than one year	-	6,083,520	99,634	18,465	6,201,619
Net OPEB obligation	-	9,404	4,545	1,724	15,673
Total noncurrent liabilities	<u>-</u>	<u>6,092,924</u>	<u>104,179</u>	<u>13,607,076</u>	<u>19,804,179</u>
Total liabilities	<u>163,997</u>	<u>7,069,954</u>	<u>1,675,715</u>	<u>13,658,606</u>	<u>22,568,272</u>
NET POSITION (DEFICIT)					
Net investment in capital assets	-	30,492,056	3,972,029	5,292,596	39,756,681
Restricted for: debt service	-	40,839	-	-	40,839
Unrestricted	<u>2,937,468</u>	<u>2,336,141</u>	<u>(1,022,743)</u>	<u>(13,378,553)</u>	<u>(9,127,687)</u>
Total net position (deficit)	<u>\$ 2,937,468</u>	<u>\$ 32,869,036</u>	<u>\$ 2,949,286</u>	<u>\$ (8,085,957)</u>	<u>\$ 30,669,833</u>

The accompanying notes are an integral part of these financial statements

CITY OF LOMA LINDA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2013

	Enterprise Funds				Total
	Water Acquisition	Water Enterprise	Sewer Capital	Loma Linda Connected Communities	
OPERATING REVENUES					
Charges for services	\$ 132,044	\$ 4,734,114	\$ 3,592,431	\$ 287,944	\$ 8,746,533
Miscellaneous	-	554,263	24,321	-	578,584
Total operating revenues	<u>132,044</u>	<u>5,288,377</u>	<u>3,616,752</u>	<u>287,944</u>	<u>9,325,117</u>
OPERATING EXPENSES					
Treatment	-	-	3,348,750	-	3,348,750
Cost of sales and services	152,932	3,078,918	-	79,755	3,311,605
Administration and general	-	1,559,436	703,295	114,852	2,377,583
Depreciation	-	1,463,972	368,022	224,959	2,056,953
Total operating expenses	<u>152,932</u>	<u>6,102,326</u>	<u>4,420,067</u>	<u>419,566</u>	<u>11,094,891</u>
Operating change in net position (deficit)	<u>(20,888)</u>	<u>(813,949)</u>	<u>(803,315)</u>	<u>(131,622)</u>	<u>(1,769,774)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	3,795	6,958	497	539	11,789
Interest expense	-	(11,610)	-	(561,882)	(573,492)
Net nonoperating revenues (expenses)	<u>3,795</u>	<u>(4,652)</u>	<u>497</u>	<u>(561,343)</u>	<u>(561,703)</u>
Net position (deficit) before contributions and transfers	<u>(17,093)</u>	<u>(818,601)</u>	<u>(802,818)</u>	<u>(692,965)</u>	<u>(2,331,477)</u>
OPERATING TRANSFERS AND CONTRIBUTIONS					
Capital contributions	-	18,249,598	-	-	18,249,598
Total operating transfers and contributions	<u>-</u>	<u>18,249,598</u>	<u>-</u>	<u>-</u>	<u>18,249,598</u>
Net change in net position	<u>(17,093)</u>	<u>17,430,997</u>	<u>(802,818)</u>	<u>(692,965)</u>	<u>15,918,121</u>
NET POSITION (DEFICIT):					
Beginning of year	2,954,561	15,438,039	3,752,104	(7,392,992)	14,751,712
End of year	<u>\$ 2,937,468</u>	<u>\$ 32,869,036</u>	<u>\$ 2,949,286</u>	<u>\$ (8,085,957)</u>	<u>\$ 30,669,833</u>

The accompanying notes are an integral part of these financial statements

CITY OF LOMA LINDA
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2013

	Enterprise Funds				Total
	Water Acquisition	Water Enterprise	Sewer Capital	Loma Linda Connected Communities	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 132,044	\$ 4,867,814	\$ 4,204,573	\$ 288,688	\$ 9,493,119
Payments to suppliers for operations	(5,516)	(2,929,078)	(3,312,255)	(118,976)	(6,365,825)
Payments for general and administrative expenses	-	(1,571,367)	(708,073)	(113,696)	(2,393,136)
Net cash provided by operating activities	126,528	367,369	184,245	56,016	734,158
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances	-	-	-	561,882	561,882
Net cash provided by noncapital financing activities	-	-	-	561,882	561,882
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	(182,161)	(4,359)	(15,871)	(202,391)
Customer deposits	-	-	(880)	(723)	(1,603)
Principal paid on long-term debt	-	(329,575)	14,892	3,234	(311,449)
Interest paid on long-term debt	-	(9,560)	-	(561,882)	(571,442)
Net cash provided (used) by capital and related financing activities	-	(521,296)	9,653	(575,242)	(1,086,885)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	4,090	7,263	507	565	12,425
Net cash provided by investing activities	4,090	7,263	507	565	12,425
Net increase (decrease) in cash and equivalents	130,618	(146,664)	194,405	43,221	221,580
CASH AND CASH EQUIVALENTS					
Beginning of year	1,270,043	1,697,537	7,037	182,725	3,157,342
End of year	\$ 1,400,661	\$ 1,550,873	\$ 201,442	\$ 225,946	\$ 3,378,922

The accompanying notes are an integral part of these financial statements

CITY OF LOMA LINDA
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2013

**RECONCILIATION OF CHANGE IN NET POSITION
(DEFICIT) TO NET CASH PROVIDED**

BY OPERATING ACTIVITIES

Operating change in net position	\$	(20,888)	\$	(813,949)	\$	(803,315)	\$	(131,622)	\$	(1,769,774)
Adjustments to reconcile operating change in net position to net cash provided by operating activities:										
Depreciation		-		1,463,972		368,022		224,959		2,056,953
(Increase) decrease in accounts receivable		-		54,084		(82,739)		744		(27,911)
(Increase) decrease in due from other funds		-		(521,416)		157,585		-		(363,831)
(Increase) decrease in inventories		-		(27,666)		(24)		-		(27,690)
(Increase) decrease in prepaid items		-		74,607		35,661		(30,680)		79,588
Increase (decrease) in accounts payable		147,416		102,899		858		(8,541)		242,632
Increase (decrease) in accrued liabilities		-		(11,931)		(4,778)		1,156		(15,553)
Increase (decrease) in deposits payable		-		46,769		-		-		46,769
Increase (decrease) in due to other funds		-		-		512,975		-		512,975
Total adjustments		147,416		1,181,318		987,560		187,638		2,503,932
Net cash provided by operating activities	\$	126,528	\$	367,369	\$	184,245	\$	56,016	\$	734,158

DISCLOSURE OF NON-CASH TRANSACTION

Contribution of capital assets	\$	-	\$	18,249,598	\$	-	\$	-	\$	18,249,598
Total non-cash transactions	\$	-	\$	18,249,598	\$	-	\$	-	\$	18,249,598

The accompanying notes are an integral part of these financial statements

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Fiduciary Fund Financial Statements

Fiduciary Funds - The Fiduciary Funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Agency Funds - The Agency Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

Private Purpose Trust Fund - The Private Purpose Trust Fund is used to report resources of other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The Private Purpose Trust Fund reflects the activities of the Successor Agency to the former Loma Linda Redevelopment Agency.

CITY OF LOMA LINDA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Agency Funds	Private Purpose Trust Fund
ASSETS		
Cash and investments	\$ 83,532	\$ 6,030,944
Receivables:		
Interest	-	4,115
Contract and loans	-	79,862
Deferred charges	-	1,149,046
Due from other governments	-	22,731
Due from City of Loma Linda	-	2,273,000
Land held for resale	-	6,414,512
Advances to the City of Loma Linda	-	14,475,157
Restricted assets:		
Cash and investments with fiscal agents	-	3,373,327
Total assets	<u>\$ 83,532</u>	<u>33,822,694</u>
LIABILITIES		
Accounts payable	\$ 29	61,502
Interest payable	83,503	1,127,271
Deposits payable	-	30,986
Long term debt	-	38,635,613
Total liabilities	<u>\$ 83,532</u>	<u>39,855,372</u>
NET POSITION		
Deficiency in Net Position held in trust		<u>\$ (6,032,678)</u>

The accompanying notes are an integral part of these financial statements

CITY OF LOMA LINDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Private Purpose Trust Fund
For the year ended June 30, 2013

	Private Purpose Trust Fund
ADDITIONS	
Property taxes	\$ 4,109,510
Use of money and property	<u>653,303</u>
Total additions	<u>4,762,813</u>
DEDUCTIONS	
General and administrative	704,712
Pass-thru payments	753,023
Debt service:	
Interest and fiscal charges	<u>2,520,654</u>
Total deductions	<u>3,978,389</u>
Change in net position	784,424
NET POSITION (Deficit):	
Beginning of year	<u>(6,817,102)</u>
End of year	<u>\$ (6,032,678)</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Loma Linda, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Loma Linda, California (City), was incorporated on September 29, 1970 under the laws of the State of California. The City became a chartered City in 1981. It is governed by an elected five-member City Council. As required by generally accepted accounting principles (GAAP), the accompanying financial statements present the City and its component units. GASB Statement No. 14, The Financial Reporting Entity, defines component units as legally separate entities that meet any one of the following tests:

- The City appoints the voting majority of the board of the component unit and:
 - is able to impose its will on the component unit and/or
 - is in a relationship of financial benefit or burden with the component unit.
- The component unit is fiscally dependent upon the City.
- The financial statements of the City would be misleading if data from the component unit were omitted.

Blended component units, although legally separate entities, are, in substance, part of the City's operations, and data from these units are combined with data of the primary government. Based on the criteria above, the City has two component units, both of which are blended component units. These component units are described as follows:

Loma Linda Public Financing Authority - The Loma Linda Public Financing Authority (Authority) was established on September 10, 2002 pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code in order to jointly exercise powers of the Agency and the City and to establish a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments

Loma Linda Housing Authority - The City of Loma Linda Housing Authority (the Housing Authority) was established by the City Council on January 10, 2012, and is responsible for the administration of providing affordable housing in the City. The Housing Authority is governed by a five-member Board of Directors which consists of members of the City Council. The Housing Authority's financial transactions are reported in the Special Revenue Fund.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, continued

Since the City Council serves as the governing board for these component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the interfund data of the primary government. These component units do not issue separate component unit financial statements.

B. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

The Government-Wide Financial Statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables including the corresponding deferred revenues. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, continued

- Due to and from other funds
- Advances to and from other funds
- Transfers in and out

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

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-Wide financial statements. The City has presented all major funds that met the qualifications for major fund reporting.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, continued

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end, except sales tax which is considered available if collected within 90 days) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, taxpayer-assessed tax revenues (transient occupancy taxes, franchise taxes, etc.), certain grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

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

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements continued

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net position. The Statement of Revenues, Expenses and Changes in Fund Net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

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 proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position. The City's Fiduciary Funds represent:

Agency Funds – are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds are accounted for using the accrual basis of accounting.

Private Purpose Trust Fund – report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Private purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. This fund is used to report the assets, liabilities, and activities of the City of Loma Linda Redevelopment Agency Successor Agency.

Major Funds

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Major Funds continued

The Loma Linda Housing Authority is responsible for the administration of providing affordable housing in the City.

The Special Projects Construction Capital Projects Fund accounts for special or extraordinary projects, activities and allocations that might be recommended by staff and determined needed by the City Council.

The Park Development Capital Projects Fund accounts for developer fees collected and expended for future park development and acquisition.

The City reports the following major proprietary funds:

The Water Acquisition Fund accounts for developer fees collected to pay for the expansion of the water system and for debt service on qualifying projects.

The Water Enterprise Fund is used to account for water production, distribution and meters.

The Sewer Capital Fund accounts for the operation and maintenance of the City's sewer, storm drain and catch basin systems.

The Loma Linda Connected Communities Fund provides Loma Linda residents and businesses with the opportunities for voice, data, video, multimedia, home automation systems, environmental control, security, audio, television, sensors, alarms and intercom services. The program establishes the standardized requirements for residential and commercial telecommunications cabling systems. The initial intent is to connect new development to the system, but the long-term goal is to eventually retrofit and extend these services to the entire community.

Additionally, the City reports the following fiduciary funds:

Agency Funds – These funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

Private Purpose Trust Fund – This fund is used to account for the assets, liabilities, and activities of the Successor Agency to the former City of Loma Linda Redevelopment Agency.

C. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

All cash and investments of proprietary funds are held in the City's investment pool. Therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for the purpose of the statement of cash flows as these cash pools have the general characteristics of a demand deposit account. In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates.

In accordance with GASB Statement No. 40, Deposit and Investment Disclosures (Amendment of GASB No. 3), certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Receivables

All receivables, contracts, loans and accounts are shown net of an allowance for doubtful accounts. In the proprietary funds, the City accrues for unbilled water and sewer services at year-end.

F. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans)." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund services provided and used are accounted for as revenue, expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursed fund. All other interfund transactions, except interfund services provided and used, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers.

G. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in the General Fund consist of expendable supplies held for consumption, whereas in the Enterprise Funds it represents water supplies in the water utility. Inventory costs are recorded as expenditures when used.

The General Fund inventory is accounted for on the consumption method and is equally offset by a reservation of fund balance in the fund-level statements, which indicates that it does not constitute "available spendable resources".

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Cash and Investments with Fiscal Agents

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Capital Assets

Government-Wide Financial statements - capital assets, which include land, structures and improvements, machinery and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and construction in progress are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed and donated capital assets are valued at their estimated fair market value on the date contributed.

For infrastructure systems, the City elected to use the "Basic Approach" as defined by GASB Statement No. 34 for infrastructure reporting.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Type of asset	Years
Structures and improvements	15-50
Machinery and equipment	3-10
Infrastructure	20-50

Fund Financial Statements - The fund financial statements do not present capital assets. Consequently, capital assets are presented as reconciling items in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for all fund types.

K. Unearned/Deferred Revenue

In the Government-Wide Financial Statements, unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are prepaid charges for services.

In the Fund Financial Statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which deferred revenue is recorded are grants received but not yet earned or available, long-term loans receivables, and prepaid charges for services.

L. Compensated Absences

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally an employee cannot accrue more than 26 to 46 days depending on length of employment.

Sick leave is payable when an employee is unable to work because of illness. Upon termination an employee will be paid one-third of unused sick leave up to 344 hours for miscellaneous employees and 516 hours for safety employees. Sick leave hours earned above the maximum are paid out on a one-for-one basis.

All vacation and one-third of sick leave pay is accrued when incurred in the Government-Wide Financial Statements and Proprietary Funds.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Long-Term Debt

Government-Wide Financial Statements - Long-term debt and other financial obligations are reported as liabilities in the appropriate funds. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

Fund Financial Statements - The fund financial statements do not present long-term debt. As such, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

N. Net Position

In the Government-Wide Financial Statements, Net Position are classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of “net invested in capital assets” or “restricted net position.”

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Fund Balance

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the City Manager for that purpose.

Unassigned – This category is for any balances that have no restrictions placed upon them.

When expenditures are incurred for purposes for which all restricted, committed, assigned and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Committed
- Assigned
- Unassigned

A City Council Action is the formal action required by the Government to establish and modify or rescind a fund balance commitment.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Property Taxes

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of San Bernardino collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent if unpaid on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

Q. Use of Estimates

The preparation of the basic financial statements in conformity with GAAP generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

R. New GASB Pronouncements

In the current fiscal year the City implemented Statement Number 63 of the Governmental Accounting Standards Board (GASB) – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.

Note 2: CASH AND INVESTMENTS

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested by the City Treasurer to enhance interest earnings. The City has the following cash and investments at June 30, 2013:

	Government-Wide Statements		Fiduciary Funds Statements		Totals
	Governmental Activities	Business-Type Activities	Agency Funds	Private Purpose Trust Fund	
Cash and investments	\$ 19,042,132	\$ 3,338,083	\$ 83,532	\$ 6,030,944	\$ 28,494,691
Restricted cash and investments	1,056,296	40,839	-	3,373,327	4,470,462
	<u>\$ 20,098,428</u>	<u>\$ 3,378,922</u>	<u>\$ 83,532</u>	<u>\$ 9,404,271</u>	<u>\$ 32,965,153</u>

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 2: CASH AND INVESTMENTS, Continued

The City's cash and investments at June 30, 2013 in more detail were as follows:

Cash and Cash equivalents	
Petty Cash	\$ 1,350
Demand Deposits	<u>1,046,335</u>
Total Cash and Cash equivalents	<u>1,047,685</u>
Investments	
Local Agency Investment Fund	<u>27,447,006</u>
Total cash and investments	<u>28,494,691</u>
Cash and investments with Fiscal Agents	<u>4,470,462</u>
Total	<u>\$ 32,965,153</u>

A. Deposits

The carrying amounts of the City's demand deposits were \$1,046,335 at June 30, 2013. Bank balances before reconciling items were \$1,194,116 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code (Code) requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 2: CASH AND INVESTMENTS, Continued

B. Investments

Under the provisions of the City's investment policy, and in accordance with the Code, the following investments were authorized:

- Securities of the U.S. Government, or its agencies
- Certificates of Deposits (or Time Deposits)
- State of California Local Agency Investment Fund (LAIF)
- Other investments that are approved through the State of California Government Code

As of June 30, 2013, the City had \$27,447,006 invested in LAIF. The City has complied with the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investments Pools. No current adjustments have been made to the accompanying basic financial statements, because the City's investments were only in LAIF and the fair value adjustment was immaterial.

The City's investments with LAIF at June 30, 2013 included 1.88% of the pooled funds invested in structured notes and asset-backed securities. This is a decrease of .87% from the prior year. These investments included the following:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

C. Investments Authorized by Debt Agreements

Investment of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the Code or the City's investment policy.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 2: CASH AND INVESTMENTS, Continued

D. Risk Disclosures

Interest Rate Risk – The City’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to invest all in LAIF which has a maturity of less than one year.

<u>External Pool:</u>	<u>Fair Value</u>	<u>Invested Maturities in Years</u> <u>Less than 1 Year</u>
State of California - Local Agency Investment Fund	\$ 27,447,006	\$ 27,447,006

Credit Risk – As of June 30, 2013, the City’s investments in external investment pools are unrated.

Custodial Credit Risk – For deposits, custodial credit risk is the risk that, in the event of the failure of a deposit 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. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the provision for deposits stated in Note 2A. \$262,354 of the City’s deposits with financial institutions was in excess of the FDIC limits however, the City’s bank participates in the FDIC’s temporary Transaction Account Guarantee Program which provides unlimited coverage. Of the City’s investments, \$1,097,135 of securities was held by the counterparty’s trust department, the trustee for the bonds, not in the name of the City as of June 30, 2013.

