



Photo taken by Karen Breyer



City of Loma Linda

Fiscal Year End
June 30, 2014

Comprehensive Annual Financial Report



**Stewart Street
Widening Project**



Photo taken by Karen Breyer

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF LOMA LINDA, CALIFORNIA

For the Fiscal Year Ended June 30, 2014

Prepared by:

**City Manager's Office
Finance Department**

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 Comprehensive Annual Financial Report
 For the year ended June 30, 2014

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City of Loma Linda

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December 9, 2014

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, 2014. 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.

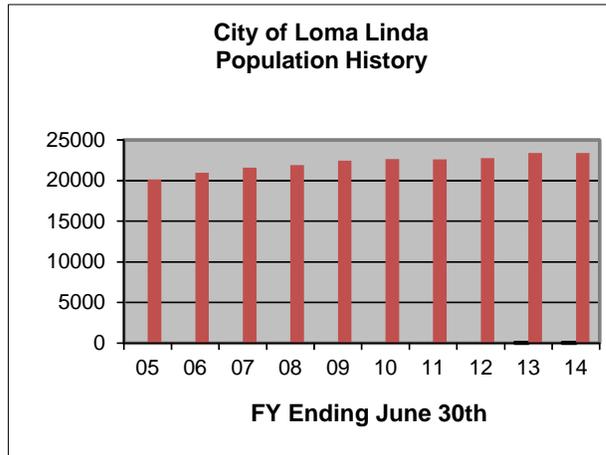
Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Loma Linda's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

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 12,752 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 23,614, as certified by the State Department of Finance, as of June 30, 2014. The City once ranked one of the largest growing cities in San Bernardino County has only increased by 138 residents, mainly due to the economic downturn and very limited new residential construction. Loma Linda's median income is \$58,404, 6% higher than the average for San Bernardino County, and has 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 353 to its current total of 23,614, with the growth of 138 from 2013 to 2014.

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 Assets* 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 25 and 28 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 2013/2014 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 the following projects:

- Development Code Amendments for drive-thru facilities, on-site beer and wine sales, and emergency shelters
- Precise Plan of Design (PPD) and issued building permits for a long-term memory care facility
- PPD and issued building permits for an 85-room hotel
- PPD and issued building permits for the development of a 345,000 sq. ft. medical facility
- PPD for an 87-unit apartment complex
- Conditional Use Permit (CUP) and issued building permits for a gasoline service station, with accessory convenience store, drive-thru car wash
- PPD for a commercial/restaurant building in association with a gasoline service station
- Master Sign Program for Commercial Shopping Center
- CUP (2) for freestanding signs
- CUP for drive-thru automatic teller machine
- CUP for roof mounted cellular antennas

- In addition, the Department processed several small project applications, home occupations, special event permits, sign plan reviews, fence and patio permits, land use permits,

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 2013/2014 fiscal year. A full time Code Enforcement/Animal Control was brought on board to work with the community to review code complaints. In addition, animal licensing compliance was dramatically increased, animal impounds were reduced fivefold through repatriation efforts, and rabies vaccination compliance was improved. The City continues to utilize the City of San Bernardino for shelter services.

Fire Department

During the fiscal year, City of Loma Linda Fire Department resources responded to 3,797 calls for service. 100 of these responses were for fires. Fire Department resources were successful in containing the majority of all residential structure fires to the room of origin and all residential structure fires to the building/residence of origin. Fires in commercial occupancies were also contained as small to medium sized incidents. All vegetation fire incidents in the city boundaries were controlled with the alarm response resources. Aggressive and successful fire attack operations have not only mitigated the loss of personal property of our residents, but also protected vital property & sales tax revenues that the community relies on to fund essential services. Sixty Five percent of our responses were for emergency medical incidents or traffic collisions to which the department deploys resources with rescue and Advanced Life Support capabilities. The Department is realizing an enhancement in its management depth through the resource sharing agreement with our neighboring jurisdiction. The consolidated command staff concept with the City of Colton Fire Department has allowed the combined command staff to dedicate managers to the functional divisions of Training and EMS (Emergency Medical Services) which were previously managed as secondary assignments of the Operational Battalion Chiefs. Both agencies are experiencing an increase in both quantity and quality of training opportunities above the company level. In addition, the EMS section is now able to begin exploring service opportunities that are being defined by the National Affordable Healthcare Act and the emerging concepts of transitional health care in the pre-hospital environment. A primary focus of our work in this area is creating alternatives to traditional transport of all EMS patients to emergency departments in order to reduce unnecessary health care costs. Alternatively, we would explore redirecting a portion of health care savings to support the health care services delivered by the Fire Department.