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 Code. Although the City’s policy allows other forms of investments, per City Council direction, the City currently only invests in LAIF.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 3: CONTRACTS AND LOANS RECEIVABLE

Contracts and loans receivable consisted of the following at June 30, 2013:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Big Bear Valley Water Stock	\$ 1,075	\$ -	\$ -	\$ 1,075
Computer Loan	17,599	-	(14,777)	2,822
LL Chamber of Commerce Loan	-	8,584	-	8,584
Deferred Housing Plan	105,111	-	(7,303)	97,808
Developers Loans	9,022,889	-	-	9,022,889
First Time Homebuyers	3,613,279	712,482	(103,655)	4,222,106
Housing Loans/Grants	16,400	-	(5,880)	10,520
Total	<u>\$ 12,776,353</u>	<u>\$ 721,066</u>	<u>\$ (131,615)</u>	<u>\$ 13,365,804</u>

Note 4: INTERFUND TRANSACTIONS

A. Fund Financial Statements

Due To/Due From Other Funds - At June 30, 2013, the City had the following due to/from other funds:

Due From Other Funds	Due To Other Funds		
	Governmental Funds	Enterprise Funds	Total
	Nonmajor Governmental	Sewer Capital	
Governmental Funds:			
General Fund	\$ 88,128	\$ 149,144	\$ 237,272
Special Projects Construction	3,769	-	3,769
Nonmajor Governmental	209,192	-	209,192
Enterprise Funds:			
Water Enterprise	-	721,416	721,416
Total	<u>\$ 301,089</u>	<u>\$ 870,560</u>	<u>\$ 1,171,649</u>

The Due to the General fund, from Nonmajor Governmental funds totaling \$301,089 as well as \$149,144 from Sewer Capital were to assist with negative cash during operations.

The Due to Special Projects Construction fund from various Nonmajor Governmental funds in the amount of \$3,769 was to assist in covering negative cash.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 4: INTERFUND TRANSACTIONS, Continued

A. Fund Financial Statements, Continued

The amounts Due to Water Enterprise Fund from Sewer Capital Fund totals \$721,416. \$500,000 was to acquire funds to assist the Parks Fund with the acquisition of the open space property in the City's South Hills and \$221,416 was to assist with negative cash during operations.

Advances To/From Other Funds - At June 30, 2013, the City had the following advances to/from other funds:

	Advance From Other Funds			Total
	Governmental Funds		Enterprise Funds	
Advances To Other Funds	Special Projects Construction	Park Development	Connected Communities	
Governmental Funds:				
Special Projects Construction	\$ -	\$ 3,250,000	\$ -	\$ 3,250,000
Nonmajor Governmental	500,000	-	-	500,000
Enterprise Funds:				
Water Acquisition	1,700,000	-	-	1,700,000
Water Enterprise	-	-	9,626	9,626
Total	<u>\$ 2,200,000</u>	<u>\$ 3,250,000</u>	<u>\$ 9,626</u>	<u>\$ 5,459,626</u>

The advance receivable in the Water Enterprise Fund is payable by the Loma Linda Connected Communities Fund for interest accrued on loans made to fund startup costs and operations.

The remaining advances to and from governmental funds and enterprise funds were to acquire funds to assist the Parks Fund with the acquisition of the open space property in the City's South Hills.

Transfers - At June 30, 2013, the City had the following transfers in/out:

Fund receiving transfers	Fund making transfers	Amount
General Fund	Special Projects Construction	\$ 482,960
	Nonmajor funds	854,173
		<u>1,337,133</u>
Nonmajor funds	General Fund	1,029,743
		<u>1,029,743</u>
	Total transfers in Governmental Funds	<u>\$ 2,366,876</u>

During the year certain Nonmajor Governmental funds made payments in the amount of \$854,173 to the General Fund for funding traffic safety expenses, reimburse grant expenditures incurred, and reimburse debt service payments associated with capital project funds.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 4. INTERFUND TRANSACTIONS, Continued

Transfers from the Special Projects Construction Fund in the amount of \$482,960 to the General Fund were used to make the Civic Center lease payment.

Transfers from the General Fund to non major funds consist of \$999,743 to make the Civic Center Lease payment and \$30,000 to assist the Land Maintenance District with operations.

Note 5: CAPITAL ASSETS

The following is a summary of capital assets for the governmental activities:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 14,204,929	\$ -	\$ -	\$ 14,204,929
Construction in progress	392,436	1,821,458	-	2,213,894
Total capital assets, not being depreciated	<u>14,597,365</u>	<u>1,821,458</u>	<u>-</u>	<u>16,418,823</u>
Capital assets, being depreciated:				
Structures and improvements	24,479,734	52,426	-	24,532,160
Machinery and equipment	7,948,871	110,429	(15,942)	8,043,358
Infrastructure	42,666,938	-	-	42,666,938
Total capital assets, being depreciated	<u>75,095,543</u>	<u>162,855</u>	<u>(15,942)</u>	<u>75,242,456</u>
Less accumulated depreciation/amortization for:				
Structures and improvements	(10,386,071)	(1,042,442)	-	(11,428,513)
Machinery and equipment	(5,850,958)	(323,694)	15,942	(6,158,710)
Infrastructure	(20,219,274)	(999,275)	-	(21,218,549)
Total accumulated depreciation	<u>(36,456,303)</u>	<u>(2,365,411)</u>	<u>15,942</u>	<u>(38,805,772)</u>
Total capital assets, being depreciated net	<u>38,639,240</u>	<u>(2,202,556)</u>	<u>-</u>	<u>36,436,684</u>
Governmental activities capital assets, net	<u>\$ 53,236,605</u>	<u>\$ (381,098)</u>	<u>\$ -</u>	<u>\$ 52,855,507</u>

Depreciation expense was charged to functions of the primary government's governmental activities as follows:

Governmental activities:	
General government	\$ 609,485
Public safety	244,284
Community development	297,773
Public works	1,213,869
Total depreciation - governmental activities	<u>\$ 2,365,411</u>

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 5: CAPITAL ASSETS, Continued

The following is a summary of capital assets for the business-type activities:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,389,696	\$ -	\$ -	\$ 1,389,696
Construction in progress	-	92,575	-	92,575
Total capital assets, not being depreciated	<u>1,389,696</u>	<u>92,575</u>	<u>-</u>	<u>1,482,271</u>
Capital assets, being depreciated:				
Structures and improvements	28,062,545	-	(35,460)	28,027,085
Machinery and equipment	5,849,681	32,792	(5,702)	5,876,771
Infrastructure	18,172,902	18,326,622	-	36,499,524
Total capital assets, being depreciated	<u>52,085,128</u>	<u>18,359,414</u>	<u>(41,162)</u>	<u>70,403,380</u>
Less accumulated depreciation for:				
Structures and improvements	(16,815,112)	(850,034)	35,460	(17,629,686)
Machinery and equipment	(4,818,090)	(292,515)	5,702	(5,104,903)
Infrastructure	(2,214,977)	(914,404)	-	(3,129,381)
Total accumulated depreciation	<u>(23,848,179)</u>	<u>(2,056,953)</u>	<u>41,162</u>	<u>(25,863,970)</u>
Total capital assets, being depreciated net	<u>28,236,949</u>	<u>16,302,461</u>	<u>-</u>	<u>44,539,410</u>
Business-type activities capital assets, net	<u>\$ 29,626,645</u>	<u>\$ 16,395,036</u>	<u>\$ -</u>	<u>\$ 46,021,681</u>

Depreciation expense was charged to functions of the primary government's business-type activities as follows:

Business-type activities:	
Water Enterprise	\$ 1,463,972
Sewer Capital	368,022
Loma Linda Connected Communities	224,959
Total depreciation - business-type activities	<u>\$ 2,056,953</u>

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 6: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due within One Year
Governmental activities:					
Master Lease Purchase - fire apparatus	\$ 300,113	\$ -	\$ (28,220)	\$ 271,893	\$ 29,382
2002 Lease Revenue Refunding Bonds	3,615,000	-	(855,000)	2,760,000	885,000
Insurance Retrospective Deposit	683,451	120,644	-	804,095	-
Compensated absences	587,928	463,668	(466,680)	584,916	164,062
Unamortized loss on defeasance	(75,585)	-	37,793	(37,792)	(37,792)
Unamortized bond premium	8,202	-	(2,050)	6,152	2,050
OPEB liability	18,348	807	-	19,155	-
Total governmental activities	\$ 5,137,457	\$ 585,119	\$ (1,314,157)	\$ 4,408,419	\$ 1,042,702
Business-Type Activities					
Revenue Bonds:					
1978 Water Bonds (General Obligation)	\$ 20,000	\$ -	\$ (10,000)	\$ 10,000	\$ 10,000
1995 Variable Rate Water Revenue Refunding Bonds	6,605,000	-	(350,000)	6,255,000	370,000
Insurance Retrospective Deposit	142,437	20,568	-	163,005	33,766
Compensated absences	249,305	233,367	(203,430)	279,242	91,862
OPEB liability	15,467	206	-	15,673	-
Total business-type activities	\$ 7,032,209	\$ 254,141	\$ (563,430)	\$ 6,722,920	\$ 505,628

A. Governmental Activities Long-Term Debt

2002 Lease Revenue Refunding Bonds – Original Issue \$10,840,000

On October 26, 2002, the Authority issued 2002 lease revenue refunding bonds in the amount of \$10,840,000. The purpose of the bonds was to refund all the outstanding 1994 Certificates of Participation in the amount of \$10,255,000.

The bonds mature from January 1, 2003 to January 1, 2016 in varying amounts. The bonds accrue interest at rates between 2.00% and 4.25%. Interest on the bonds is payable semiannually on each January 1 and July 1, commencing January 1, 2003. Principal is payable in annual installments ranging from \$630,000 to \$955,000, commencing January 1, 2003. The bonds are subject to optional and special mandatory redemption prior to maturity.

The bonds are secured by lease revenues between the Authority and the City. Annual principal and interest payments on the bonds are expected to require the full amount of available lease revenues. The amount of principal and interest outstanding at June 30, 2013 totaled \$2,987,758. Principal and interest paid for the current year was \$999,743, and the lease revenue received was \$999,743. The bonds required 100% of net lease revenue until paid off. The total future years of net lease revenue is estimated to be \$2,987,758.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 6: LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2002 Lease Revenue Refunding Bonds – Original Issue \$10,840,000 continued

The annual debt service requirements on the 2002 Lease Revenue Refunding Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 885,000	\$ 113,108	\$ 998,108
2015	920,000	75,495	995,495
2016	955,000	39,155	994,155
Total	<u>\$ 2,760,000</u>	<u>\$ 227,758</u>	<u>\$ 2,987,758</u>

Capital Lease

On October 9, 2010 the City entered into a ten year capital lease agreement with Oshkosh Capital to acquire a new Fire Incident Support Apparatus in the amount of \$330,513. Payments in the amount of \$40,584 are due on July 9th of each year with the first payment due on July 9, 2011. Payments include interest of 4.12%. The principal balance at June 30, 2013 was \$271,893.

Year Ending June 30,	Principal	Interest	Total
2014	\$ 29,382	\$ 11,202	\$ 40,584
2015	30,593	9,991	40,584
2016	31,853	8,731	40,584
2017	33,165	7,419	40,584
2018	34,531	6,053	40,584
2019-2021	112,369	9,383	121,752
Total	<u>\$ 271,893</u>	<u>\$ 52,779</u>	<u>\$ 324,672</u>

The total leased assets by major asset class consisted of the following:

	<u>June 30, 2013</u>
Equipment	<u>\$ 333,273</u>
Equipment under capitalized lease, at costs	333,273
Accumulated depreciation	33,327
Equipment under capitalized lease, net	<u>\$ 299,946</u>

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 6: LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

JPIA Retrospective Deposit

Since its inception, the California Joint Powers Insurance Authority (Authority), has operated under a retrospective funding model for its liability and workers' compensation programs. Historically, members have paid for retrospective deposit adjustments and received retrospective refunds in annual rolling installments of up to eight years in duration. A change to the funding model was adopted in 2010 that will be fully implemented following the end of the 2012-13 coverage period. During the transition from the retrospective funding model to the prospective funding model, retrospective deposit payments have been deferred. The purpose of this policy is to provide the terms and conditions, and the overall framework in which retrospective deposit payments are to resume. The unpaid portion of all retrospective adjustments on coverage periods up to and including 2009-10 have been consolidated into a single aggregate retrospective balance and temporarily deferred from payment. Payments are scheduled to resume beginning July 1, 2013 for the Liability program and July 1, 2015 for the Workers' Compensation program. The City of Loma Linda's portion owed for the General Liability program is \$656,475 and \$147,620 for the Worker's compensation portion.

Compensated absences

The City's liability for vested and unpaid compensated absences in the governmental activities has been accrued and amounted to \$584,916. This amount is made up of accrued vacation, one third sick pay plus any amount over the maximum sick hours accrued, and any comp time earned. Compensated absences are primarily liquidated by the General Fund. For further explanation see Note 1.

B. Business-Type Activities Long-Term Debt

1978 Water Bonds (General Obligation) – Original Issue \$1,000,000

On February 14, 1978, the City issued \$1,000,000 of 1978 Water Bonds (General Obligation). The purpose of the bonds was to finance water system improvements.

The bonds matured from April 1, 1979 to April 1, 2003 in varying amounts. The bonds accrued interest at rates between 4.80% and 6.75%. Interest on the bonds was payable semiannually on each April 1 and October 1. Principal was payable in annual installments commencing April 1, 1979. The revenues of the Water Fund were being used to pay the annual debt service requirements of the bonds. The bonds matured in fiscal year 2003; however, at June 30, 2010, not all bonds have been presented for payment. The amount outstanding as of June 30, 2013 was \$10,000. Interest no longer accrues on these bonds.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 6: LONG-TERM DEBT, Continued

B. Business-Type Activities Long-Term Debt, Continued

1995 Variable Rate Water Revenue Refunding Bonds – Original Issue \$10,000,000

On December 1, 1995, the City issued 1995 variable rate water revenue refunding bonds in the amount of \$10,000,000. The purpose of the bonds was to refund the City's outstanding water revenue refunding bonds of 1993 and to provide funds to finance an expansion of the storage capacity of the City's water enterprise.

The bonds mature from June 1, 1998 to June 1, 2025 in varying amounts. The bonds have a variable rate of interest not to exceed 12.00%. Interest is payable monthly and based on the rate per annum equal to the minimum rate necessary, as determined by the Remarketing Agent, for the Remarketing Agent to sell the Bonds on the date the variable rate is set at 100% of the principal amount thereof plus accrued interest, provided however, that in no event the interest rate exceeds the maximum rate. The variable interest rate can be converted to a fixed rate on any date (conversion date) decided upon by the City and approved by bond Counsel, at which time the rate will be fixed and payable semi-annually each June 1 and December 1. Principal is payable in annual installments ranging from \$145,000 to \$705,000, commencing January 1, 1998. The bonds are subject to redemption, optional tender and mandatory tender prior to maturity.

The bonds are secured by a pledge, charge and lien upon, the gross revenues derived by the City from the operations of the water enterprise and payable from the net revenues of the enterprise. In the official statement net revenues are defined as gross revenues less maintenance and operation costs. The net revenues shall be at least 1.25 times of the annual debt service on the bonds (coverage ratio).

1995 Water Bonds - Debt Service Coverage

Operating Revenue	\$ 5,288,377	
Interest Income	6,958	
		<u>\$ 5,295,335</u>
Gross Revenues		<u>\$ 5,295,335</u>
Operating Expenses	6,102,326	
Less: Depreciation	<u>(1,463,972)</u>	<u>4,638,354</u>
Excess Revenues		<u>\$ 656,981</u>
Debt Service (Annual Maximum):		
1995 Water Refunding Bonds (estimated)		<u>\$ 361,610</u>
Coverage Ratio		<u>181.68%</u>

Annual principal and interest payments on the bonds required less than 10% of gross revenues. The amount of principal and interest outstanding at June 30, 2013 totaled \$6,307,846. Principal and interest paid for the current year is \$361,610, and gross revenues are \$23,544,933.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 6: LONG-TERM DEBT, Continued

B. Business-Type Activities Long-Term Debt, Continued

1995 Variable Rate Water Revenue Refunding Bonds – Original Issue \$10,000,000, Continued

The annual debt service requirements on these bonds have been calculated based on the interest rate in effect as of the report rate and are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 370,000	\$ 7,350	\$ 377,350
2015	395,000	6,915	401,915
2016	415,000	6,451	421,451
2017	440,000	5,963	445,963
2018	470,000	5,446	475,446
2019-2023	2,795,000	18,283	2,813,283
2024-2025	1,370,000	2,438	1,372,438
Total	<u>\$ 6,255,000</u>	<u>\$ 52,846</u>	<u>\$ 6,307,846</u>

JPIA Retrospective Deposit

Since its inception, the California JPIA, "Authority," has operated under a retrospective funding model for its liability and workers' compensation programs. Historically, members have paid for retrospective deposit adjustments and received retrospective refunds in annual rolling installments of up to eight years in duration. A change to the funding model was adopted in 2010 that will be fully implemented following the end of the 2012-13 coverage period. During the transition from the retrospective funding model to the prospective funding model, retrospective deposit payments have been deferred. The purpose of this policy is to provide the terms and conditions, and the overall framework in which retrospective deposit payments are to resume. The unpaid portion of all retrospective adjustments on coverage periods up to and including 2009-10 have been consolidated into a single aggregate retrospective balance and temporarily deferred from payment. Payments are scheduled to resume beginning July 1, 2013 for the Liability program and July 1, 2015 for the Workers' Compensation program. In proprietary funds, portions owed for the General Liability program are \$116,204 and \$46,801 for the Worker's compensation portion.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 6: LONG-TERM DEBT, Continued

B. Business-Type Activities Long-Term Debt, Continued

Compensated absences

In proprietary funds, the liability for vested and unpaid compensated absences is reported in the fund as the benefits are vested and earned. The compensated absences accrued in the proprietary funds amounted to \$279,242 at June 30, 2013. This amount is made up of accrued vacation, one third sick pay plus any amount over the maximum sick hours accrued, and any comp time earned. For further explanation see Note 1.

Note 7: NON-CITY OBLIGATIONS

The following bond issues are not reflected as City long-term debt because these debts are solely payable from and secured by specific revenue sources not related to the City as described in the official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Agency, the State of California or any political subdivision thereof, is pledged for payment of these bonds. The City is acting only as an agent.

Loma Linda University Medical Center Project	Original Amount	Outstanding at June 30, 2013
Series 1999A	\$ 109,335,000	\$ 17,045,000
Series 2005A	158,345,000	175,390,000
Series 2007 B-1	40,000,000	40,000,000
Series 2007 B-2	40,000,000	40,000,000
Series 2008 A	70,000,000	70,000,000
Series 2008 B	25,000,000	25,000,000
Series 2008 C	15,000,000	11,849,413
Total	<u>\$ 457,680,000</u>	<u>\$ 379,284,413</u>
Multifamily Housing Revenue Bonds Poplar Street Apartments	Original Amount	Outstanding at June 30, 2013
Series 2008 A	<u>\$ 9,000,000</u>	<u>\$ 1,125,000</u>
Multifamily Housing Refunding Revenue Bonds Loma Linda Springs Apartments	Original Amount	Outstanding at June 30, 2013
Series 2001	<u>\$ 19,430,000</u>	<u>\$ -</u>
Multifamily Housing Revenue Bonds Loma Linda Commons Project	Original Amount	Outstanding at June 30, 2013
Series 2009 A	<u>\$ 13,275,000</u>	<u>\$ 6,790,879</u>

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 8: EMPLOYEE RETIREMENT PLAN

A. Plan Description

The City contributes to the California Public Employee Retirement System (CalPERS). As part of a cost sharing multiple-employer defined benefit plan, CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS act as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office at 400 P Street, Sacramento, CA 95814.