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, extension of infrastructure to new facilities, and replacement of uninterrupted power supply systems. Management continues to work with outside organizations that desire to tap into the infrastructure as a means of expanding their communication abilities. The City has entered into an agreement to provide IT support services to the City of Grand Terrace to leverage these assets to continue to grow a vibrant, economically strong community and region.

Successor Agency, Oversight Board and Loma Linda Housing Authority:

Successor Agencies

On February 1, 2012, Successor Agency replaced Redevelopment Agency. 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 Agency created a Redevelopment Obligation Retirement Fund, which continues to make payments on approved the 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 ROPS 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) for final review and approval before funds are disbursed to the Successor Agency. During fiscal year 2013/2014 the State Controller's Office (SCO) conducted the Asset Transfer Review required per ABX1-26.

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. 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, the Loma Linda Housing Authority (LLHA) replaced the Low-Mod Housing Fund of the Redevelopment Agency. On February 1, 2012, all property assets, property contracts, and leases of the former Low-Mod Housing Fund transferred to the LLHA. During fiscal year 2013/2014, the LLHA repurchased and sold two income qualified single family residents (SFR), approved a loan modification on a SFR, and accepted a deed-in-lieu of payment on another SFR. Additionally, the LLHA approved a Disposition Development Agreement (DDA) for multi-family properties on the south side of Van Leuven Street and

submitted a letter of support to the County of San Bernardino for an affordable senior housing project being negotiated under a DDA on the west side of Poplar Street.

Economic Development:

The Veterans Administration (VA) has begun construction of a new 300,000 sq. ft. medical clinic due to open in spring 2016. A national brand hotel is under construction and due to open fall of 2015. A new gas station is due to open in late 2014. The Center pointe Shopping Center has opened with a fast food restaurant, nation retail bank, Wal-Mart, and several dining and service shops either open or planned to open. Efforts are underway to attract retail and commercial customers to parcels adjacent to the VA clinic. Entitlement has been concluded for two dining establishments along the Redlands Boulevard corridor. The unoccupied Fresh & Easy has been repurposed as a Dollar Tree and is open. Large areas of residential land in and around Special Planning Area “D” are beginning the entitlement process. 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.

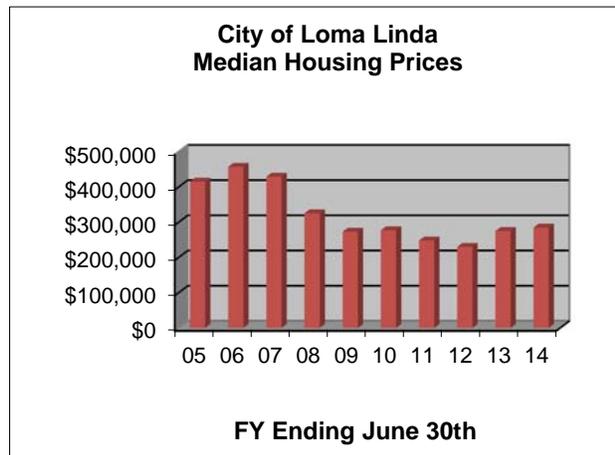
Capital Improvement Program (CIP) Projects:

Public Works

During fiscal year 2013/2014, the Public Works Department focused on several projects. The Stewart Street widening/underpass and pedestrian bridge continued construction. The City also repaired sidewalk as needed at various locations throughout the City. The pavement maintenance program rehabilitated Park Avenue, Cottage Street, Coloma Street and Lilac Street. The next phase of the Corporation Yard fire alarm system upgrade was completed. The Water Division continued with the meter replacement program and replaced the waterline in the alley way between Bellaire Street and Benton Street. The water treatment facilities continue being refined and dialed in for maximum efficiency. Project plan checking is completed on an as needed basis. The Department continues with required State and Federal regulation compliance, including air quality, storm water, water conservation, and solid waste diversion.