B. Funding Policy

Participants are required to contribute 7% for miscellaneous and 9% for safety employees of their annual covered salary. For the fiscal year ended June 30, 2013, the City's contribution was 11.866% for miscellaneous and 26.739% for safety employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

C. Annual Pension Cost

For the fiscal year ended June 30, 2013, the City's annual pension cost of \$1,067,581 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method.

A summary of principal assumptions and methods used to determine the annual required contribution is shown below:

	<u>Miscellaneous and Safety Plans</u>
Valuation Date	6/30/2010
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	18 years (17 years for safety) as of the valuation date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 8: EMPLOYEE RETIREMENT PLAN, Continued

C. Annual Pension Cost, Continued

The following is the three-year trend information for CalPERS:

Fiscal Year Ending	Annual Pension Costs (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2013	\$ 1,067,581	100%	\$ -
6/30/2012	1,055,695	100%	-
6/30/2011	878,655	100%	-

D. Funding Status as of the Most Recent Actuarial Valuation Date

- ***Safety Employees***

In fiscal year ended June 30, 2004, CalPERS established a risk pool for cities and other government entities that have fewer than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City's safety employees is no longer available. Further information on the risk pool funding status can be obtained from the CalPERS audited financial statements.

- ***Miscellaneous Employees***

In fiscal year ended June 30, 2004, CalPERS established a risk pool for cities and other government entities that have fewer than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City's miscellaneous employees is no longer available. Further information on the risk pool funding status can be obtained from the CalPERS audited financial statements.

Note 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The City provides other postemployment benefits (OPEB) for all of its employee groups through the California Public Employees' Retirement System Health Care Plan (Plan), a cost-sharing multiple-employer, defined benefit OPEB plan that covers all general and public safety retirees, spouses and eligible dependents. The Plan provides medical insurance benefits to eligible retirees and their spouses and dependents. The benefit provisions and all other requirements are established by State statute and City resolution. Copies of CalPERS' annual financial report may be obtained from their executive office at 400 P Street, Sacramento, CA 95814.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

Eligibility - Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service, and are eligible for CalPERS pension. Membership of the Plan consisted of the following at June 30, 2011, the date of the latest actuarial valuation:

Participants as of June 30, 2011	Total
Active employees	88
Retirees	17
Total	105

Medical Plans

Retirees may enroll in any of the CalPERS medical plans.

Funding Policy - The contribution requirements are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2013, the City contributed for employees and retirees the total amount of \$50,470.

Annual OPEB Cost and Net OPEB Obligation - The City's annual 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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) 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 to the Plan:

	June 30, 2013
Annual required contribution	\$ 50,470
Interest on net OPEB obligation	2,613
Adjustment to annual required contribution	(2,102)
Annual OPEB cost	50,981
Contributions made	(50,470)
Increase in net OPEB obligation	511
Net OPEB obligation - beginning of year	34,317
Net OPEB obligation - end of year	\$ 34,828

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

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

Year Ended	OPEB Cost	OPEB Cost Contributed	OPEB Obligation
6/30/2013	\$ 50,981	99%	\$ 34,828
6/30/2012	58,687	99%	34,317
6/30/2011	58,687	100%	33,815

Funded Status and Funding Progress - As of June 30, 2011, the most recent actuarial valuation date, the plan was 13.73% funded, the actuarial accrued liability for benefits was \$579,635, and the actuarial value of assets was \$69,957, resulting in an UAAL of \$509,678. The covered payroll (annual payroll of active employees covered by the plan) was \$5,747,688 and the ratio of UAAL to the covered payroll was 8.86%.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	(Unfunded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Payroll
6/30/2011	\$ 69,957	\$ 579,635	\$ (509,678)	13.73%	\$ 5,747,688	8.87%
6/1/2010	29,594	600,942	(571,348)	5.18%	6,018,956	9.49%
6/1/2009	-	493,828	(493,828)	0.0%	6,121,545	8.07%

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 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 the 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 value of assets, consistent with the long-term perspective of the calculations.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

In the June 30, 2011, actuarial valuation, the “entry age normal” actuarial cost method was used. The actuarial assumptions include a 7.61% investment rate of return which is based on the expected return on funds invested by CalPERS, an annual inflation factor of 3% and an annual healthcare cost trend rate of 4%. Loma Linda did not use an assets smoothing formula to determine the actuarial asset valuations at this time. The UAAL is being amortized as level percentage of projected payroll over an open 30 years amortization period.

Note 10: LIABILITY, PROPERTY AND WORKERS’ COMPENSATION PROTECTION

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Loma Linda is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 10: LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION,
Continued

B. Self-Insurance Programs of the Authority, Continued

reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 10: **LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION,**
Continued

C. Purchased Insurance

Pollution Legal Liability Insurance

The City of Loma Linda participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Loma Linda. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of Loma Linda participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Loma Linda property is currently insured according to a schedule of covered property submitted by the City of Loma Linda to the Authority. City of Loma Linda property currently has all-risk property insurance protection in the amount of \$38,556,820. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The City of Loma Linda purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

Special Event Tenant User Liability Insurance

The City of Loma Linda further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Loma Linda according to a schedule. The City of Loma Linda then pays for the insurance. The insurance is arranged by the Authority.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2012-13.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 11: JOINTLY GOVERNED ORGANIZATIONS

A. San Bernardino International Airport Authority

The City is a member of the San Bernardino International Airport Authority (SBIAA), a joint powers authority of the County of San Bernardino and the Cities of Colton, Highland, Loma Linda and San Bernardino. The SBIAA was formed May 12, 1992 for the purpose of acquiring, operating, maintaining, repairing and administering the aviation related portions of Norton Air Base as a public airport.

The governing board consists of two elected officials from the City of San Bernardino and one elected official from each of the County of San Bernardino and the Cities of Colton, Highland and Loma Linda. Each member has one vote.

The City has no significant equity interest in the San Bernardino International Airport Authority, and accordingly neither assets nor liabilities have been recorded in the City's basic financial statements.

A copy of the financial statements of the San Bernardino International Airport Authority can be obtained by contacting them directly at 294 South Leland Norton Way, Suite 1, San Bernardino, California 92408, (909) 388-1144.

B. Inland Valley Development Agency

The City is a member of the Inland Valley Development Agency (IVDA), a joint powers authority of three cities and the County of San Bernardino. The member agencies have the following number of board members:

City of San Bernardino	3
County of San Bernardino	2
City of Colton	2
City of Loma Linda	2

Each board member has one vote.

The IVDA was formed for the purpose of acquiring, owning, maintaining, leasing and operating the Norton Air Force Base property, and for the purpose of reusing and redeveloping the Norton Air Force Base, the adjacent property and the other properties in proximity thereto. As of June 30, 2013, the City has no significant equity interest in the IVDA, and accordingly neither assets nor liabilities have been recorded in the City's basic financial statements.

A copy of the financial statements of the IVDA can be obtained by contacting the IVDA directly at 298 South Leland Norton Way, San Bernardino, California, 92408.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 12: JOINT VENTURES

A. San Bernardino/Colton/Loma Linda Joint Powers Financing Authority

The Agency is a member of the San Bernardino/Colton/Loma Linda Joint Powers Financing Authority (Financing Authority), a joint powers authority of the Redevelopment Agencies of the Cities of San Bernardino, Colton, Loma Linda and the County of San Bernardino. The Financing Authority was formed September 30, 1991 for the purpose of issuing debt.

Tax Allocation Notes for \$7,500,000 were issued November 1, 1991 and the proceeds were used to make a loan to the Inland Valley Development Agency (IVDA), of which the three cities and the County of San Bernardino are members. The loan was used to pay certain operating and redevelopment costs of the Inland Valley Redevelopment Project Area. Since 1991, the original obligation has been refunded twice and in 1997 expanded to incorporate monies for school district purposes. The total 1997 refunding was \$44,485,000 of which 63% (\$28,025,550) is applicable to IVDA.

These obligations are secured by loan repayments made by the IVDA to the Financing Authority. The obligation of the IVDA under the loan agreement will be payable from the IVDA's tax revenues from the project area. In the event that such tax revenues are unavailable, the obligations are further secured by commitments from the member agencies in the following percentages:

Redevelopment Agency of the City of San Bernardino	92.08%
Redevelopment Agency of the City of Colton	3.06%
Redevelopment Agency of the City of Loma Linda	4.86%

The governing board of the Financing Authority is composed of the Executive Directors of the City of Colton and the City of Loma Linda Redevelopment Agencies, the Agency Administrator of the Economic Development Agency of the City of San Bernardino and representatives of the County of San Bernardino.

Since the City is not directly liable for repayment of these bonds, they have not been reflected in the accompanying financial statements.

On October 13, 1999, the IVDA's Board adopted a motion stating that the use of its cash balance is necessary to pay for scheduled debt service obligations and that suspension of further disbursements of 20% set-aside funds for affordable housing is necessary until further notice. At the end of fiscal year 2011-12, a receivable has been set-up reflecting the current Agency's portion of tax increment set-aside revenues.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 12: JOINT VENTURES, Continued

B. CONFIRE Joint Powers Authority

The City is a member of the CONFIRE Joint Powers Authority, a regional fire agency of the Cities of Redlands, Colton, Rialto, Loma Linda and the Central Valley Fire Protection District and the San Bernardino County Consolidated Fire Agency. The CONFIRE JPA was formed August 20, 1990 for the purpose of providing hardware, software, services and other items necessary and appropriate for the establishment, operation, and maintenance of a joint centralized public safety communications system and a cooperative program of fire related functions for the mutual benefit of the members of the CONFIRE JPA, to provide such services on a contract basis to other governmental units, and to provide a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding public safety communications and related matters within member agencies.

The activities of the CONFIRE JPA are financed by a cost-sharing formula, which requires prorating among the participating members based on the demand percentage on the system by the members to be determined by the CONFIRE JPA Board of Director's Administrative Committee and approved by their Board of Directors. In fiscal year 2013 the City of Loma Linda's contribution totaled \$173,486. The City has no other significant equity interest in CONFIRE JPA, and accordingly neither assets nor liabilities of CONFIRE JPA have been recorded in the City's basic financial statements.

A copy of the financial statements of the CONFIRE JPA can be obtained by contacting the authority directly at 1743 W. Miro Way, Rialto, CA 92376-8630, (909) 356-2375.

Note 13. DEFICIT FUND BALANCES

At June 30, 2013, the following governmental funds had deficit fund balances:

Funds	Fund Type	Deficit
Major funds:		
Special Projects Construction	Special Revenues	\$ (1,251,359)
Park Development	Capital Projects	(2,873,051)
Non-major governmental funds		
Landscape Maintenance District	Special Revenues	(110,866)
Public Improvement Per MOU	Special Revenues	(455,962)
Community Development	Special Revenues	(2,353)

Special Projects Construction – The Special Projects Construction had a deficit balance of \$1,251,359. This is a deficit fund balance carryover from fiscal year 2011-2012 due to extraordinary loss recorded for the assets transferred to the Successor Agency.

Park Development – The Park Development had a deficit balance of \$2,873,051 as a result from the purchase of open space property in the City's South Hills with advances from other funds.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 13. DEFICIT FUND BALANCES, Continued

Landscape Maintenance District – The Landscape Maintenance District had a deficit balance of \$110,866 as a result of operating expenditures being higher than property taxes received to cover such expenditures.

Public improvements per MOU – The Public Improvements per MOU fund had a deficit fund balance of \$455,962 as a result of starting the public works projects prior to collecting the funds to cover the expenditures.

Community Development Special Revenue Fund – The Community Development Fund had an accumulated deficit of \$2,353 which resulted from monies being spent before receiving the grant reimbursement.

Note 14: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations of the General Fund and the Housing Authority Fund (budgeted major special revenue fund) on a function level occurred during the fiscal year 2013 as follows:

<u>Fund</u>	<u>Appropriated</u>	<u>Expended</u>	<u>Excess</u>
General:			
Public safety	\$ 8,269,953	\$ 8,293,165	\$ (23,212)
Capital outlay	144,550	256,818	(112,268)
Housing Authority:			
Community development	106,100	191,266	(85,166)
Capital outlay	-	6,304	(6,304)

The excesses of expenditures over appropriations were financed with available fund balances. No other material violations of budgeted or appropriated amounts occurred in other major or nonmajor funds of the City during the year.

Note 15: COMMITMENTS AND CONTINGENCIES

Commitments

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

As of June 30, 2013, in the opinion of City management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 15: COMMITMENTS AND CONTINGENCIES, Continued

Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended in 1996, and applicable State requirements. No cost disallowance is expected as a result of these audits; however, these programs are subject to further examination by the grantors. Expenditures which may be disallowed by the granting agencies cannot be determined at this time; however, the City management expects such amounts, if any, to be immaterial.

Note 16: SUCCESSOR AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Loma Linda that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit. The Bill provided that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 10, 2012 the City Council of the City of Loma Linda elected to become the Successor Agency for the former Redevelopment Agency (RDA) in accordance with the Bill as part of City Resolution No. 2722. The activities of the Successor Agency are reported under a Private Purpose Trust Fund on the Fiduciary Financial Statements of the City.

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

The bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill. Management believes, in consultation with legal counsel, that the obligations of the former RDA due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The city's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by the appropriate judicial authority that would resolve this issue unfavorably to the City. As of June 30, 2013 the California State Controller had not issued its final Finding of Completion letter to the Successor Agency and assets transfers and obligations were still under review.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 16: SUCCESSOR AGENCY, Continued

Successor Agency long-term debt

In accordance with the provisions of the AB X1 26 and the California Supreme Court's decision to uphold the Bill, the obligations of the former redevelopment agency became vested with the funds established for the Successor Agency upon the date of dissolution. Former tax increment revenues pledged to fund the debts of the former redevelopment agency will be distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.

The bonded debt of the Successor Agency as of June 30, 2013 is as follows:

2003 Tax Allocation Refunding Bonds – Original Issue \$12,610,000

On May 7, 2003, the Agency issued tax allocation bonds in the amount of \$12,610,000. The purpose of the bonds was to refund the Agency's 1993 Tax Allocation Bonds and 1994 Tax Allocation Refunding Bonds and to finance the Agency's redevelopment project.

The bonds accrue interest at rates between 2.00% and 5.125%. Interest on the bonds is payable semiannually on each January 1 and July 1, commencing January 1, 2004. Principal is payable in annual installments ranging from \$340,000 to \$600,000, commencing July 1, 2004 through July 1, 2030. The bonds are subject to optional and mandatory redemption prior to maturity.

The bonds are secured by a first and prior lien on tax increment revenues excluding any portion of revenues that are required to be deposited to the Agency's Low and Moderate Income Housing Funds, the County of San Bernardino pass-thru agreement, and County administration fees. The amount of principal at June 30, 2013 totaled \$8,215,000.

Subordinate 2005A Tax Allocation Bonds – Original Issue \$15,100,000

On December 14, 2005, the Agency issued subordinate 2005A tax allocation bonds in the amount of \$15,100,000. The purpose of the bonds was to finance the Agency's redevelopment project.

The bonds mature from July 1, 2006 to July 1, 2030 in varying amounts. The bonds accrue interest at rates between 3.00% and 5.25%. Interest on the bonds is payable semiannually on each January 1 and July 1, commencing July 1, 2006. Principal is payable in annual installments ranging from \$70,000 to \$1,980,000, commencing July 1, 2006. The bonds are subject to optional and mandatory redemption prior to maturity.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 16: SUCCESSOR AGENCY, Continued

Successor Agency long-term debt, Continued

The bonds are secured by tax revenues, which consist of a portion of the ad valorem taxes levied upon all taxable property within the Loma Linda Redevelopment Agency Project Areas to be allocated to the Agency and available after payment of the 2003 tax allocation bond's debt service, any portion of revenues that are required to be deposited to the Agency's Low and Moderate Income Housing Funds, any tax increment revenue pledged to a taxing entity based upon a pass-thru agreement, and County administration fees. The amount of principal outstanding at June 30, 2013 totaled \$14,270,000.

Subordinate 2005B Taxable Tax Allocation Bonds – Original Issue \$10,435,000

On December 14, 2005, the Agency issued subordinate 2005B taxable tax allocation bonds in the amount of \$10,435,000. The purpose of the bonds was to finance the Agency's redevelopment project.

The bonds mature from July 1, 2006 to July 1, 2025 in varying amounts. The bonds accrue interest at rates between 5.00% and 5.65%. Interest on the bonds is payable semiannually on each January 1 and July 1, commencing July 1, 2006. Principal is payable in annual installments ranging from \$315,000 to \$810,000, commencing July 1, 2006. The bonds are subject to optional and mandatory redemption prior to maturity.

The bonds are secured by tax revenues, which consist of a portion of the ad valorem taxes levied upon all taxable property within the Loma Linda Redevelopment Agency Project Areas to be allocated to the Agency and available after payment of the 2003 tax allocation bond's debt service, any portion of revenues that are required to be deposited to the Agency's Low and Moderate Income Housing Funds, any tax increment revenue pledged to a taxing entity based upon a pass-thru agreement, and County administration fees. The amount of principal outstanding at June 30, 2013 totaled \$7,740,000.

2008 Taxable Housing Tax Allocation Bonds – Original Issue \$8,900,000

On March 1, 2009, the Agency issued 2008 taxable housing tax allocation bonds in the amount of \$8,900,000. The purpose of the bonds was to finance Low-Mod Housing projects.

The bonds mature from January 1, 2010 to July 1, 2029 in varying amounts. The bonds accrue interest at rates between 4.50% and 9.277%. Interest on the bonds is payable semiannually on each January 1 and July 1, commencing January 1, 2010. Principal is payable in annual installments ranging from \$50,000 to \$895,000, commencing July 1, 2010. The bonds are subject to optional and mandatory redemption prior to maturity.