LOCAL ECONOMY AND PROSPECTS FOR THE FUTURE

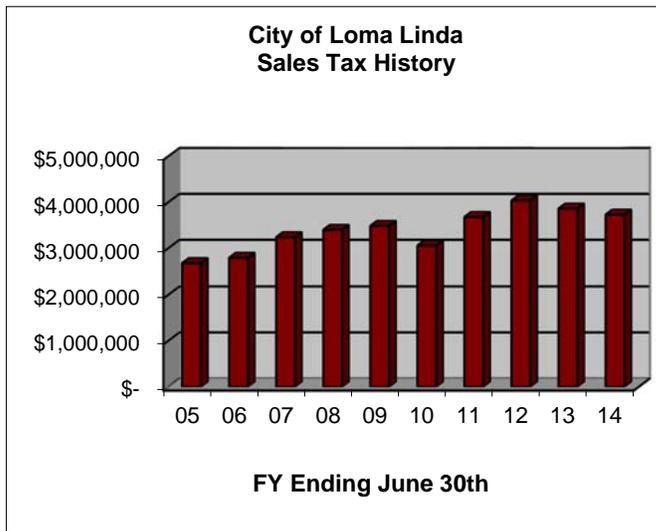
As presented in the Loma Linda General Plan (2009), Loma Linda is a unique community with strong ties to its religious, educational and healing arts roots. The Loma Linda University Medical Center (LLUMC) and the Jerry L. Pettis Memorial Veterans Medical Center (VA Medical Center) provide much of the 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.

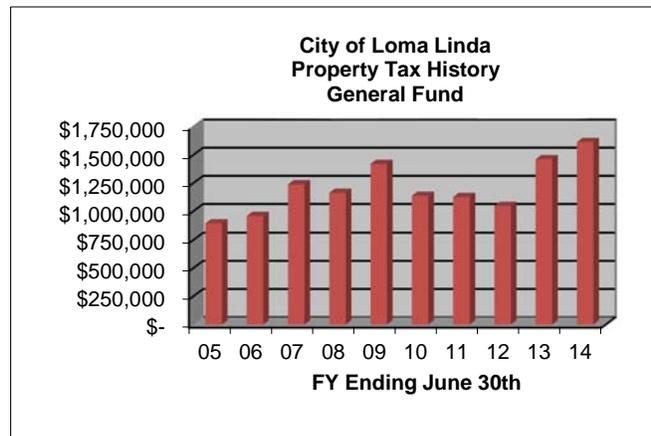
In 2014, the median price of a home in Loma Linda was \$285,000, an increase of \$10,000 or 3.6%, from \$275,000 in 2013, according to the San Bernardino County Recorder. This is an overall decrease of 37.7% to the median price since peaking at \$457,200, in 2006. After several years of fluctuations in home values due to uncertain economic conditions, Loma Linda is seeing a steady increase in the year to year data for 2014. 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, 2014. In 2014, the City received \$3,733,160 in sales tax revenues, a decrease of 3% or \$131,056 from \$3,864,216 in 2013. 2% of the decrease can be attributed to a misallocation, which was corrected in Fiscal Year 2013-2014; the balance is due to lower business and industry sales. Sales tax revenue has grown steadily since the dips in 2004/2005; with a dip in 2009/2010 due to lack of consumer confidence and drops in business and industry taxable sales in that year.

The City of Loma Linda continues to heavily rely on retail sales to fund its general government services. In order to improve the availability of retail shopping facilities and attract more shoppers to buy locally, the City is hoping to continue expanding its sales tax base through economic development like recent commercial projects that have been added to our community and additional commercial development projects planned over the next few years.