The bonds are secured by Housing Tax Revenues, which consist of a portion of the ad valorem taxes levied upon all taxable property within the Loma Linda Redevelopment Agency Project Area, and allocated to the Agency's Low and Moderate Housing fund. The amount of principal outstanding at June 30, 2013 totaled \$8,380,000.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 16: SUCCESSOR AGENCY, Continued

Successor Agency long-term debt, Continued

The following is a summary of the bonded debt activity of the Successor Agency as of June 30, 2013:

TAX ALLOCATION BONDS	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due within One Year
2003 Tax Allocation Refunding Bonds	\$ 8,770,000	\$ -	\$ (555,000)	\$ 8,215,000	\$ 575,000
2005A Subordinated Tax Allocation Bonds	14,350,000	-	(80,000)	14,270,000	85,000
2005B Subordinated Tax Allocation Bonds	8,145,000	-	(405,000)	7,740,000	425,000
2008 Taxable Housing Tax Allocation Bonds	8,620,000	-	(240,000)	8,380,000	255,000
Unamortized loss on defeasance	(183,856)	-	10,310	(173,546)	(10,310)
Unamortized bond premium	493,200	-	(27,245)	465,955	27,245
Unamortized bond discount	(279,192)	-	17,396	(261,796)	(17,396)
Total	<u>\$ 39,915,152</u>	<u>\$ -</u>	<u>\$ (1,279,539)</u>	<u>\$ 38,635,613</u>	<u>\$ 1,339,539</u>

The debt service requirement to maturity for all bonded debt combined, including interest, is as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,340,000	\$ 2,222,900	\$ 3,562,900
2015	1,405,000	2,158,043	3,563,043
2016	1,470,000	2,087,928	3,557,928
2017	1,540,000	2,009,614	3,549,614
2018	1,630,000	1,924,014	3,554,014
2019-2023	9,580,000	8,102,702	17,682,702
2024-2028	12,835,000	4,739,049	17,574,049
2029-2031	8,805,000	730,742	9,535,742
Total	<u>\$ 38,605,000</u>	<u>\$ 23,974,992</u>	<u>\$ 62,579,992</u>

Successor Agency - Subsequent Event

Included in the balance of \$14,475,157 in Advances to the City of Loma Linda is \$13,577,261 in loans to the Loma Linda Connected Communities Enterprise. These advances were to cover construction costs of the fiber optic network infrastructure. The loans were made from fiscal year 2004 through 2007 and the repayment of these loans will be made by revenues generated by the Connected Communities Program.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 16: SUCCESSOR AGENCY, Continued

Successor Agency - subsequent event, Continued

As part of the dissolution process established by AB 1484 in June, 2012, successor agencies prepared Due Diligence Reviews (DDR) of redevelopment funds and expenditures as of June 2012. AB 1484 authorized the California Department of Finance (DOF) to review the DDRs. In a letter dated March 22, 2013, the DOF provided its review of the Successor Agency's All Other Funds Due Diligence Report. In this letter, the DOF disallowed the \$2,273,000 loan repayment that the former redevelopment agency provided to the City in March of 2011 due to the provisions in ABx1 26 that retroactively denied payments from redevelopment agencies to cities that occurred between January and June of 2011. In 2012, the City recorded a Due to Successor Agency and the Successor Agency recorded a Due from City of Loma Linda on its financial statements for the \$2,273,000 with offsetting extraordinary gain for the Successor Agency and a loss for the City. Additionally, DOF adjusted \$13,881,609 (including the loan to the Connected Communities Program) from restricted assets as non-cash or cash equivalent to cash equivalent and available for repayment, stating the Agency did not provide sufficient documentation, and DOF was unable to determine the terms of loan.

On March 29, 2013, the Successor Agency submitted for a "meet and confer" with DOF regarding the disallowed and adjusted items on the DDR. On April 10, 2013, the Successor Agency staff, consultant, and legal counsel met with DOF staff in Sacramento, CA. On April 27, 2013, the Successor Agency received its determination letter regarding the DDR meet and confer. Then on August 1, 2013, the City and Successor filed a legal petition concerning the items disallowed and adjusted on the DDR by DOF.

If the repayment is upheld by outcome of the petition, it is the intention of the City to use the process established by AB 1484 to secure the repayment of the \$2,273,000, and the remaining over \$21 million in Redevelopment Agency advances from the City, that were reapproved by the Oversight Board. Additionally, the City would request to make payments on the loan to the Connected Communities Program, terms are unknown at this time.

There is considerable legal uncertainty regarding these loans and advances; and it is uncertain that these enforceable obligations will ever be payable by the Successor Agency under the requirements of the Bill.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LOMA LINDA
Required Supplementary Information
For the year ended June 30, 2013

1. BUDGET AND BUDGETARY ACCOUNTING

A. General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the department level. At fiscal year-end, all operating budget appropriations lapsed.

B. Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue, Capital Projects and Debt Service funds. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities for the current year.

C. Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF LOMA LINDA
Required Supplementary Information
For the year ended June 30, 2013

1. BUDGET AND BUDGETARY ACCOUNTING, Continued

D. Budgetary Comparison Schedule

The following is the budgeted comparison schedule for the General Fund.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,098,700	\$ 6,098,700	\$ 6,500,890	\$ 402,190
Licenses and permits	292,400	292,400	318,636	26,236
Intergovernmental	1,666,000	1,685,900	1,683,102	(2,798)
Charges for services	2,573,200	2,608,200	1,644,371	(963,829)
Use of money and property	196,300	196,300	432,600	236,300
Fines and forfeitures	10,200	10,200	17,694	7,494
Miscellaneous	1,682,700	1,788,700	2,452,251	663,551
Total revenues	12,519,500	12,680,400	13,049,544	369,144
EXPENDITURES				
Current:				
General government	1,131,400	1,156,400	1,006,682	149,718
Public safety	8,277,500	8,269,953	8,293,165	(23,212)
Community development	855,500	1,029,778	974,036	55,742
Public works	2,509,800	2,560,200	1,845,264	714,936
Capital outlay	34,900	144,550	256,818	(112,268)
Total expenditures	12,809,100	13,160,881	12,375,965	784,916
REVENUES OVER (UNDER) EXPENDITURES	(289,600)	(480,481)	673,579	1,154,060
OTHER FINANCING SOURCES (USES)				
Transfers in	1,338,100	1,338,100	1,337,133	(967)
Transfers out	(1,029,800)	(1,029,800)	(1,029,743)	57
Total other (uses) financing sources	308,300	308,300	307,390	(910)
Net change in fund balance	18,700	(172,181)	980,969	1,153,150
FUND BALANCE				
Beginning of year	9,068,177	9,068,177	9,068,177	-
End of year	\$ 9,086,877	\$ 8,895,996	\$ 10,049,146	\$ 1,153,150

CITY OF LOMA LINDA
Required Supplementary Information
For the year ended June 30, 2013

1. BUDGET AND BUDGETARY ACCOUNTING, Continued

D. Budgetary Comparison Schedule, Continued

The following is the budgeted comparison schedule for the Loma Linda Housing Authority Fund.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 1,438	\$ 1,438
Use of money and property	106,300	106,300	162,556	56,256
Miscellaneous	3,000	3,000	3,159	159
Total revenues	109,300	109,300	167,153	57,853
EXPENDITURES				
Current:				
Community development	106,100	106,100	191,266	(85,166)
Capital outlay	-	-	6,304	(6,304)
Total expenditures	106,100	106,100	197,570	(91,470)
REVENUES OVER(UNDER) EXPENDITURES	3,200	3,200	(30,417)	(33,617)
OTHER FINANCING SOURCES (USES)				
Proceed from disposal of assets	-	-	8,645	8,645
Total other (uses) financing sources	-	-	8,645	8,645
Net change in fund balance	3,200	3,200	(21,772)	(24,972)
FUND BALANCE:				
Beginning of year	17,678,881	17,678,881	17,678,881	-
End of year	<u>\$ 17,682,081</u>	<u>\$ 17,682,081</u>	<u>\$ 17,657,109</u>	<u>\$ (24,972)</u>

CITY OF LOMA LINDA
Required Supplementary Information
For the year ended June 30, 2013

2. SCHEDULE OF FUNDING PROGRESS (Unaudited)

A. Funded Status of Plan – Miscellaneous Employees

In fiscal year ended June 30, 2004, CalPERS established a risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City's miscellaneous employees is no longer available.

B. Funded Status of Plan – Other Post Employment Benefits

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability Entry Age</u>	<u>(Unfunded) Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Payroll</u>
6/30/2011	\$ 69,957	\$ 579,635	\$ (509,678)	13.73%	\$ 5,747,688	8.87%
6/1/2010	29,594	600,942	(571,348)	5.18%	6,018,956	9.49%
6/1/2009	-	493,828	(493,828)	0.0%	6,121,545	8.07%

SUPPLEMENTARY INFORMATION

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**MAJOR GOVERNMENTAL FUNDS BUDGETARY
COMPARISON SCHEDULES**

CITY OF LOMA LINDA
Special Projects Construction Capital Projects Fund
Major Governmental Fund Budgetary Comparison Schedule
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ 4,000	\$ 4,000	\$ 3,523	\$ (477)
Miscellaneous	20,000	20,000	18,750	(1,250)
Total revenues	24,000	24,000	22,273	(1,727)
EXPENDITURES				
Current:				
General government	8,000	8,000	-	8,000
Debt service:				
Principal retirement	28,200	28,200	28,220	(20)
Interest and fiscal charges	12,400	12,400	52,615	(40,215)
Total expenditures	48,600	48,600	80,835	(32,235)
REVENUES OVER (UNDER) EXPENDITURES	(24,600)	(24,600)	(58,562)	(33,962)
OTHER FINANCING SOURCES (USES)				
Transfers out	(483,000)	(483,000)	(482,960)	40
Total other (uses) financing sources	(483,000)	(483,000)	(482,960)	40
Net change in fund balance	(507,600)	(507,600)	(541,522)	(33,922)
FUND BALANCE (DEFICIT):				
Beginning of year	(709,837)	(709,837)	(709,837)	-
End of year	\$ (1,217,437)	\$ (1,217,437)	\$ (1,251,359)	\$ (33,922)

CITY OF LOMA LINDA
Park Development Capital Projects Fund
Major Governmental Fund Budgetary Comparison Schedule
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ 300	\$ 300	\$ 788	\$ 488
Developer fees	126,500	126,500	203,078	76,578
Total revenues	126,800	126,800	203,866	77,066
EXPENDITURES				
Current:				
Public works	3,000	3,000	3,865	(865)
Capital outlay	15,000	20,000	19,317	683
Total expenditures	18,000	23,000	23,182	(182)
REVENUES OVER (UNDER) EXPENDITURE:	108,800	103,800	180,684	76,884
OTHER FINANCING SOURCES (USES)				
Proceed from disposal of assets	-	-	10,515	10,515
Total other (uses) financing sources	-	-	10,515	10,515
Net change in fund balance	108,800	103,800	191,199	87,399
FUND BALANCE (DEFICIT):				
Beginning of year	(3,064,250)	(3,064,250)	(3,064,250)	-
End of year	<u>\$ (2,955,450)</u>	<u>\$ (2,960,450)</u>	<u>\$ (2,873,051)</u>	<u>\$ 87,399</u>

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**NONMAJOR GOVERNMENTAL
FUNDS
COMBINING SCHEDULES**

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Non-Major Governmental Funds

Special Revenue Funds

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted for expenditures related to specific purposes.

Traffic Safety Fund – This fund is to account for monies received from parking control violation fines.

Gas Tax Fund – This fund is to account for monies received and expended from the state and county gas allocation.

Measure I Fund – This fund is to account for monies received from the County is one-half of one percent retail transaction and use tax.

Street Lighting District Fund – This fund is to account for monies received from property assessments restricted to fund district street lighting activities.

Landscape Maintenance District Fund – This fund is to account for monies received from property assessments restricted to fund district landscaping activities.

Air Quality Management District Fund – This fund is to account for monies received from AB2766 license fees.

Public Improvements Per MOU – This fund is used to manage the Stewart Street Pedestrian Bridge project. The funding will be received from the Loma Linda University.

Local Law Enforcement Grant – This fund is to account for a Federal grant called Recovery Act Edward Byrne Memorial Justice Assistance Grant Program received through the Office of Justice Program for Law Enforcement equipment.

Community Development Block Grant Fund – This fund is to account for Federal grants received from the Department of Housing and Urban Development and expended in community development.

Grant Fund – This fund is to account for miscellaneous grants provided by Federal, State and County agencies such as the Code Enforcement Grant Program to purchase capital items related to Code Enforcement and California Healthy Cities to promote health and physical activity for Loma Linda residents.

Citizens Option for Public Safety Fund – This is to account for AB3229 Public Safety Grant revenue received from the State and expended for front-line law enforcement.

Non-Major Governmental Funds

Special Revenue Funds, Continued

Traffic Congestion Relief Fund – This fund is to account for allocation from the state for street or road maintenance or reconstruction. The City is required to maintain existing commitment of general funds for street or roadwork in order to remain eligible for allocation of the specified funds.

Development Agreement Consideration Fund – This fund is to account for the monies received from developers to produce, improve, or preserve affordable housing within Redevelopment Project Areas that meet the needs to those whose income is 80% of the county median or below.

Capital Project Funds

The *Capital Project Funds* account for financial resources to be used for the acquisition or construction of major capital facilities by the City except for those financed by Proprietary Funds. The Capital Project Funds account for the following projects:

Storm Drain Fund – This fund is to account for developer fees collected and expended for improving and expanding the storm drain system city-wide.

Traffic Impact Fund – This fund is to account for developer fees collected and expended for major traffic control devices necessitated by development.

Fire Facilities Fund – This fund is to account for developer fees collected and expended for major fire facilities and equipment necessitated by development.

General Facilities Fund – This fund is to account for developer fees collected and expended for major general facilities necessitated by development.

Federal/State Construction Grants Fund – This fund is to account for miscellaneous grants provided by Federal, State and County agencies and expended for various street, park and recreation purposes..

Public Meeting Facilities Fund – This fund is to account for developer fees collected and expended for public meeting facilities as necessitated by development.

Public Library Facilities Fund – This fund is to account for developer fees collected and expended for public library facilities as necessitated by development.

Art in Public Places Fund – This fund is to account for developer fees collected and expended for art in public places as necessitated by development.

Non-Major Governmental Funds

Capital Project Funds, Continued

Regional Traffic Development Impact – This fund is for the portion of Transportation Projects identified by SANBAG (San Bernardino Associated Governments) that will serve the regional area. SANBAG came up with an allocation of Loma Linda's share.

Debt Service Funds

The *Debt Service Funds* account for the accumulation of resources and the payment of general long-term debt principal and interest of the City's related entities in the following funds:

Water Bond Redemption Fund – This fund is to account for the contribution from the Water Operations Fund and Water Acquisition Fund for the payment of principal and interest on Water Enterprise general obligation bonds issued to complete water system capital projects.

Assessment District 72-1 Fund – This fund is to account for the accumulation of funds for the payment of principal and interest on bonds issued in 1973, for sewer line improvements on Redlands Blvd.

Loma Linda Public Financing Authority Fund – This fund is used to jointly exercise powers of the City and Redevelopment Agency and to establish a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments.

CITY OF LOMA LINDA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds		
	Traffic Safety	Gas Tax	Measure I
ASSETS			
Cash and investments	\$ -	\$ -	\$ 556,386
Receivables:			
Accounts	-	-	-
Taxes	-	48,386	-
Interest	-	-	323
Due from other funds	-	-	-
Due from other governments	7,819	-	57,517
Prepaid items	-	-	-
Advances to other funds	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total assets	<u>\$ 7,819</u>	<u>\$ 48,386</u>	<u>\$ 614,226</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 108	\$ -	\$ 67,561
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deposits payable	-	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
Total liabilities	<u>108</u>	<u>-</u>	<u>67,561</u>
Fund balance:			
Non Spendable			
Prapaed items	-	-	-
Restricted for:			
Cultural and recreational	-	-	-
Public safety	-	-	-
Street improvements	7,711	48,386	546,665
Storm drains	-	-	-
Municipal facilities	-	-	-
Air quality management	-	-	-
Debt service	-	-	-
Low mod housing programs	-	-	-
Unassigned	-	-	-
Total fund balances	<u>7,711</u>	<u>48,386</u>	<u>546,665</u>
Total liabilities and fund balances	<u>\$ 7,819</u>	<u>\$ 48,386</u>	<u>\$ 614,226</u>

Special Revenue Funds

Street Lighting District	Landscape Maintenance District	Air Quality Management District	Public Improvement Per MOU
\$ 248,381	\$ -	\$ 67,655	\$ -
-	-	-	-
5,527	6,320	-	-
159	-	38	61
-	-	-	-
-	-	7,388	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>254,067</u>	<u>6,320</u>	<u>75,081</u>	<u>61</u>
\$ 14,053	\$ 15,622	\$ 1,650	\$ 246,831
2,362	895	-	-
-	88,128	-	209,192
-	12,541	-	-
-	-	-	-
-	-	-	-
<u>16,415</u>	<u>117,186</u>	<u>1,650</u>	<u>456,023</u>
-	-	-	-
-	-	-	-
-	-	-	-
237,652	-	-	-
-	-	-	-
-	-	73,431	-
-	-	-	-
-	-	-	-
-	(110,866)	-	(455,962)
<u>237,652</u>	<u>(110,866)</u>	<u>73,431</u>	<u>(455,962)</u>
<u>\$ 254,067</u>	<u>\$ 6,320</u>	<u>\$ 75,081</u>	<u>\$ 61</u>

CITY OF LOMA LINDA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds	
	Local Law Enforcement Grant	Community Development
ASSETS		
Cash and investments	\$ -	\$ 1,304
Receivables:		
Accounts	-	-
Taxes	-	-
Interest	-	-
Due from other funds	-	-
Due from other governments	-	2,787
Prepaid items	-	-
Advances to other funds	-	-
Restricted assets:		
Cash and investments with fiscal agents	-	-
Total assets	<u><u>\$ -</u></u>	<u><u>\$ 4,091</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ -
Accrued liabilities	-	-
Due to other funds	-	3,769
Deposits payable	-	-
Deferred revenue	-	2,675
Unearned revenue	-	-
Total liabilities	<u><u>-</u></u>	<u><u>6,444</u></u>
Fund balance:		
Non Spendable		
Prapaid items	-	-
Restricted for:		
Cultural and recreational	-	-
Public safety	-	-
Street improvements	-	-
Storm drains	-	-
Municipal facilities	-	-
Air quality management	-	-
Debt service	-	-
Low mod housing programs	-	-
Unassigned	-	(2,353)
Total fund balances	<u><u>-</u></u>	<u><u>(2,353)</u></u>
Total liabilities and fund balances	<u><u>\$ -</u></u>	<u><u>\$ 4,091</u></u>

Special Revenue Funds			
Grant Fund	Citizens Option for Public Safety Fund	Traffic Congestion Relief Grant	Development Agreement Consideration
\$ 31,599	\$ 79,387	\$ 1,610	\$ 199,055
-	-	-	-
-	-	-	-
-	89	1	115
-	-	-	-
986	10,239	-	-
-	-	-	20
-	-	-	-
-	-	-	-
<u>\$ 32,585</u>	<u>\$ 89,715</u>	<u>\$ 1,611</u>	<u>\$ 199,190</u>
\$ 1,051	\$ 1,095	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
17,324	88,620	-	-
<u>18,375</u>	<u>89,715</u>	<u>-</u>	<u>-</u>
-	-	-	20
-	-	-	-
14,210	-	-	-
-	-	1,611	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	199,170
-	-	-	-
<u>14,210</u>	<u>-</u>	<u>1,611</u>	<u>199,190</u>
<u>\$ 32,585</u>	<u>\$ 89,715</u>	<u>\$ 1,611</u>	<u>\$ 199,190</u>