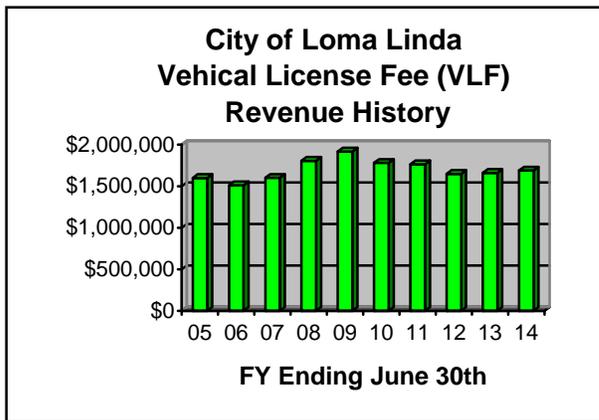
Property taxes are collected by the City and the Successor Agency to the Redevelopment Agency, with the bulk of the property tax collected by the Agency. The chart to the right is a 10-year history of the City's General Fund property tax revenues through fiscal year ending June 30, 2014. As shown here, General Fund property taxes had declined sharply over fiscal years 2010 through 2012, as the result of the housing market collapse and the ongoing economic recession, but have been steadily increasing over the last three years. On June 30, 2014, property tax revenues were reported at \$1,615,737, an increase of \$195,031 or 12% from fiscal



year 2012/2013. The majority of the increase (\$152,830 or 78%) 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 150-151.

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, 2014, the San Bernardino County's Assessor reported an increase in city wide assessed property values of 1.74%, with Loma Linda showing a 1.77% 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.

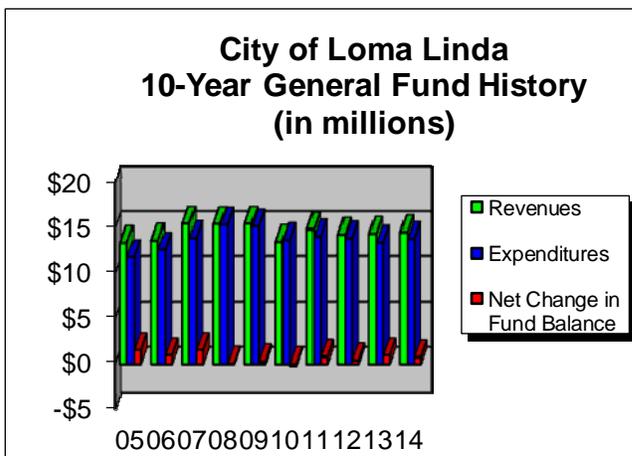


In fiscal year 2004/2005, as part of the Governor's Budget/Constitutional Protection package, a VLF swap was approved. What the swap boils down to is an exchange of the current VLF backfill from the State's general fund for an equivalent amount of property tax revenues in fiscal year 2004/2005. Any future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

since fiscal year 2009/2010, with slight fluctuations up and down. In fiscal year 2013/2014, the City collected \$1,688,440 in VLF revenue, an increase of \$27,121 or 1.6% due to a slight increase in property values within the City.

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, 2014. Further details are presented in the individual financial statements attached to this transmittal letter.



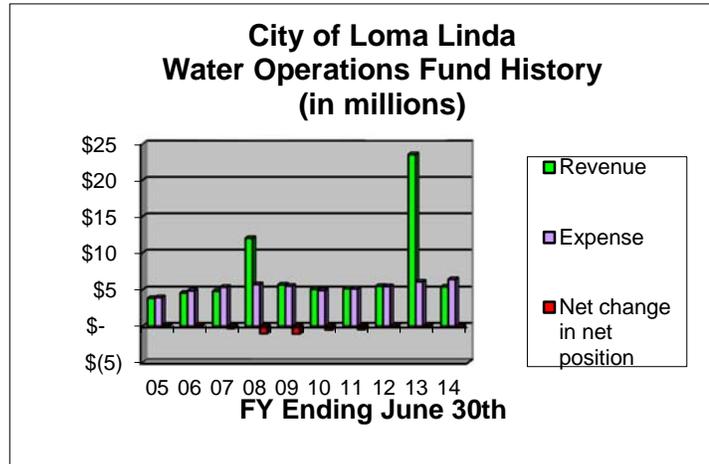
The chart on the left illustrates the ten year history of total revenues, expenditures and net change in fund balance for the General Fund through June 30, 2014. The Net Change in Fund Balance figure in the chart includes operating revenues, operating expenditures, transfers to and from other funds and 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 2013/2014, Enterprise Fund operating revenues for Water, Sewer and LLCCP combined, totaled \$9,335,859, an increase of .01% over fiscal year 2012/2013, while operating expenses decreased by \$188,310, or about 1.7%, over the same period.

Water Operations

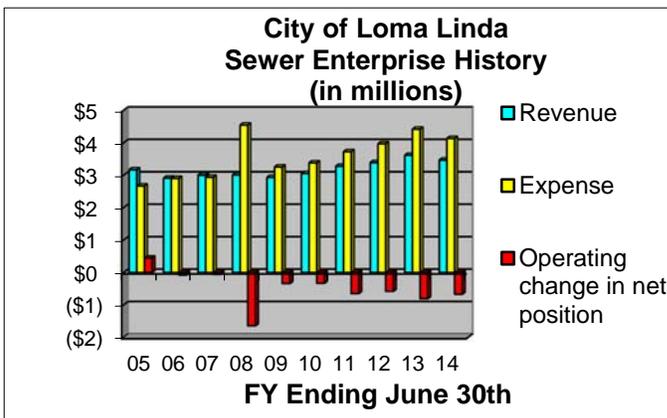
For Water Operations specifically, the Water fund operating expenses exceeded operating revenues by \$1,014,851 this year, mainly attributable to the increase in depreciation on capital assets. Last year the Water Fund showed an operating deficit of \$813,949 for the year. Note that this chart includes any “non-operating” revenues or expenses, such as interest revenue of \$4,456, Transfers In of \$21,517, interest expense of \$5,641 and contributed capital of \$29,684. Interest expense in the Water Fund has decreased by 63.4% or \$9,589,



due to the progressive decreases of interest rates on the 1995 Variable Rate Water Revenue Refunding bonds. Market interest rates have remained at historic lower levels 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 if and when the cost vs. benefit of converting from a variable rate to a fixed rate obligation will be beneficial to the City.

In efforts to reduce operational cost and increase water conservation, the City is in the third year of a City-wide meter replacement project that will reduce the loss of revenue and make monitoring water usage more efficient. Additionally, the City conducted, and in February of 2014, adopted an updated rate study to address the ongoing operating needs of the water system. New rates were effective April of 2014, with annual increases of 4.5% through fiscal year 2017/2018.

Sewer Operations



For the operating period ending June 30, 2014, the Sewer Fund ended the year with a net operating loss of \$668,408. Sewer revenues decreased by \$149,714, or 4.1%, and operating expenses decreased by \$284,621, or 6.4% (see the MD&A for an explanation to this decrease). 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. In conjunction with the water rate update, a sewer rate update was also performed and adopted. New rates were effective April of 2014, with annual increases of 12.5% through fiscal year 2017/2018. The increases were deemed necessary in order to eliminate annual operating losses, repay cash loans and build an emergency reserve fund.

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, 2014, LLCCP ended the year with operating revenues of \$414,429 compared to \$287,944 in 2012/2013. Operating expenses of \$362,005 are \$57,561 or 13.7% lower than expenses for fiscal year 2012/2013. Due to the significant upfront investment in infrastructure, and the annual depreciation of those capital assets, operating revenues are slightly over expenses, resulting in an operating change in net position of \$52,424. 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). 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%. Effective January 1, 2013, Public Employees' Pension Reform Act (PEPRA) implanted new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired after that date who meet the definition of new member as per PEPRA. For this year, the City paid \$1,014,785 in employer pension costs to PERS. In fiscal year 2013/2014, the "City's" share of retirement costs increased from 11.866% to 17.485% for Miscellaneous employees and decreased from 26.739% to 21.337% for Public Safety employees. The PEPRA employees rate is 6.25%. The reason for the changes 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, 2014, the City and the Successor Agency had debt outstanding in the amount of \$47 million. The Successor Agency has bonded debt principal as follows: (1) the 2003 Tax Allocation Refunding Bonds of \$7,640,000, (2) the Subordinate 2005 A Tax Allocation Bonds of \$14,185,000, (3) the Subordinate 2005 B Tax Allocation Bonds of \$7,315,000 (not including unamortized issuance costs), and (4) the 2008 Taxable Housing Tax Allocation Bonds of \$8,125,000. The City had \$5,895,000 in debt outstanding as follows: (1) 1978 Water bonds