CITY OF LOMA LINDA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Capital Projects Funds		
	Storm Drain	Traffic Impact	Fire Facilities
ASSETS			
Cash and investments	\$ 250,885	\$ 1,574,043	\$ 354,651
Receivables:			
Accounts	-	403,608	-
Taxes	-	-	-
Interest	145	1,032	207
Due from other funds	-	209,192	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Advances to other funds	500,000	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total assets	\$ 751,030	\$ 2,187,875	\$ 354,858
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deposits payable	1,800	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
Total liabilities	1,800	-	-
Fund balance:			
Non Spendable			
Prapaid items	-	-	-
Restricted for:			
Cultural and recreational	-	-	-
Public safety	-	-	354,858
Street improvements	-	2,187,875	-
Storm drains	749,230	-	-
Municipal facilities	-	-	-
Air quality management	-	-	-
Debt service	-	-	-
Low mod housing programs	-	-	-
Unassigned	-	-	-
Total fund balances	749,230	2,187,875	354,858
Total liabilities and fund balances	\$ 751,030	\$ 2,187,875	\$ 354,858

Capital Projects Funds

General Facilities	Federal/State Construction	Public Meeting Facilities	Public Library Facilities
\$ 117,727	\$ 35,185	\$ 218,575	\$ 165,741
-	-	-	-
-	-	-	-
91	20	126	96
-	-	-	-
-	18,101	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 117,818</u>	<u>\$ 53,306</u>	<u>\$ 218,701</u>	<u>\$ 165,837</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	18,101	-	-
-	-	-	-
<u>-</u>	<u>18,101</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	165,837
-	-	-	-
-	35,205	-	-
-	-	-	-
117,818	-	218,701	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>117,818</u>	<u>35,205</u>	<u>218,701</u>	<u>165,837</u>
<u>\$ 117,818</u>	<u>\$ 53,306</u>	<u>\$ 218,701</u>	<u>\$ 165,837</u>

CITY OF LOMA LINDA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Capital Projects Funds	
	Art in Public Places	Regional Traffic Development Impact
ASSETS		
Cash and investments	\$ 137,983	\$ 3,182,434
Receivables:		
Accounts	-	-
Taxes	-	-
Interest	84	1,842
Due from other funds	-	-
Due from other governments	-	-
Prepaid items	-	-
Advances to other funds	-	-
Restricted assets:		
Cash and investments with fiscal agents	-	-
Total assets	\$ 138,067	\$ 3,184,276
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 19,231	\$ 687,756
Accrued liabilities	-	-
Due to other funds	-	-
Deposits payable	-	-
Deferred revenue	-	-
Unearned revenue	-	-
Total liabilities	19,231	687,756
Fund balance:		
Non Spendable		
Prapaid items	-	-
Restricted for:		
Cultural and recreational	118,836	-
Public safety	-	-
Street improvements	-	2,496,520
Storm drains	-	-
Municipal facilities	-	-
Air quality management	-	-
Debt service	-	-
Low mod housing programs	-	-
Unassigned	-	-
Total fund balances	118,836	2,496,520
Total liabilities and fund balances	\$ 138,067	\$ 3,184,276

Debt Service Funds			Total
Water Bond Redemption Fund	Assessment District 72-1	Loma Linda Financing Authority	Nonmajor Governmental Funds
\$ 34,606	\$ 62,481	\$ 43,612	\$ 7,363,300
-	-	10,203	413,811
-	-	-	60,233
20	36	19	4,504
-	-	-	209,192
-	-	-	104,837
-	-	-	20
-	-	-	500,000
-	-	1,056,296	1,056,296
<u>\$ 34,626</u>	<u>\$ 62,517</u>	<u>\$ 1,110,130</u>	<u>\$ 9,712,193</u>
\$ -	\$ -	\$ 256	\$ 1,055,214
-	-	-	3,257
-	-	-	301,089
-	-	-	14,341
-	-	-	20,776
-	-	-	105,944
-	-	256	1,500,621
-	-	-	20
-	-	-	284,673
-	-	-	369,068
-	-	-	5,561,625
-	-	-	749,230
-	-	-	336,519
-	-	-	73,431
34,626	62,517	1,109,874	1,207,017
-	-	-	199,170
-	-	-	(569,181)
<u>34,626</u>	<u>62,517</u>	<u>1,109,874</u>	<u>8,211,572</u>
<u>\$ 34,626</u>	<u>\$ 62,517</u>	<u>\$ 1,110,130</u>	<u>\$ 9,712,193</u>

CITY OF LOMA LINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended June 30, 2013

	Special Revenue Funds		
	Traffic Safety	Gas Tax	Measure I
REVENUES			
Taxes	\$ -	\$ -	\$ 339,689
Intergovernmental	-	533,409	-
Charges for services	-	-	-
Use of money and property	-	-	1,481
Fines and forfeitures	161,463	-	-
Miscellaneous	-	-	-
Developer fees	-	-	-
Total revenues	161,463	533,409	341,170
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	-	-
Capital outlay	-	-	267,532
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	-	267,532
REVENUES OVER (UNDER) EXPENDITURES	161,463	533,409	73,638
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(160,354)	(554,471)	-
Total other financing sources (uses)	(160,354)	(554,471)	-
Net change in fund balances	1,109	(21,062)	73,638
FUND BALANCE:			
Beginning of year	6,602	69,448	473,027
End of year	<u>\$ 7,711</u>	<u>\$ 48,386</u>	<u>\$ 546,665</u>

Special Revenue Funds			
Street Lighting District	Landscape Maintenance District	Air Quality Management District	Public Improvements Per MOU
\$ 346,449	\$ 395,570	\$ -	\$ -
-	-	28,215	-
-	-	-	-
601	-	182	3,436
-	-	-	-
5,000	-	-	1,000,000
-	-	-	-
<u>352,050</u>	<u>395,570</u>	<u>28,397</u>	<u>1,003,436</u>
-	-	-	-
-	-	21,210	-
-	470,127	-	-
336,351	-	-	-
1,378	47	-	1,450,045
-	-	-	-
-	-	-	-
<u>337,729</u>	<u>470,174</u>	<u>21,210</u>	<u>1,450,045</u>
<u>14,321</u>	<u>(74,604)</u>	<u>7,187</u>	<u>(446,609)</u>
-	30,000	-	-
-	-	-	-
-	30,000	-	-
14,321	(44,604)	7,187	(446,609)
<u>223,331</u>	<u>(66,262)</u>	<u>66,244</u>	<u>(9,353)</u>
<u>\$ 237,652</u>	<u>\$ (110,866)</u>	<u>\$ 73,431</u>	<u>\$ (455,962)</u>

CITY OF LOMA LINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended June 30, 2013

	Special Revenue Funds	
	Local Law Enforcement Grant	Community Development
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	242	10,481
Charges for services	-	-
Use of money and property	-	-
Fines and forfeitures	-	-
Miscellaneous	-	-
Developer fees	-	-
Total revenues	242	10,481
EXPENDITURES		
Current:		
General government	299	-
Public safety	-	-
Community development	-	-
Public works	-	8,700
Capital outlay	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	299	8,700
REVENUES OVER (UNDER) EXPENDITURES	(57)	1,781
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	-	-
Net change in fund balances	(57)	1,781
FUND BALANCE:		
Beginning of year	57	(4,134)
End of year	\$ -	\$ (2,353)

Special Revenue Funds			
Grant Fund	Citizens Option for Public Safety Fund	Traffic Congestion Relief Fund	Development Agreement Consideration
\$ -	\$ -	\$ -	\$ -
41,166	76,141	-	-
-	-	-	-
-	292	5	569
-	-	-	-
36	-	-	-
-	-	-	-
<u>41,202</u>	<u>76,433</u>	<u>5</u>	<u>569</u>
-	-	-	-
18,632	-	-	-
-	-	-	-
-	1,721	-	-
13,866	-	-	-
-	-	-	-
-	-	-	-
<u>32,498</u>	<u>1,721</u>	<u>-</u>	<u>-</u>
<u>8,704</u>	<u>74,712</u>	<u>5</u>	<u>569</u>
-	-	-	-
-	(74,712)	-	-
-	(74,712)	-	-
8,704	-	5	569
5,506	-	1,606	198,621
<u>\$ 14,210</u>	<u>\$ -</u>	<u>\$ 1,611</u>	<u>\$ 199,190</u>

CITY OF LOMA LINDA**Combining Statement of Revenues, Expenditures and Changes in Fund Balance****Nonmajor Governmental Funds****For the year ended June 30, 2013**

	Capital Projects Funds		
	Storm Drain	Traffic Impact	Fire Facilities
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	8,082	-	-
Use of money and property	705	5,012	993
Fines and forfeitures	-	-	-
Miscellaneous	-	-	-
Developer fees	-	463,269	26,354
Total revenues	8,787	468,281	27,347
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	8,787	468,281	27,347
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	(4,745)
Total other financing sources (uses)	-	-	(4,745)
Net change in fund balances	8,787	468,281	22,602
FUND BALANCE:			
Beginning of year	740,443	1,719,594	332,256
End of year	\$ 749,230	\$ 2,187,875	\$ 354,858

Capital Projects Funds

General Facilities	Federal/State Construction	Public Meeting Facilities	Public Library Facilities
\$ -	\$ -	\$ -	\$ -
-	166,798	-	-
-	-	-	-
320	69	603	458
-	-	-	-
-	-	-	-
109,588	-	12,650	9,600
<u>109,908</u>	<u>166,867</u>	<u>13,253</u>	<u>10,058</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>109,908</u>	<u>166,867</u>	<u>13,253</u>	<u>10,058</u>
-	-	-	-
<u>(59,891)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(59,891)</u>	<u>-</u>	<u>-</u>	<u>-</u>
50,017	166,867	13,253	10,058
67,801	(131,662)	205,448	155,779
<u>\$ 117,818</u>	<u>\$ 35,205</u>	<u>\$ 218,701</u>	<u>\$ 165,837</u>

CITY OF LOMA LINDA**Combining Statement of Revenues, Expenditures and Changes in Fund Balance****Nonmajor Governmental Funds****For the year ended June 30, 2013**

	Capital Projects Funds	
	Art in Public Places	Regional Traffic Development Impact
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	-	-
Use of money and property	716	9,391
Fines and forfeitures	-	-
Miscellaneous	-	-
Developer fees	93,968	209,268
Total revenues	94,684	218,659
EXPENDITURES		
Current:		
General government	-	-
Public safety	-	-
Community development	-	-
Public works	29,752	-
Capital outlay	152,573	969,782
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	182,325	969,782
REVENUES OVER (UNDER) EXPENDITURES	(87,641)	(751,123)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	-	-
Net change in fund balances	(87,641)	(751,123)
FUND BALANCE:		
Beginning of year	206,477	3,247,643
End of year	\$ 118,836	\$ 2,496,520

Debt Service Funds			Total
Water Bond Redemption Fund	Assessment District 72-1	Loma Linda Financing Authority	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,081,708
-	-	-	856,452
-	-	-	8,082
102	178	106	25,219
-	-	-	161,463
-	-	-	1,005,036
-	-	-	924,697
<u>102</u>	<u>178</u>	<u>106</u>	<u>4,062,657</u>
-	-	3,451	3,750
-	-	-	39,842
-	-	-	470,127
-	-	-	376,524
-	-	-	2,855,223
-	-	855,000	855,000
10,263	-	144,741	155,004
<u>10,263</u>	<u>-</u>	<u>1,003,192</u>	<u>4,755,470</u>
<u>(10,161)</u>	<u>178</u>	<u>(1,003,086)</u>	<u>(692,813)</u>
-	-	999,743	1,029,743
-	-	-	(854,173)
-	-	999,743	175,570
<u>(10,161)</u>	<u>178</u>	<u>(3,343)</u>	<u>(517,243)</u>
<u>44,787</u>	<u>62,339</u>	<u>1,113,217</u>	<u>8,728,815</u>
<u>\$ 34,626</u>	<u>\$ 62,517</u>	<u>\$ 1,109,874</u>	<u>\$ 8,211,572</u>

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**NON-MAJOR GOVERNMENTAL BUDGETARY
COMPARISON SCHEDULES**

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CITY OF LOMA LINDA
Budgetary Comparison Schedule
Traffic Safety
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 154,200	\$ 154,200	\$ 161,463	\$ 7,263
Total revenues	<u>154,200</u>	<u>154,200</u>	<u>161,463</u>	<u>7,263</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(152,000)	(152,000)	(160,354)	(8,354)
Total other (uses) financing sources	<u>(152,000)</u>	<u>(152,000)</u>	<u>(160,354)</u>	<u>(8,354)</u>
Net change in fund balance	2,200	2,200	1,109	(1,091)
FUND BALANCE:				
Beginning of year	6,602	6,602	6,602	-
End of year	<u>\$ 8,802</u>	<u>\$ 8,802</u>	<u>\$ 7,711</u>	<u>\$ (1,091)</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Gas Tax
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 597,500	\$ 597,500	\$ 533,409	\$ (64,091)
Total revenues	597,500	597,500	533,409	(64,091)
OTHER FINANCING SOURCES (USES)				
Transfers out	(615,700)	(615,700)	(554,471)	61,229
Total other (uses) financing sources	(615,700)	(615,700)	(554,471)	61,229
Net change in fund balance	(18,200)	(18,200)	(21,062)	(2,862)
FUND BALANCE:				
Beginning of year	69,448	69,448	69,448	-
End of year	\$ 51,248	\$ 51,248	\$ 48,386	\$ (2,862)

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Measure I
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 272,700	\$ 272,700	\$ 339,689	\$ 66,989
Use of money and property	1,000	1,000	1,481	481.00
Total revenues	<u>273,700</u>	<u>273,700</u>	<u>341,170</u>	<u>67,470</u>
EXPENDITURES				
Current:				
Capital outlay	260,000	318,800	267,532	51,268
Total expenditures	<u>260,000</u>	<u>318,800</u>	<u>267,532</u>	<u>51,268</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>13,700</u>	<u>(45,100)</u>	<u>73,638</u>	<u>118,738</u>
Net change in fund balance	13,700	(45,100)	73,638	118,738
FUND BALANCE:				
Beginning of year	473,027	473,027	473,027	-
End of year	<u>\$ 486,727</u>	<u>\$ 427,927</u>	<u>\$ 546,665</u>	<u>\$ 118,738</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Street Lighting District
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 347,000	\$ 347,000	\$ 346,449	\$ (551)
Use of money and property	800	800	601	(199)
Miscellaneous	-	-	5,000	5,000
Total revenues	347,800	347,800	352,050	4,250
EXPENDITURES				
Current:				
Public works	369,500	368,000	336,351	31,649
Capital outlay	-	1,500	1,378	122
Total expenditures	369,500	369,500	337,729	31,771
REVENUES OVER (UNDER) EXPENDITURES	(21,700)	(21,700)	14,321	36,021
Net change in fund balance	(21,700)	(21,700)	14,321	36,021
FUND BALANCE:				
Beginning of year	223,331	223,331	223,331	-
End of year	<u>\$ 201,631</u>	<u>\$ 201,631</u>	<u>\$ 237,652</u>	<u>\$ 36,021</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Landscape Maintenance District
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 400,300	\$ 400,300	\$ 395,570	\$ (4,730)
Total revenues	<u>400,300</u>	<u>400,300</u>	<u>395,570</u>	<u>(4,730)</u>
EXPENDITURES				
Current:				
Community development	469,100	469,100	470,127	(1,027)
Capital outlay	<u>100</u>	<u>100</u>	<u>47</u>	<u>53</u>
Total expenditures	<u>469,200</u>	<u>469,200</u>	<u>470,174</u>	<u>(974)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(68,900)</u>	<u>(68,900)</u>	<u>(74,604)</u>	<u>(5,704)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	30,000	30,000
Total other (uses) financing sources	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Net change in fund balance	(68,900)	(68,900)	(44,604)	24,296
FUND BALANCE (DEFICIT):				
Beginning of year	<u>(66,262)</u>	<u>(66,262)</u>	<u>(66,262)</u>	<u>-</u>
End of year	<u>\$ (135,162)</u>	<u>\$ (135,162)</u>	<u>\$ (110,866)</u>	<u>\$ 24,296</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Air Quality Management District
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 28,215	\$ 3,215
Use of money and property	200	200	182	(18)
Total revenues	<u>25,200</u>	<u>25,200</u>	<u>28,397</u>	<u>3,197</u>
EXPENDITURES				
Current:				
Public safety	<u>26,300</u>	<u>26,300</u>	<u>21,210</u>	<u>5,090</u>
Total expenditures	<u>26,300</u>	<u>26,300</u>	<u>21,210</u>	<u>5,090</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,100)</u>	<u>(1,100)</u>	<u>7,187</u>	<u>8,287</u>
Net change in fund balance	(1,100)	(1,100)	7,187	8,287
FUND BALANCE:				
Beginning of year	<u>66,244</u>	<u>66,244</u>	<u>66,244</u>	<u>-</u>
End of year	<u>\$ 65,144</u>	<u>\$ 65,144</u>	<u>\$ 73,431</u>	<u>\$ 8,287</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Public Improvements Per MOU
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 3,436	\$ 3,436
Miscellaneous	-	4,500,000	1,000,000	(3,500,000)
Total revenues	-	4,500,000	1,003,436	(3,496,564)
EXPENDITURES				
Capital outlay	-	4,500,000	1,450,045	3,049,955
Total expenditures	-	4,500,000	1,450,045	3,049,955
Net change in fund balance	-	-	(446,609)	(446,609)
FUND BALANCE (DEFICIT):				
Beginning of year	(9,353)	(9,353)	(9,353)	-
End of year	<u>\$ (9,353)</u>	<u>\$ (9,353)</u>	<u>\$ (455,962)</u>	<u>\$ (446,609)</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Local Law Enforcement Grant
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 242	\$ 242
Total revenues	-	-	242	242
EXPENDITURES				
Current:				
General government	-	-	299	(299)
Total expenditures	-	-	299	(299)
Net change in fund balance	-	-	(57)	(57)
FUND BALANCE:				
Beginning of year	57	57	57	-
End of year	\$ 57	\$ 57	\$ -	\$ (57)

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Community Development
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 114,700	\$ 114,700	\$ 10,481	\$ (104,219)
Total revenues	<u>114,700</u>	<u>114,700</u>	<u>10,481</u>	<u>(104,219)</u>
EXPENDITURES				
Current:				
Public works	8,700	8,700	8,700	-
Capital outlay	<u>106,000</u>	<u>106,000</u>	<u>-</u>	<u>106,000</u>
Total expenditures	<u>114,700</u>	<u>114,700</u>	<u>8,700</u>	<u>106,000</u>
Net change in fund balance	-	-	1,781	1,781
FUND BALANCE (DEFICIT):				
Beginning of year	<u>(4,134)</u>	<u>(4,134)</u>	<u>(4,134)</u>	<u>-</u>
End of year	<u>\$ (4,134)</u>	<u>\$ (4,134)</u>	<u>\$ (2,353)</u>	<u>\$ 1,781</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Grant Fund
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 14,100	\$ 41,166	\$ 27,066
Miscellaneous	-	4,000	36	(3,964)
Total revenues	-	18,100	41,202	23,102
EXPENDITURES				
Current:				
Public safety	-	4,000	18,632	(14,632)
Capital outlay	-	14,100	13,866	234
Total expenditures	-	18,100	32,498	(14,398)
Net change in fund balance	-	-	8,704	8,704
FUND BALANCE:				
Beginning of year	5,506	5,506	5,506	-
End of year	<u>\$ 5,506</u>	<u>\$ 5,506</u>	<u>\$ 14,210</u>	<u>\$ 8,704</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Citizen Option for Public Safety Fund
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 81,900	\$ 81,900	\$ 76,141	\$ (5,759)
Use of money and property	100	100	292	192
Total revenues	82,000	82,000	76,433	(5,567)
EXPENDITURES				
Current:				
Public works	1,900	1,900	1,721	179
Total expenditures	1,900	1,900	1,721	179
REVENUES OVER (UNDER) EXPENDITURES	80,100	80,100	74,712	(5,388)
OTHER FINANCING SOURCES (USES)				
Transfers out	(80,100)	(80,100)	(74,712)	5,388
Total other (uses) financing sources	(80,100)	(80,100)	(74,712)	5,388
Net change in fund balance	-	-	-	-
FUND BALANCE:				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Traffic Congestion Relief
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 5	\$ 5
Total revenues	-	-	5	5
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	5	5
FUND BALANCE:				
Beginning of year	1,606	1,606	1,606	-
End of year	\$ 1,606	\$ 1,606	\$ 1,611	\$ 5