(general obligation) of \$10,000 and (2) 1995 Water revenue refunding bonds of \$5,885,000 at June 30, 2014. Also, the Loma Linda Public Financing Authority had \$1,875,000 of outstanding Lease Revenue Refunding Bonds issued in 2002. Other debt recorded in footnote 7 - "Non-City Obligation" of the financial statements is not a legal obligation of the City and therefore not included here.

INDEPENDENT AUDIT

An independent audit of the City's records was performed for the year ended June 30, 2014 by the certified public accounting firm of Rogers, Anderson, Malody & 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, 2014, 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 & 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, 2013. This was the tenth 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 Thajpejr
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, 2013

Executive Director/CEO

CITY OF LOMA LINDA
PRINCIPAL OFFICIALS

ELECTED OFFICIALS

Rhodes Rigsby
Mayor

Phill Dupper
Mayor pro tempore

Ovidiu Popescu
Councilmember

Ron Dailey
Councilmember

John Lenart
Councilmember

APPOINTED OFFICIALS

Jarb Thaipejr
City Manager/Public Works Director

Richard Holdaway
City Attorney

Pamela Byrnes O’Camb.....City Clerk

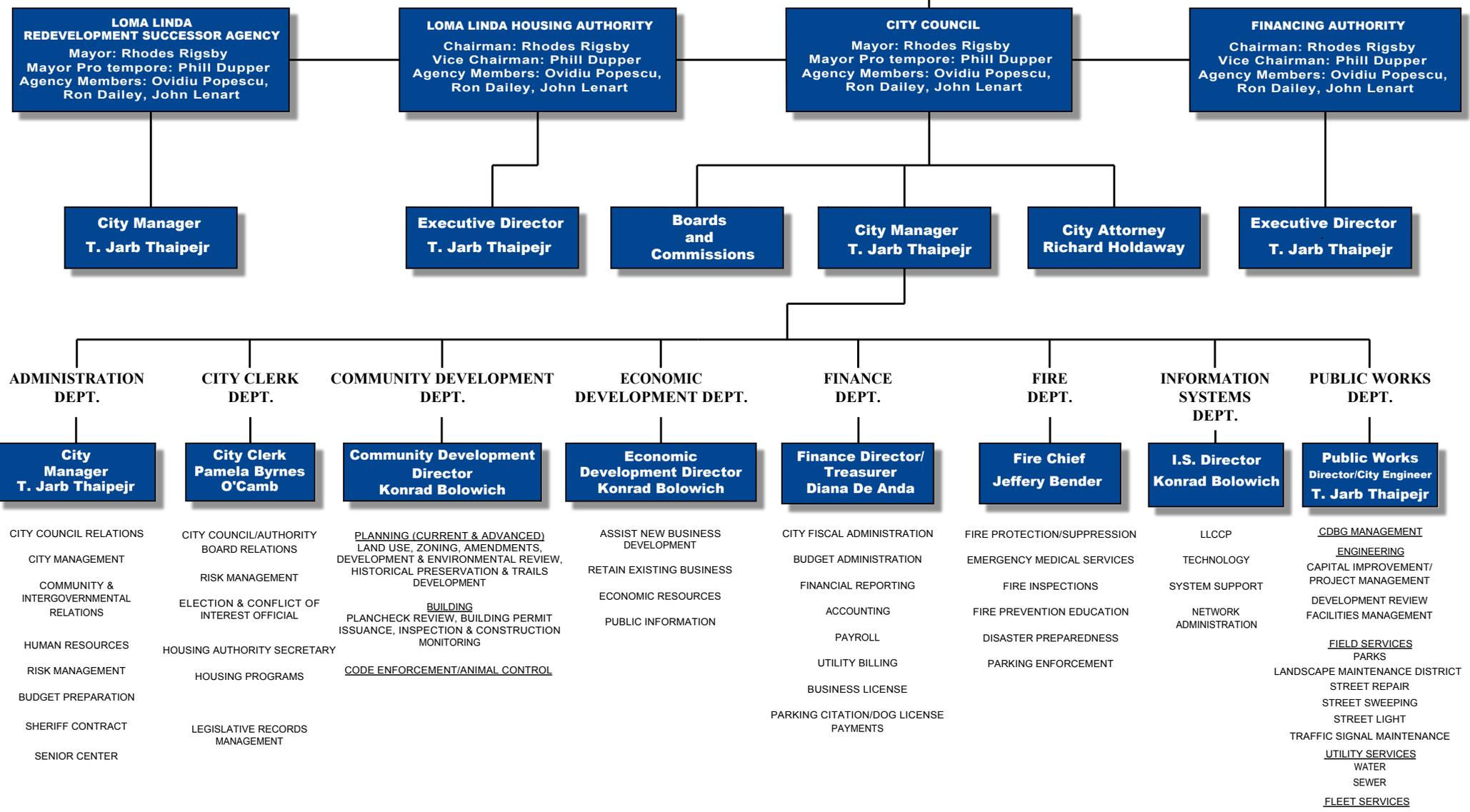
Konrad Bolowich.....Assistant City Manager