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Development Agreement Consideration
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 12,700	\$ 12,700	\$ 569	\$ (12,131)
Miscellaneous	1,200	1,200	-	(1,200)
Total revenues	13,900	13,900	569	(13,331)
EXPENDITURES				
Capital outlay	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
Net change in fund balance	3,900	3,900	569	(3,331)
FUND BALANCE:				
Beginning of year	198,621	198,621	198,621	-
End of year	<u>\$ 202,521</u>	<u>\$ 202,521</u>	<u>\$ 199,190</u>	<u>\$ (3,331)</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Storm Drain
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 4,900	\$ 4,900	\$ 8,082	\$ 3,182
Use of money and property	500	500	705	205
Total revenues	5,400	5,400	8,787	3,387
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	5,400	5,400	8,787	3,387
FUND BALANCE:				
Beginning of year	740,443	740,443	740,443	-
End of year	<u>\$ 745,843</u>	<u>\$ 745,843</u>	<u>\$ 749,230</u>	<u>\$ 3,387</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Traffic Impact
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 1,000	\$ 1,000	\$ 5,012	\$ 4,012
Developer fees	40,500	40,500	463,269	422,769
Total revenues	41,500	41,500	468,281	426,781
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	41,500	41,500	468,281	426,781
FUND BALANCE:				
Beginning of year	1,719,594	1,719,594	1,719,594	-
End of year	<u>\$ 1,761,094</u>	<u>\$ 1,761,094</u>	<u>\$ 2,187,875</u>	<u>\$ 426,781</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Fire Facilities
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 1,500	\$ 1,500	\$ 993	\$ (507)
Developer fees	89,400	89,400	26,354	(63,046)
Total revenues	<u>90,900</u>	<u>90,900</u>	<u>27,347</u>	<u>(63,553)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(4,745)	(4,745)
Total other (uses) financing sources	<u>-</u>	<u>-</u>	<u>(4,745)</u>	<u>(4,745)</u>
Net change in fund balance	90,900	90,900	22,602	(68,298)
FUND BALANCE:				
Beginning of year	<u>332,256</u>	<u>332,256</u>	<u>332,256</u>	<u>-</u>
End of year	<u>\$ 423,156</u>	<u>\$ 423,156</u>	<u>\$ 354,858</u>	<u>\$ (68,298)</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
General Facilities
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 700	\$ 700	\$ 320	\$ (380)
Developer fees	12,800	12,800	109,588	96,788
Total revenues	<u>13,500</u>	<u>13,500</u>	<u>109,908</u>	<u>96,408</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(52,000)	(52,000)	(59,891)	(7,891)
Total other (uses) financing sources	<u>(52,000)</u>	<u>(52,000)</u>	<u>(59,891)</u>	<u>(7,891)</u>
Net change in fund balance	(38,500)	(38,500)	50,017	88,517
FUND BALANCE:				
Beginning of year	67,801	67,801	67,801	-
End of year	<u>\$ 29,301</u>	<u>\$ 29,301</u>	<u>\$ 117,818</u>	<u>\$ 88,517</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Federal State Construction
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 166,798	\$ 166,798
Use of money and property	-	-	69	69
Total revenues	-	-	166,867	166,867
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	166,867	166,867
FUND BALANCE (DEFICIT):				
Beginning of year	(131,662)	(131,662)	(131,662)	-
End of year	<u>\$ (131,662)</u>	<u>\$ (131,662)</u>	<u>\$ 35,205</u>	<u>\$ 166,867</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Public Meeting Facilities
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 500	\$ 500	\$ 603	\$ 103
Developer fees	-	-	12,650	12,650
Total revenues	500	500	13,253	12,753
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	500	500	13,253	12,753
FUND BALANCE:				
Beginning of year	205,448	205,448	205,448	-
End of year	<u>\$ 205,948</u>	<u>\$ 205,948</u>	<u>\$ 218,701</u>	<u>\$ 12,753</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Public Library Facilities
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 400	\$ 400	\$ 458	\$ 58
Developer fees	-	-	9,600	9,600
Total revenues	400	400	10,058	9,658
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	400	400	10,058	9,658
FUND BALANCE:				
Beginning of year	155,779	155,779	155,779	-
End of year	<u>\$ 156,179</u>	<u>\$ 156,179</u>	<u>\$ 165,837</u>	<u>\$ 9,658</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Art in Public Places
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 800	\$ 800	\$ 716	\$ (84)
Developer fees	125,000	125,000	93,968	(31,032.00)
Total revenues	125,800	125,800	94,684	(31,116)
EXPENDITURES				
Current:				
Public works	23,400	23,400	29,752	(6,352)
Capital outlay	120,000	180,800	152,573	28,227
Total expenditures	143,400	204,200	182,325	21,875
Net change in fund balance	(17,600)	(78,400)	(87,641)	(9,241)
FUND BALANCE:				
Beginning of year	206,477	206,477	206,477	-
End of year	<u>\$ 188,877</u>	<u>\$ 128,077</u>	<u>\$ 118,836</u>	<u>\$ (9,241)</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Regional Traffic Development Impact
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 2,000	\$ 2,000	\$ 9,391	\$ 7,391
Developer fees	142,200	142,200	209,268	67,068
Total revenues	144,200	144,200	218,659	74,459
EXPENDITURES				
Capital outlay	2,000,000	2,000,000	969,782	1,030,218
Total expenditures	2,000,000	2,000,000	969,782	1,030,218
Net change in fund balance	(1,855,800)	(1,855,800)	(751,123)	1,104,677
FUND BALANCE:				
Beginning of year	3,247,643	3,247,643	3,247,643	-
End of year	<u>\$ 1,391,843</u>	<u>\$ 1,391,843</u>	<u>\$ 2,496,520</u>	<u>\$ 1,104,677</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Water Bond Redemption
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 100	\$ 100	\$ 102	\$ 2
Total revenues	<u>100</u>	<u>100</u>	<u>102</u>	<u>2</u>
EXPENDITURES				
Debt service:				
Interest and fiscal charges	-	-	10,263	(10,263)
Total expenditures	<u>-</u>	<u>-</u>	<u>10,263</u>	<u>(10,263)</u>
Net change in fund balance	100	100	(10,161)	(10,261)
FUND BALANCE:				
Beginning of year	<u>44,787</u>	<u>44,787</u>	<u>44,787</u>	<u>-</u>
End of year	<u>\$ 44,887</u>	<u>\$ 44,887</u>	<u>\$ 34,626</u>	<u>\$ (10,261)</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Assessment District 72-1
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 300	\$ 300	\$ 178	\$ (122)
Total revenues	<u>300</u>	<u>300</u>	<u>178</u>	<u>(122)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	300	300	178	(122)
FUND BALANCE:				
Beginning of year	<u>62,339</u>	<u>62,339</u>	<u>62,339</u>	<u>-</u>
End of year	<u>\$ 62,639</u>	<u>\$ 62,639</u>	<u>\$ 62,517</u>	<u>\$ (122)</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Loma Linda Public Financing Authority
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 20,000	\$ 20,000	\$ 106	\$ (19,894)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>106</u>	<u>(19,894)</u>
EXPENDITURES				
Current:				
General government	4,000	4,000	3,451	549
Debt service:				
Principal retirement	855,000	855,000	855,000	-
Interest and fiscal charges	144,800	144,800	144,741	59
Total expenditures	<u>1,003,800</u>	<u>1,003,800</u>	<u>1,003,192</u>	<u>608</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(983,800)</u>	<u>(983,800)</u>	<u>(1,003,086)</u>	<u>(19,286)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	999,800	999,800	999,743	(57)
Total other (uses) financing sources	<u>999,800</u>	<u>999,800</u>	<u>999,743</u>	<u>(57)</u>
Net change in fund balance	16,000	16,000	(3,343)	(19,343)
FUND BALANCE:				
Beginning of year	<u>1,113,217</u>	<u>1,113,217</u>	<u>1,113,217</u>	<u>-</u>
End of year	<u>\$ 1,129,217</u>	<u>\$ 1,129,217</u>	<u>\$ 1,109,874</u>	<u>\$ (19,343)</u>

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**FIDUCIARY FUNDS
AGENCY FUNDS COMBINING SCHEDULE**

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CITY OF LOMA LINDA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2013

Agency Funds include Association Fire Equipment Fund and Customer Deposits Fund.

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>Association Fire Equipment Fund</u>				
Assets				
Cash and investments	\$ 38	\$ 637	\$ 646	\$ 29
Total assets	\$ 38	\$ 637	\$ 646	\$ 29
Liabilities				
Accounts payable	\$ 38	\$ 638	\$ 647	\$ 29
Total liabilities	\$ 38	\$ 638	\$ 647	\$ 29
<u>Customer Deposits Fund</u>				
Assets				
Cash and investments	\$ 75,524	\$ 61,248	\$ 53,269	\$ 83,503
Total assets	\$ 75,524	\$ 61,248	\$ 53,269	\$ 83,503
Liabilities				
Deposits payable	\$ 75,524	\$ 61,248	\$ 53,269	\$ 83,503
Total liabilities	\$ 75,524	\$ 61,248	\$ 53,269	\$ 83,503
<u>Total - All Agency Funds</u>				
Assets				
Cash and investments	\$ 75,562	\$ 61,885	\$ 53,915	\$ 83,532
Total assets	\$ 75,562	\$ 61,885	\$ 53,915	\$ 83,532
Liabilities				
Accounts payable	\$ 38	\$ 638	\$ 647	\$ 29
Deposits payable	75,524	61,248	53,269	83,503
Total liabilities	\$ 75,562	\$ 61,886	\$ 53,916	\$ 83,532

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STATISTICAL SECTION

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

Contents	Page
<i>Financial Trends</i>	150
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	163
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	
<i>Debt Capacity</i>	170
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
<i>Demographic and Economic Information</i>	178
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	
<i>Operating Information</i>	181
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	

CITY OF LOMA LINDA
Net Position by Component
Last Ten (10) Fiscal Years
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 15,688,166	\$ (4,459,538)	\$ (2,238,756)
Restricted	7,966,878	9,442,397	22,285,014
Unrestricted	<u>(8,256,126)</u>	<u>15,699,746</u>	<u>8,935,756</u>
Total governmental activities net position	<u>\$ 15,398,918</u>	<u>\$ 20,682,605</u>	<u>\$ 28,982,014</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 8,290,384	\$ 10,713,919	\$ 14,302,367
Restricted	13,488,872	14,223,305	-
Unrestricted	<u>686,292</u>	<u>(1,439,620)</u>	<u>9,121,887</u>
Total business-type activities net position	<u>\$ 22,465,548</u>	<u>\$ 23,497,604</u>	<u>\$ 23,424,254</u>
Primary government			
Invested in capital assets, net of related debt	\$ 23,978,550	\$ 6,254,381	\$ 12,063,611
Restricted	45,434,300	29,920,083	34,348,625
Unrestricted	<u>(7,569,834)</u>	<u>14,260,126</u>	<u>18,057,643</u>
Total primary government net position	<u>\$ 37,864,466</u>	<u>\$ 44,180,209</u>	<u>\$ 52,406,268</u>

2007	2008	2009	2010	2011	2012	2013
\$ 4,975,776	\$ 9,961,165	\$ 16,968,226	\$ 18,709,538	\$ 18,369,944	\$ 49,487,378	\$ 49,923,947
27,709,242	31,758,576	19,130,521	16,885,933	23,907,544	28,038,083	29,617,713
11,225,817	13,733,716	25,652,784	26,978,589	20,904,231	4,777,504	814,941
<u>\$ 43,910,835</u>	<u>\$ 55,453,457</u>	<u>\$ 61,751,531</u>	<u>\$ 62,574,060</u>	<u>\$ 63,181,719</u>	<u>\$ 82,302,965</u>	<u>\$ 80,356,601</u>
\$ 16,858,045	\$ 25,693,455	\$ 24,955,400	\$ 23,804,734	\$ 23,350,947	\$ 23,001,645	\$ 39,756,680
39,545	40,711	45,458	40,839	40,839	40,839	40,839
5,252,503	972,171	378,488	988,991	389,888	(8,290,772.00)	(9,127,686.00)
<u>\$ 22,150,093</u>	<u>\$ 26,706,337</u>	<u>\$ 25,379,346</u>	<u>\$ 24,834,564</u>	<u>\$ 23,781,674</u>	<u>\$ 14,751,712</u>	<u>\$ 30,669,833</u>
\$ 21,833,821	\$ 35,654,620	\$ 41,923,626	\$ 42,514,272	\$ 41,720,891	\$ 72,489,023	\$ 89,680,627
49,582,608	67,453,907	61,099,605	59,441,044	65,669,274	100,567,945	119,339,179
16,478,320	14,705,887	26,031,272	27,967,580	21,294,119	(3,513,268)	(8,312,745)
<u>\$ 66,060,928</u>	<u>\$ 82,159,794</u>	<u>\$ 87,130,877</u>	<u>\$ 87,408,624</u>	<u>\$ 86,963,393</u>	<u>\$ 97,054,677</u>	<u>\$ 111,026,434</u>

CITY OF LOMA LINDA
Changes in Net Position
Last Ten (10) Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$ 2,604,254	\$ 2,857,749	\$ 3,421,268	\$ 3,889,933	\$ 5,432,837
Public safety	4,656,425	4,958,618	5,202,552	6,502,549	8,044,524
Community development	2,077,026	2,738,015	3,242,959	2,291,977	3,569,755
Public works	4,038,195	3,694,483	3,609,940	5,355,288	5,572,912
Interest on long-term debt	2,412,503	2,111,982	2,940,179	3,447,775	3,471,503
Total governmental activities expenses	<u>15,788,403</u>	<u>16,360,847</u>	<u>18,416,898</u>	<u>21,487,522</u>	<u>26,091,531</u>
Business-type activities:					
Water acquisition	115,719	80,784	590,177	598,016	2,058,812
Water enterprise	3,352,615	3,950,270	4,872,363	5,375,914	5,741,631
Sewer capital	2,417,446	2,670,092	2,901,877	2,936,897	4,546,958
Loma Linda Connected Communities	177	344,701	866,377	1,363,025	1,465,591
Total business-type activities expenses	<u>5,885,957</u>	<u>7,045,847</u>	<u>9,230,794</u>	<u>10,273,852</u>	<u>13,812,992</u>
Total primary government expenses	<u>\$ 21,674,360</u>	<u>\$ 23,406,694</u>	<u>\$ 27,647,692</u>	<u>\$ 31,761,374</u>	<u>\$ 39,904,523</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 398,246	\$ 23,534	\$ 1,947,006	\$ 1,958,298	\$ 2,439,242
Public Safety	640,067	759,324	819,202	1,263,056	1,020,328
Community development	1,406,603	2,867,323	4,597,148	4,238,388	3,715,068
Public works	2,797,037	3,202,591	3,117,229	3,360,417	3,267,751
Operating contributions and grants	897,642	589,251	628,309	709,911	1,916,422
Capital contributions and grants	522,679	154,848	648,198	676,140	4,930,738
Total governmental activities program revenues	<u>6,662,274</u>	<u>7,596,871</u>	<u>11,757,092</u>	<u>12,206,210</u>	<u>17,289,549</u>
Business-type activities:					
Charges for services:					
Water acquisition	157,840	525,563	1,084,782	249,092	267,849
Water enterprise	3,323,790	3,333,844	3,484,542	3,823,839	3,915,160
Sewer capital	2,331,901	2,538,822	2,630,238	2,850,657	2,869,202
Loma Linda Connected Communities	14,810	86,288	111,773	105,332	180,717
Capital Grants and Contributions	-	-	559,548	633,609	9,008,653
Total business-type activities program revenues	<u>5,828,341</u>	<u>6,484,517</u>	<u>7,870,883</u>	<u>7,662,529</u>	<u>16,241,581</u>
Total primary government revenues	<u>\$ 12,490,615</u>	<u>\$ 14,081,388</u>	<u>\$ 19,627,975</u>	<u>\$ 19,868,739</u>	<u>\$ 33,531,130</u>
Net (expense)/revenue					
Governmental activities	\$ (9,126,129)	\$ (8,763,976)	\$ (6,659,806)	\$ (9,281,312)	\$ (8,801,982)
Business-type activities	(57,616)	(561,330)	(1,359,911)	(2,611,323)	2,428,589
Total primary government net (expense)/revenue	<u>\$ (9,183,745)</u>	<u>\$ (9,325,306)</u>	<u>\$ (8,019,717)</u>	<u>\$ (11,892,635)</u>	<u>\$ (6,373,393)</u>

	2009	2010	2011	2012	2013
\$	5,512,029	\$ 7,461,716	\$ 5,336,891	\$ 3,371,844	\$ 1,770,611
	8,591,174	8,440,270	8,541,168	9,042,727	8,747,342
	3,544,732	1,742,926	3,762,903	2,007,651	1,944,724
	5,979,986	5,255,534	5,743,794	4,156,836	4,488,436
	3,135,872	3,985,993	3,905,417	1,474,252	246,905
	26,763,793	26,886,439	\$ 27,290,173	\$ 20,053,310	\$ 17,198,018
	302,374	118,725	208,277	221,075	152,932
	5,530,470	4,924,009	4,984,606	5,474,845	6,113,936
	3,256,407	3,383,138	3,724,961	3,969,359	4,420,067
	1,515,573	1,358,470	1,263,763	1,046,444	981,448
	10,604,824	9,784,342	10,181,607	10,711,723	11,668,383
\$	37,368,617	\$ 36,670,781	\$ 37,471,780	\$ 30,765,033	\$ 28,866,401
\$	2,342,942	\$ 2,121,447	\$ 2,286,843	\$ 2,181,892	\$ 2,265,114
	854,242	814,147	739,729	611,087	601,899
	1,692,862	1,428,685	767,424	571,252	1,538,226
	3,163,162	2,474,807	2,798,225	2,146,378	1,728,971
	2,893,550	1,359,023	249,880	287,260	244,822
	2,271,371	1,714,499	2,649,689	855,530	1,633,410
	13,218,129	9,912,608	9,491,790	6,653,399	8,012,442
	258,956	357,588	-	27,254	132,044
	4,165,368	4,429,351	4,551,954	4,721,866	4,734,114
	2,899,140	2,995,452	3,071,818	3,388,248	3,592,431
	279,430	279,829	287,402	275,905	287,944
	292,384	36,887	372,616	185,000	18,249,598
	7,895,278	8,099,107	8,283,790	8,598,273	26,996,131
\$	21,113,407	\$ 18,011,715	\$ 17,775,580	\$ 15,251,672	\$ 35,008,573
\$	(13,545,664)	\$ (16,973,831)	\$ (17,798,383)	\$ (13,399,911)	\$ (9,185,576)
	(2,709,546)	(1,685,235)	(1,897,817)	(2,113,450)	15,327,748
\$	(16,255,210)	\$ (18,659,066)	\$ (19,696,200)	\$ (15,513,361)	\$ 6,142,172

CITY OF LOMA LINDA
Changes in Net Position
Last Ten (10) Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Position					
Government activities:					
Taxes					
Property taxes	\$ 5,655,050	\$ 6,334,023	\$ 8,381,521	\$ 9,448,129	\$ 10,438,820
Sales taxes	2,082,820	2,678,275	2,848,890	3,302,260	3,401,593
Franchise tax	7,380	9,748	6,995	544,195	558,975
Other taxes	10,687	9,988	81,050	340,460	504,173
Motor vehicle in lieu	923,229	1,597,971	1,511,940	1,601,282	1,804,250
Transfers	270	(69,663)	-	-	-
Total taxes and transfers	8,679,436	10,560,342	12,830,396	15,236,326	16,707,811
Investment income	747,461	1,795,884	1,856,519	2,971,594	2,894,447
Miscellaneous	2,247,743	1,402,044	408,670	54,424	459,167
Gain (Loss) on sale of capital assets	-	-	-	-	(20,090)
Gain (Loss) on Land Held for Resale	-	-	-	(248,831)	359,800
Total governmental activities	11,674,640	13,758,270	15,095,585	18,013,513	20,401,135
Business-type activities:					
Investment income	614,862	733,815	986,355	1,125,012	1,007,390
Miscellaneous	136,796	699,057	300,206	212,150	1,116,271
Transfers	(270)	69,663	-	-	-
Gain (Loss) on sale of capital assets	-	-	-	-	3,994
Total business-type activities	751,388	1,502,535	1,286,561	1,337,162	2,127,655
Total primary government	\$ 12,426,028	\$ 15,260,805	\$ 16,382,146	\$ 19,350,675	\$ 22,528,790
Extraordinary Item (Disolution of Redevelopment Agency)					
Disolution of Redevelopment Agency					
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	-	-	-	-	-
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position					
Governmental activities	\$ 2,548,511	\$ 4,994,294	\$ 8,435,779	\$ 8,732,201	\$ 11,599,153
Business-type activities	693,772	941,205	(73,350)	(1,274,161)	4,556,244
Total primary government	\$ 3,242,283	\$ 5,935,499	\$ 8,362,429	\$ 7,458,040	\$ 16,155,397

Source: City of Loma Linda Finance Department

2009	2010	2011	2012	2013
\$ 11,020,163	\$ 10,037,882	\$ 9,461,659	\$ 5,774,870	\$ 2,205,347
3,487,985	3,105,936	3,681,608	4,040,073	3,864,216
730,413	648,690	664,672	756,527	778,424
592,561	590,867	941,937	641,707	734,611
1,914,908	1,780,141	1,762,104	1,648,468	1,661,319
661	-	161,951	-	-
17,746,691	16,163,516	16,673,931	12,861,645	9,243,917
1,934,823	1,525,652	1,672,572	936,266	208,226
173,657	107,192	59,539	652,079	60,069
-	-	-	-	-
-	-	-	-	-
19,855,171	17,796,360	18,406,042	14,449,990	9,512,212
594,823	607,164	545,228	12,986	11,789
800,450	533,289	461,650	602,448	578,584
(661)	-	(161,951)	-	-
-	-	-	-	-
1,394,612	1,140,453	844,927	615,434	590,373
\$ 21,249,783	\$ 18,936,813	\$ 19,250,969	\$ 15,065,424	\$ 10,102,585
\$ -	\$ -	\$ -	\$ 18,071,167	\$ -
-	-	-	(7,531,946)	-
\$ -	\$ -	\$ -	\$ 10,539,221	\$ -
\$ 6,309,507	\$ 822,529	\$ 607,659	\$ 19,121,246	\$ 326,636
(1,314,934)	(544,782)	(1,052,890)	(9,029,962)	15,918,121
\$ 4,994,573	\$ 277,747	\$ (445,231)	\$ 10,091,284	\$ 16,244,757

CITY OF LOMA LINDA
Governmental Activities Tax and Assessments Revenues by Source
Last Ten (10) Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Sales & Use Tax	Franchise Fees	Transfer Tax	Transient Tax	Business License
2004	4,411,438	2,342,773	442,994	68,036	8,319	230,221
2005	4,954,740	2,910,782	466,528	127,641	5,056	250,077
2006	6,942,748	3,197,232	522,074	116,371	57,665	272,075
2007	8,449,778	3,636,421	544,195	162,082	67,951	265,664
2008	9,689,326	3,739,084	558,975	59,050	68,876	275,322
2009	10,327,373	3,773,847	730,413	79,266	69,879	287,370
2010	9,433,706	3,348,460	648,690	39,368	58,933	261,340
2011	9,043,574	3,988,042	664,672	37,615	57,274	298,108
2012	5,190,613	4,382,549	756,527	31,919	52,938	236,453
2013	1,420,706	4,203,905	778,424	42,622	33,676	349,911

Includes General, Special Revenue, Debt Service and Capital Projects Funds.

Source: City of Loma Linda Finance Department.

Misc. Taxes	Assessments	Total
7,380	571,227	8,082,388
9,748	616,527	9,341,099
6,994	700,472	11,815,631
6,845	777,152	13,910,088
6,829	769,705	15,167,167
8,280	805,642	16,082,070
8,649	817,654	14,616,800
9,469	747,374	14,846,128
9,841	727,518	11,388,358
11,335	742,019	7,582,598

CITY OF LOMA LINDA
Fund Balances of Governmental Funds
Last Ten (10) Fiscal Years
(modified accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund						
Reserved	\$ 485,856	\$ 435,369	\$ 436,551	\$ 345,346	\$ 344,667	\$ 852,770
Unreserved	2,798,343	4,725,481	5,700,458	7,407,201	7,409,050	7,196,063
Non Spendable:						
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted for:						
Public Safety	-	-	-	-	-	-
General government	-	-	-	-	-	-
Committed for:						
Emergency contingency	-	-	-	-	-	-
Assigned for:						
Disaster recovery - Federal/State reimbursements	-	-	-	-	-	-
Refuse services	-	-	-	-	-	-
Fire equipment replacement	-	-	-	-	-	-
Capital equipment replacement	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total general fund	<u>\$ 3,284,199</u>	<u>\$ 5,160,850</u>	<u>\$ 6,137,009</u>	<u>\$ 7,752,547</u>	<u>\$ 7,753,717</u>	<u>\$ 8,048,833</u>
All other governmental funds						
Reserved	\$ 23,477,600	\$ 27,004,511	\$ 36,492,184	\$ 39,536,595	\$ 35,823,580	\$ 40,390,640
Unreserved, reported in:						
Special revenue funds	710,169	1,011,723	1,484,918	2,624,532	2,154,291	2,596,448
Debt service funds	1,115,732	1,106,402	(5,879,054)	(8,287,557)	(11,992,439)	(12,371,088)
Capital project funds	504,174	1,252,129	9,181,061	4,991,028	14,418,515	9,032,230
Undesignated	(13,935,653)	(16,725,642)	-	-	-	-
Non Spendable:						
Prepaid items	-	-	-	-	-	-
Sewer capacity rights	-	-	-	-	-	-
Restricted for:						
Cultural and recreational	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Street improvements	-	-	-	-	-	-
Storm drains	-	-	-	-	-	-
Municipal facilities	-	-	-	-	-	-
Public works projects	-	-	-	-	-	-
Landscape Maintenance District	-	-	-	-	-	-
Air quality management	-	-	-	-	-	-
Development projects	-	-	-	-	-	-
General government	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Low/mod hosing programs	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 11,872,022</u>	<u>\$ 13,649,123</u>	<u>\$ 41,279,109</u>	<u>\$ 38,864,598</u>	<u>\$ 40,403,947</u>	<u>\$ 39,648,230</u>

Source: City of Loma Linda Finance Department

Note: Implementation of GASB 54 changed the classifications of fund balance. Prior year audits were not re-issued therefore comparative data is not available prior to fiscal year 2011

<u>2010</u>	<u>2011</u> ¹	<u>2012</u>	<u>2013</u>
\$ 387,155	\$ -	\$ -	\$ -
7,456,030	-	-	-
-	21,879	22,355	22,630
-	328,518	432,648	1,319
-	-	-	35,743
-	5,317	5,317	2,232
-	3,500,000	3,500,000	3,500,000
-	426,308	-	-
-	242,106	83,658	87,941
-	67,419	70,779	78,102
-	1,250,000	1,250,000	1,250,000
-	2,803,075	3,703,420	5,071,179
<u>\$ 7,843,185</u>	<u>\$ 8,644,622</u>	<u>\$ 9,068,177</u>	<u>\$ 10,049,146</u>
\$ 39,678,336	\$ -	\$ -	\$ -
	-	-	-
1,574,735	-	-	-
(17,758,767)	-	-	-
9,298,902	-	-	-
-	-	-	-
-	82,884	9,913	20
-	79,862	-	-
-	669,281	362,256	284,673
-	267,955	337,819	369,068
-	5,938,787	5,736,844	5,561,625
-	763,498	740,443	749,230
-	447,301	273,249	336,519
-	217,694	-	-
-	43,328	-	-
-	55,169	66,244	73,431
-	6,381,957	-	-
-	4,626,779	1,563,163	-
-	4,523,861	1,220,343	1,207,017
-	30,804,510	17,873,700	17,856,279
-	(11,943,938)	(3,277,365)	(4,693,591)
<u>\$ 32,793,206</u>	<u>\$ 42,958,928</u>	<u>\$ 24,906,609</u>	<u>\$ 21,744,271</u>

CITY OF LOMA LINDA
Changes in Fund Balances of Governmental Funds
Last Ten (10) Fiscal Years
(modified accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
Taxes	\$ 8,082,388	\$ 9,341,099	\$ 11,815,631	\$ 13,910,088
Licenses and permits	814,575	1,274,884	949,820	630,675
Intergovernmental revenues	1,972,734	2,944,606	2,780,168	2,756,637
Charges for services	2,691,658	3,115,924	2,970,018	3,333,503
Use of money and property	1,139,325	1,046,965	1,731,566	3,059,857
Fines, forfeitures, and penalties	169,862	165,057	518,953	1,078,676
Contributions	109,893	43,889	1,000	-
Miscellaneous	1,693,405	1,689,089	2,187,198	2,185,391
Developer fees	102,923	1,556,016	3,320,882	3,315,656
Total Revenues	16,776,763	21,177,529	26,275,236	30,270,483
Expenditures				
General government	2,665,745	2,890,312	3,119,238	3,483,268
Public safety	4,682,066	4,976,235	5,474,848	6,298,806
Community development	2,119,235	2,733,328	5,074,483	1,980,250
Public works	4,116,492	3,706,711	4,857,384	4,221,178
Capital outlay	362,267	244,200	466,557	9,588,564
Debt service				
Principal retirement	756,412	1,161,099	1,266,003	2,226,133
Interest and fiscal charges	2,228,101	2,049,958	2,144,106	3,450,010
Bond issuance costs	-	-	899,273	-
Refunding costs	-	-	-	-
Total Expenditures	16,930,318	17,761,843	23,301,892	31,248,209
Excess of revenues over (under) expenditures	(153,555)	3,415,686	2,973,344	(977,726)
Other Financing Sources (Uses)				
Capital leases	-	-	-	-
Bond proceeds	-	-	25,535,000	-
Premium on bonds	-	-	313,969	-
Discount on bonds	-	-	(79,798)	-
Gain on disposal of assets	-	-	-	25,775
Loss of disposal of assets	-	-	-	(274,606)
Transfers in	3,282,044	3,545,917	2,457,919	7,362,812
Transfers out	(3,281,774)	(3,615,580)	(2,457,919)	(7,362,812)
Total Other Financing Sources (Uses)	270	(69,663)	25,769,171	(248,831)
Net Change in Fund Balances Before Extraordinary Item	(153,285)	3,346,023	28,742,515	(1,226,557)
Extraordinary Item	-	-	-	-
Net Change in Fund Balances	\$ (153,285)	\$ 3,346,023	\$ 28,742,515	\$ (1,226,557)
Debt Service as a percentage of non-capital expenditures	18.0%	18.3%	18.9%	26.0%

* The presentation of capital outlay expenditures changed in fiscal year 2007, therefore creating a significant change from fiscal year 2006.

Source: City of Loma Linda Finance Department

**Extraordinary item did not apply to prior years.

2008	2009	2010	2011	2012	2013
\$ 15,167,167	\$ 16,082,070	\$ 14,616,800	\$ 14,846,128	\$ 11,388,358	\$ 7,582,598
455,181	349,510	210,643	252,975	1,345,307	318,636
4,543,759	5,371,461	3,263,909	6,833,823	1,680,953	2,539,554
3,597,448	2,966,451	2,549,378	2,780,285	5,344,456	1,653,891
2,025,727	1,086,977	835,776	10,419,520	660,304	624,686
781,862	577,392	478,763	281,957	980	179,157
-	-	-	-	-	-
2,628,355	2,696,649	2,265,551	2,768,474	3,411,401	3,479,196
3,124,891	1,282,017	1,192,558	412,271	308,677	1,127,775
32,324,390	30,412,527	25,413,378	38,595,433	24,140,436	17,505,493
5,031,935	5,141,936	7,041,600	5,083,333	2,756,072	1,010,432
7,700,185	8,315,993	8,057,199	7,869,002	8,249,467	8,333,007
2,183,352	2,086,901	1,310,589	1,427,226	1,618,015	1,635,429
4,315,575	3,824,026	3,329,567	3,348,479	2,696,647	2,225,653
6,810,787	15,340,849	7,407,909	4,811,468	1,521,014	3,137,662
1,650,065	1,640,000	1,695,000	1,805,000	2,080,400	883,220
3,394,241	3,144,540	3,684,121	3,798,820	2,571,604	207,619
-	268,111	-	-	-	-
-	-	-	-	-	-
31,086,140	39,762,356	32,525,985	28,143,328	21,493,219	17,433,022
1,238,250	(9,349,829)	(7,112,607)	10,452,105	2,647,217	72,471
-	-	-	330,513	-	-
-	8,900,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
361,005	-	51,935	22,590	315,539	19,160
(2,205)	-	-	-	-	-
10,310,331	4,968,940	5,766,813	20,922,495	3,541,336	2,366,876
(10,310,331)	(4,968,279)	(5,766,813)	(20,760,544)	(3,541,336)	(2,366,876)
358,800	8,900,661	51,935	515,054	315,539	19,160
1,597,050	(449,168)	(7,060,672)	10,967,159	2,962,756	91,631
-	-	-	-	(20,591,520)	-
\$ 1,597,050	\$ (449,168)	\$ (7,060,672)	\$ 10,967,159	\$ (17,628,764)	\$ 91,631
23.2%	18.9%	20.7%	21.2%	22.9%	7.1%

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CITY OF LOMA LINDA
General Governmental Tax Revenues by Source
Last Ten (10) Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Sales & Use Tax	Franchise Fees	Transfer Tax	Transient Tax	Business License	Misc. Taxes	Total
2004	788,870	2,082,820	442,994	68,036	8,319	230,221	7,380	3,628,640
2005	773,978	2,602,439	466,528	127,641	5,056	250,077	9,748	4,235,467
2006	843,211	2,848,889	522,074	116,371	57,665	272,076	6,995	4,667,281
2007	1,078,634	3,302,261	544,195	162,082	67,951	265,664	6,845	5,427,632
2008	1,105,974	3,401,593	558,975	59,050	68,876	275,322	6,829	5,476,620
2009	1,342,091	3,487,985	730,413	79,266	69,879	287,370	8,280	6,005,284
2010	1,130,074	3,105,936	648,690	39,368	58,933	261,340	8,649	5,252,990
2011	1,089,990	3,681,608	664,672	37,615	57,274	298,108	9,469	5,838,736
2012	1,016,418	4,040,073	756,527	31,919	52,938	236,453	9,840	6,144,168
2013	1,420,706	3,864,216	778,424	42,622	33,676	349,911	11,335	6,500,890

Source: City of Loma Linda Finance Department

CITY OF LOMA LINDA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten (10) Calendar Years

Calendar Year Ended December 31	Real Property		Personal Property	Estimated Actual Taxable Value	Less: Tax Exempt Real Property
	Residential Property	Commercial Property			
2004	1,333,287,807	103,934,170	116,523,967	1,553,745,944	550,596,709
2005	1,324,055,163	184,478,555 ¹	114,929,551	1,623,463,270	477,868,692
2006	1,535,266,197	192,876,945	124,296,187	1,852,439,329	601,900,034
2007	1,774,871,539	195,611,256	136,262,411	2,106,745,206	695,769,974
2008	2,018,220,773	211,531,280	147,259,104	2,377,011,157	739,556,873
2009	2,110,749,880	239,277,898	228,432,426	2,578,460,204	809,676,020
2010	2,098,046,340	262,992,114	215,052,700	2,576,091,154	928,430,644
2011	2,087,990,031	266,608,473	234,245,941	2,588,844,445	1,006,245,563
2012	2,105,355,263	267,171,958	235,765,375	2,608,292,596	1,023,319,642
2013	2,195,002,151	271,001,950	216,780,215	2,682,784,316	1,096,986,069

¹ Commercial property values reflect net amounts for years prior to 2005.



<u>Total Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Assessed Value as a Percentage of Actual Value</u>
1,003,149,235	0.4248	100%
1,145,594,578	0.4173	100%
1,250,539,295	0.4958	100%
1,410,975,232	0.5310	100%
1,637,454,284	0.5435	100%
1,768,784,184	0.5459	100%
1,647,660,510	0.5294	100%
1,582,598,882	0.5185	100%
1,584,972,954	0.5155	100%
1,585,798,247	0.5192	100%

CITY OF LOMA LINDA
Direct and Overlapping Property Tax Rates
(Rate per \$100 of Taxable Value)
Last Ten (10) Fiscal Year

Fiscal Year	Basic Levy	San Bernardino Debt Service	Schools			Water	Total Tax Rate	RDA Incremental Rate ¹	Total Direct Rate ²
			Colton Unified	Redlands Unified	San Bernardino Community College				
2004	1.0000	0.03310	0.06150	0.06280	0.01690	0.14000	1.31430	1.14000	0.42477
2005	1.0000	0.03220	0.06250	0.04690	0.01890	0.14000	1.30050	1.14000	0.41728
2006	1.0000	0.04420	0.04270	0.04490	0.01660	0.16000	1.30840	1.16000	0.49576
2007	1.0000	0.04230	0.07530	0.03760	0.01950	0.15500	1.32970	1.15500	0.53098
2008	1.0000	0.04120	0.08060	0.03220	0.01270	0.16500	1.33170	1.16500	0.54345
2009	1.0000	0.03810	0.06880	0.05190	0.03930	0.16500	1.36310	1.65000	0.54592
2010	1.0000	0.03550	0.09850	0.05410	0.02800	0.16500	1.38110	1.65000	0.52940
2011	1.0000	0.00000	0.13040	0.06170	0.04670	0.16500	1.40380	1.16500	0.51852
2012	1.0000	0.00000	0.14030	0.05820	0.03730	0.16500	1.40080	1.16500	0.51553
2013	1.0000	0.00000	0.14880	0.06410	0.04590	0.16250	1.42130	0.00000	0.51917

Sources: HdL Coren & Cone, San Bernardino County Assessor combined tax rolls

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 for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

¹ RDA rate is based on the largest RDA tax rate area and includes only the rate(s) from indebtedness adopted prior to 1989 per California State Statute. RDA Direct and Overlapping rates are applied only to the incremental property values.