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

Jeff Bender.....Fire Chief

CITY OF LOMA LINDA ORGANIZATION CHART

The People of Loma Linda





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

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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
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Bradferd A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
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Seong-Hyea Lee, CPA, MBA
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Nathan Statham, CPA, MBA
Brigitta Bartha, CPA
Gardenya Duran, CPA
Juan Romero, CPA
Ivan Gonzales, CPA, MSA
Brianna Pascoe, 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, 2014, 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
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*PCPS The AICPA Alliance
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*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, 2014, 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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2014 the City adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress on pages 5-13 and 84-87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Loma Linda's 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Loma Linda's, internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Rogers Anderson Malooly & Scott, LLP". The signature is written in dark ink and is positioned above the typed name of the firm.

San Bernardino, California
December 9, 2014

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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, 2014. 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 \$113,617,069 (net position); of this amount \$7,553,783 is a negative unrestricted.
- The City's net position increased 2.33% or \$2,590,635 from \$111,026,434 at the beginning of the year, to \$113,617,069 at the end of the year. The increase can be mainly attributed to a capital contribution recorded in the Public Improvements Per MOU Fund. This contribution consists of the Stewart Street underpass and pedestrian overcrossing funded by Loma Linda University Medical Center (LLUMC) to improve traffic circulation of vehicles and pedestrians on the LLUMC campus.
- During the current year, governmental activities program revenues were up \$4,563,188 as signs of economic recovery in the region start to impact local development projects; the increases were in capital contributions and grants for public works and charges for services in community development, with decreases in charges for services, and operational capital contributions and grants in general government and public safety activities. Business-type program revenues were down \$18,250,195, in capital contribution, and charges for services declined by \$597, as shown in the *statement of activities*.
- During the year, the General Fund reported a positive net change in fund balance of \$757,548 due to revenues exceeding expenditures by \$376,723, plus other financing sources of \$380,825.
- For the General Fund, the actual revenues available for appropriation were more than the final budget by \$290,880, while actual expenditures were \$545,743 less than the final budget. Net actual other financing sources were \$10,225 less than the final budget, resulting in a positive \$757,548 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 position of \$2,692,210. City Council and management annually make great efforts to adopt a balanced budget that preserves, and adds 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 2014/2015 this represented 42% 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 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 it. 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. Over time, *increases* or *decreases* in the City's net position is 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 a reconciliation schedule accompanying the fund financial statements.

The City of Loma Linda maintains twenty nine 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, Loma Linda Housing Authority, Public

Improvements Per MOU, Special Projects Construction Fund, and the Park Development Fund; which are considered to be *major* funds. The remaining twenty four *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 net position, and statement of cash flows* on pages 30-33.

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 35.

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 35-36.

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 37-79 of this report.