² Total Direct Rate is the weighted average of all individual direct rates.

CITY OF LOMA LINDA
Principal Property Tax Payers
as of June 30, 2013

Taxpayer	2013			2004		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Emerikeyt Palms of Loma Linda Inc ²						
Timber Hills Associates LP ²	\$ 41,960,886	1	2.65%			
General American Life Insurance Company	36,646,547	2	2.31%	\$ 33,822,209	1	3.31%
Loma Linda University ¹	33,295,271	3	2.10%	32,481,789	2	3.18%
Loma Linda Heritage Associates	26,381,673	4	1.66%	18,000,000	4	1.76%
Oasis Townhomes LLC	24,467,853	5	1.54%	21,219,435	3	2.08%
Granite Lakes Apartments ²	20,000,000	6	1.26%			
NHI-Reit of California LP	11,565,994	7	0.73%			
Spreen Investment Company II	10,465,052	8	0.66%			
Monterey Pines LLC	10,337,734	9	0.65%	8,956,606	6	0.88%
Loma of California Health Center LLC	9,966,435	10	0.63%	8,643,265	7	0.85%
RK Multifamily Income Fund XII LLC				11,700,000	5	1.15%
Love Rock Ministries International Inc				8,488,351	8	0.83%
ALS Financing Inc				7,165,971	9	0.70%
Loma Linda Plaza Partners				6,860,832	10	0.67%
	<u>\$ 225,087,445</u>		<u>14.19%</u>	<u>\$ 157,338,458</u>		<u>15.41%</u>

Note: The amounts shown above includes assessed value data for both the City and the Redevelopment Agency.

¹ Loma Linda University is a learning institution; therefore, a large portion of their property is exempt.

² Pending Appeals on Parcels

Source: The HdL Companies, San Bernardino County Assessor Combined Tax Rolls

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CITY OF LOMA LINDA
Property Tax Levies and Collections
Last Ten (10) Calendar Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Current Tax Collections	Percent of Current Taxes Collected		Amount	Percentage of Levy
2004	750,483	749,529	99.9%	48,635	798,165	106.4%
2005	849,616	828,805	97.6%	175,229	1,004,034	118.2%
2006	844,135	814,547	96.5%	127,406	941,953	111.6%
2007	870,726	821,738	94.4%	59,539	881,277	101.2%
2008	960,752	884,158	92.0%	16,694	900,852	93.8%
2009	1,043,893	976,077	93.5%	12,110	988,187	94.7%
2010	980,792	933,687	95.2%	8,155	941,842	96.0%
2011	963,843	927,289	96.2%	6,772	934,061	96.9%
2012	983,808	941,122	95.7%	22,973	964,095	98.0%
2013	989,037	944,831	95.5%	-	944,831	95.5%

Source: San Bernardino County Auditor-Controller
Property Tax Division

Note:

In FY 2012, penalties started to be excluded from amounts collected in subsequent years.

CITY OF LOMA LINDA
Ratio of Outstanding Debt by Type
Last Ten (10) Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities		
	Capital Leases	Loans Payable	Tax Allocation Bonds	Revenue Bonds	General Obligation Bonds	Capital Leases	Water Bonds
2004	393,276	-	12,610,000	9,555,000	30,000	258,312	8,775,000
2005	287,177	-	12,230,000	8,880,000	20,000	188,635	8,555,000
2006	176,174	-	37,305,000	8,185,000	20,000	115,737	8,320,000
2007	60,041	-	35,905,000	7,475,000	20,000	39,469	8,075,000
2008	-	-	35,040,000	6,750,000	20,000	-	7,815,000
2009	-	-	43,045,000	6,005,000	20,000	-	7,540,000
2010	-	-	42,120,000	5,235,000	20,000	-	7,245,000
2011	330,513	-	41,110,000	4,440,000	20,000	-	6,935,000
2012	300,113	-	-	3,615,000	20,000	-	6,605,000
2013	271,894	-	-	2,760,000	10,000	-	6,255,000

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

¹ See the Schedule of Demographic and Economic Statistics on page 137 for personal income and population.

Source: City of Loma Linda Finance Department

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita¹</u>
31,621,588	5.07%	1509
30,160,812	4.53%	1397
54,121,911	7.72%	2470
51,574,510	7.07%	2297
49,625,000	6.27%	2193
56,610,000	7.29%	2503
54,620,000	7.05%	2400
52,835,513	N/A	2258
10,540,113	N/A	451
9,296,894	1%	396

CITY OF LOMA LINDA
Ratios of General Bonded Debt Outstanding
Last Ten (10) Fiscal Years

Fiscal Year	General Obligation Bonds	Less: amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property ¹	Per Capita ²
2004	30,000	-	30,000	0.002%	1
2005	20,000	-	20,000	0.001%	1
2006	20,000	-	20,000	0.001%	1
2007	20,000	-	20,000	0.001%	1
2008	20,000	-	20,000	0.001%	1
2009	20,000	-	20,000	0.001%	1
2010	20,000	-	20,000	0.001%	1
2011	20,000	-	20,000	0.001%	1
2012	20,000	-	20,000	0.001%	1
2013	10,000	-	10,000	0.000%	0

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

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on Page for the property value data.

² Population data can be found in the schedule of Demographic and Economic Statistics on page .

Source: City of Loma Linda Finance Department

CITY OF LOMA LINDA
Direct and Overlapping
Governmental Activities Debt
as of June 30, 2013

2012-2013 Assessed Valuation \$ 1,585,798,247

	Total Debt	Percent	
	6/30/13	Applicable (1)	Debt 6/30/13
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
San Bernardino Valley Joint Community College District	\$ 451,279,725	3.071%	\$ 13,858,800
Colton Joint Unified School District	181,856,476	0.899%	1,634,890
Colton Joint Unified School District Community Facilities District No.2	4,460,000	25.190%	1,123,474
Redlands Unified School District	102,319,784	12.169%	12,451,295
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 29,068,459
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Bernardino County General Fund Obligations	\$ 573,875,000	0.970%	\$ 5,566,588
San Bernardino Country Pension Obligations	519,745,214	0.970%	5,041,529
San Bernardino County Flood Control District General Fund Obligations	104,705,000	0.970%	1,015,639
Colton Joint Unified School District Certificates of Participation	4,387,679	0.899%	39,445
Redlands Unified School District Certificates of Participation	5,000,000	12.169%	608,450
City of Loma Linda Certificates of Participation	2,760,000	100.000%	2,760,000
City of Loma Linda Master Lease	271,894	100.000%	271,894
City of Loma Linda 1978 Water Bonds	10,000	100.000%	10,000
City of Loma Linda 1995 Variable Rate Water Revenue Bonds	6,255,000	100.000%	6,255,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 21,568,545
OVERLAPPING TAX INCREMENT DEBT:	\$ 200,605,000	3.893-100.0 %	\$ 44,911,660
TOTAL DIRECT DEBT			9,296,894
TOTAL OVERLAPPING OBLIGATION DEBT			86,251,770
COMBINED TOTAL DEBT			\$ 95,548,664 (2)

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
(2) Excludes overlapping tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2012-13 Assessed Valuation:

Total Overlapping Debt (excluding tax increment).....	2.61%
Total Direct Debt (\$9,296,894).....	0.59%
Combined Total Debt (excluding tax increment).....	3.78%

Ratios to Redevelopment Incremental Valuation (\$759,412,128):

Total Overlapping Tax Increment Debt.....	5.91%
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STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$0

Source: California Municipal Statistics and City of Loma Linda Finance Department

CITY OF LOMA LINDA
Computation of Legal Debt Margin
Last Ten (10) Fiscal Years

	¹ 2004	2005	2006	2007
Debt Limit	\$ 38,235,655	\$ 43,566,906	\$ 47,509,395	\$ 53,525,684
Total net debt applicable to limit	33,209,886	32,882,692	31,484,160	30,750,296
Legal debt margin	\$ 5,025,769	\$ 10,684,214	\$ 16,025,235	\$ 22,775,388
Total net debt applicable to the limit as a percentage of debt limit	86.86%	75.48%	66.27%	57.45%

Source: California Municipal Statistics, San Bernardino County
Auditor-Controller Property Tax Division

1 Information prior to Fiscal Year 2003 is not available

Note:

California Government Code, Section 43605 sets the debt limit at 15%. The code section was enacted when assessed values were based on 25% of full market value. This has since changed to 100% of full market value. Thus, the limit shown is 3.75% (one-fourth the limit of 15%).

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	
\$ 62,019,478	\$ 66,983,735	\$ 62,443,494	\$ 59,998,424	\$ 60,087,454	\$ 60,098,744	
27,724,666	36,236,452	35,465,342	34,152,880	33,799,049	95,548,664	
<u>\$ 34,294,812</u>	<u>\$ 30,747,283</u>	<u>\$ 26,978,152</u>	<u>\$ 25,845,544</u>	<u>\$ 26,288,405</u>	<u>\$ (35,449,920)</u>	
44.70%	54.10%	56.80%	56.92%	56.25%	158.99%	
					Net Assessed Value	1,585,798,247
					Plus Exempt Property	16,834,921
					Total Assessed Value	<u>\$ 1,602,633,168</u>
					Debt Limit: 3.75 percent of Total Assessed Value	60,098,744
					Debt applicable to Limitation:	
					Net Combined applicable to Limitation	95,548,664
					Total Debt applicable to Limitation	95,548,664
					Legal Debt Margin	<u>\$ (35,449,920)</u>

CITY OF LOMA LINDA
Pledged-Revenue Coverage
Last Ten (10) Fiscal Years

Fiscal Year	Water Revenue Bonds				
	Gross Revenues	Operating Expenses Less Depreciation	Net Revenue Available for Debt Service	Debt Service Requirements	Coverage
2004	3,412,107	2,626,562	785,545	757,281	103.7%
2005	3,518,424	2,969,287	549,137	757,281	72.5%
2006	4,187,141	3,800,678	386,463	770,681	50.1%
2007	4,737,038	4,244,330	492,708	770,681	63.9%
2008	5,128,815	4,588,068	540,747	733,200	73.8%
2009	5,406,102	4,476,532	929,570	733,200	126.8%
2010	5,042,031	3,898,139	1,143,892	733,200	156.0%
2011	5,014,970	4,018,175	996,795	733,200	136.0%
2012	5,327,611	4,530,412	797,199	345,130	231.0%
2013	5,295,335	4,638,354	656,981	361,610	181.7%

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

Source: City of Loma Linda Finance Department

*Amounts are zero due to the dissolution of the Redevelopment Agency

Tax Allocation Bonds

Tax Increment	Debt Service		Coverage
	Principal	Interest	
3,041,668	-	399,723	7.61
3,511,628	380,000	518,850	3.91
4,772,247	460,000	509,875	4.92
6,035,332	1,400,000	1,836,658	1.86
6,744,163	865,000	1,735,889	2.59
8,369,076	895,000	1,704,240	3.22
7,628,983	925,000	1,773,160	2.83
7,325,280	1,010,000	2,387,538	2.16
N/A	*	N/A	*
N/A	*	N/A	*

CITY OF LOMA LINDA
Demographic and Economic Statistics
Last Ten (10) Fiscal Years

Fiscal Year	Population ¹	Personal Income ²	Per Capita Personal Income ³	Loma Linda Academy (Private) Enrollment ⁴	Bryn Mawr Elementary Enrollment ⁵	Mission Elementary Enrollment ⁵	Redlands School District Enrollment ⁵	Unemployment Rate (percentage) ⁷
2004	20,952	623,942,592	29,780	1,567	893	0	20,643	3.4
2005	21,592	665,903,264	30,840	1,526	896	0	21,135	3.0
2006	21,912	701,072,034	31,995	1,511	880	0	21,936	4.9
2007	22,451	729,430,221	32,490	1,554	855	0	21,220	5.9
2008	22,632	791,379,095	34,967	1,572	899	0	21,200	8.3
2009	22,619	776,633,000	33,388	1,469	921	0	21,142	13.3
2010	22,760	774,946,263	34,048	1,348	951	0	21,293	14.4
2011	23,395	805,449,502*	34,428*	1,400	988	0	21,398	8.7
2012	23,389	n/a	n/a	1,306	776	217	21,408	8.0
2013	23,476	721,065,000 **	30,715 **	1,312	730	509	21,379	5.8

Sources: ¹ State of California, Department of Finance

² Calculation based on the 2000 Census: Loma Linda's personal income is 1.3% of the total County of San Bernardino's income; therefore, the City used the constant 1.3 percentage of the County's income to determine the City's personal income amount.

* Per Bureau of Economic Analysis: Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2000-2011 reflect county population estimates available as of April 2012.

³ Per Capita personal income is calculated by dividing personal income by population

⁴ Loma Linda Academy's registrar's office (except in 2011 the City used www.trulia.com)

⁵ California Department of Education

⁷ US Department of Labor, Bureau of Labor Statistics

** As of FY 2013 Data provided by HdL Companies

CITY OF LOMA LINDA
Principal Employers
Current Fiscal Year

Employer	2013			2004 *		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Loma Linda University Medical Center	7,369	1	41.89%	N/A	N/A	N/A
Loma Linda University	3,847	2	21.87%	N/A	N/A	N/A
Jerry L. Pettis VA Med. Ctr.	2,899	3	16.48%	N/A	N/A	N/A
University Health Care	1,540	4	8.75%	N/A	N/A	N/A
Total	<u>15,655</u>		<u>88.98%</u>	<u>0</u>		<u>0.00%</u>

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Veterans Affairs Personnel Department

Total number of jobs within City limits provided by Employment Development Department,
 Labor Market Information Division

*Principal employer information not available for FY 2004, as required by GASB-S44:33

CITY OF LOMA LINDA
Full-Time Equivalent City Government Employees by Function
Last Ten (10) Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	42.5	43	44	44.5	44	39	36	34	29	29.5
Public safety										
* Sheriff										
Officers	11.9	11.9	11.9	13.3	14.5	14.5	14.48	13.48	12.77	12.77
Civilians	3.2	3.2	3.2	4.4	4.5	4.5	4.74	4.24	5.03	5.03
Fire										
Firefighters and officers	29	29	27	26	29	29	29	29	29	23
Civilians	4	2	2	1	1	2	3	3.5	4	4
Highways and streets										
Maintenance	3	3	3	3	5.5	6	6	6	4	4
LL Connected Communities	2	4	4.5	4.5	4.5	4.5	3.5	3.5	3.5	3.5
Sewer	2	2	2	2	2	2	2	2	2	2
Water	9	10	10	10	10	10	11	11	11	11
Total:	106.6	108.1	107.6	108.7	115	111.5	109.7	106.7	100.3	94.8

* Sheriff services are contracted through the County of San Bernardino Sheriff's Dept.

Source: City of Loma Linda Human Resources

CITY OF LOMA LINDA
Operating Indicators by Function
Last Ten (10) Fiscal Years

Function:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sheriff										
Calls for service	15,530	15,919	16,070	24,561	25,196	22,916	21,072	20,626	18,084	20,846
Citations issued by Deputies	2,220	1,519	1,571	1,810	2,009	1,455	2,164	2,922	1,703	1,653
Red light camera citations	0	0	0	9,490	6,501	5,720	3,243	1,084	0	0
Physical arrests	390	450	414	727	755	560	557	722	1,078	790
Fire										
Total number of calls answered	2,910	2,734	2,788	2,977	3,075	3,185	3,090	3,309	3,230	3,213
% of calls for medical aid	n/a	67.8	72.8	72.1	65.8	67.3	73.8	63.7	64.7	63
Highways and streets										
Street resurfacing (miles)	7.68	5	8.81	1.36	4.97	3.55	4.5	7.88	3.85	5.1
Potholes repaired	33	28	24	22	29	221	31	7	12	11
Water										
New connections	12	247	194	82	106	229	346	32	0	3
Water main breaks	15	27	23	17	32	56	15	34	24	10
Average daily consumption (acre foot)	15.60	14.76	14.77	14.46	14.35	14.21	11.78	12.96	13.54	13.73
Wastewater										
Average daily sewage treatment (million gallons)	3	3	3	6	5.5	5.5	4.1	3.9	4.0	4.1

Note: Sheriff services are contracted through the County of San Bernardino Sheriff's Dept.
Potholes repaired are reported in tons prior to 2009.
Sewer treatment is contracted through the City of San Bernardino

Sources: City of Loma Linda Public Works and Fire Departments, and San Bernardino Sheriff's Department

CITY OF LOMA LINDA
Capital Asset Statistics by Function
Last Ten (10) Fiscal Years

Function:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
* Sheriff										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	5	5	5	7.5	9.5	9.5	10.5	10.5	10.5	10.5
Fire Stations	1	1	1	1	1	2	2	2	2	2
Vehicles	19	13	13	15	12	15	15	15	15	17
Highways and streets										
Streets (miles)	43.66	62.97	62.97	63	63	63	63	63.8	63.89	64.64
Streetlights	n/a	n/a	1,359	1,429	1,458	1,458	1,458	1,456	1,470	1,470
Culture and recreation										
Parks	10	10	12	12	13	13	13	13	13	13
Park acreage	74.43	74.43	84.39	84.39	85.13	90.33	90.33	90.33	90.33	90.33
Tennis courts	2	2	4	4	4	4	4	4	4	4
Senior center	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	49.17	52.65	52.65	53.71	74.5	77	77	77	77	77
Fire hydrants	n/a	n/a	894	892	892	892	892	956	957	964
Maximum daily capacity (gallons per minute)	7,165	8,525	8,220	8,250	8,375	8,375	10,875	13,300	12,982	11,305
Sewer										
Sanitary sewers (miles)	49.82	52.88	52.88	52.88	64.9	64.9	65.6	67.1	67.5	67.5
Storm sewers (miles)	14.28	20.15	20.15	20.38	22.5	22.5	22.5	18.3	20.5	20.8

* Sheriff services are contracted through the County of San Bernardino Sheriff's Dept.

Sources: City of Loma Linda Public Works and Fire Departments, San Bernardino
County Sheriff's Department

**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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To the Honorable Mayor and Members of the City Council
of the City of Loma Linda
Loma Linda, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Loma Linda, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers Anderson Maloney & Scott, LLP

San Bernardino, California
December 9, 2013





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