Required supplementary information – The *budget and budgetary accounting and defined benefit pension plan* information can be found on pages 83-87 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 6.04% from \$80,356,601 to \$85,206,286, as the result of a positive increase of \$4,849,685 change in net position, with over \$3.7 million coming from a capital contribution by Loma Linda University Medical Center for the construction of the Stewart Street underpass and pedestrian overcrossing. While the decrease in net position in the business-type activities was 7.37%, changing from \$30,669,833 to \$28,410,783, primarily as the result of net decreases in net capital assets, resulting from depreciation expense exceeding new capital additions by \$1.9 million. 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 39,096,337	\$ 37,803,940	\$ 5,947,619	\$ 6,336,238	\$ 45,043,956	\$ 44,140,178
Capital assets	55,755,801	52,855,507	44,081,940	46,021,681	99,837,741	98,877,188
Total Assets	\$ 94,852,138	\$ 90,659,447	\$ 50,029,559	\$ 52,357,919	\$ 144,881,697	\$ 143,017,366
Long-term liabilities	\$ 4,322,705	\$ 4,244,458	\$ 20,469,698	\$ 19,778,880	\$ 24,792,403	\$ 24,023,338
Other liabilities	5,323,147	6,058,388	1,149,078	1,909,206	6,472,225	7,967,594
Total Liabilities	\$ 9,645,852	\$ 10,302,846	\$ 21,618,776	\$ 21,688,086	\$ 31,264,628	\$ 31,990,932
Net Position:						
Invested in capital assets, net of debt	\$ 53,634,184	\$ 49,923,947	\$ 38,186,940	\$ 39,756,680	\$ 91,821,124	\$ 89,680,627
Restricted	29,308,889	29,617,713	40,839	40,839	29,349,728	29,658,552
Unrestricted	2,263,213	814,941	(9,816,996)	(9,127,686)	(7,553,783)	(8,312,745)
Total Net Position	\$ 85,206,286	\$ 80,356,601	\$ 28,410,783	\$ 30,669,833	\$ 113,617,069	\$ 111,026,434

As shown in Table 2, the change in net position is a positive \$4,911,260 for *governmental activities* and negative \$2,219,050 for *business-type activities*, with a combined total increase in net position of \$2,692,210 for the fiscal year ending June 30, 2014. *Governmental activity* both program and general revenues were higher than last year by \$4,563,188, and \$653,211 respectively. The net increase in program revenues is the result of increases in charges for services of \$778,099, mainly for Community Development - Development Impact fees, and capital contributions and grants of \$3,791,847 for Public Works infrastructure expansion – Stewart Street widening. General revenues were up by \$653,211 mainly due to the increases in property taxes, other taxes and capital contributions for business-type funds. Property tax revenues are increasing because more taxes are going to the local taxing entities after the dissolution of the Merged Redevelopment Agency in 2012. Business-type program revenues were down \$18,055,916, when compared to last year which included the recognition of a major capital contribution received in the Water Enterprise Fund, and general revenues declined by \$81,255, capital contributions to governmental activities, as shown in the *statement of activities*.

Overall governmental expenses increased by \$631,775, resulting from a \$1.6 million increase in Public Safety and a \$969,866 decrease in Public Works. *Business-type activities* expenses reflected a net decrease of \$194,279; in the water fund there was an increase in depreciation expense associated with an \$18 million dollar capital contribution, in the sewer fund there was a decrease to overall depreciation, decrease in treatment costs, and decreases to administration and general expenses; and in the Loma Linda Connected Communities Program a slight decrease in cost of services and depreciation with a very slight increase in administration and general expenses. In comparison to fiscal year 2013, the overall change in net position for *governmental activities* was an increase of \$4,849,685 and *business-type activities* decreased by \$2,259,050, resulting in an overall City net position increase of \$2,590,635 in fiscal year 2014.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for services	\$ 6,912,309	\$ 6,134,210	\$ 8,745,936	\$ 8,746,533	\$ 15,658,245	\$ 14,880,743
Operating grants and contributions	238,064	244,822	-	-	238,064	244,822
Capital grants and contributions	5,425,257	1,633,410	-	18,249,598	5,425,257	19,883,008
General Revenues:						
Taxes	9,495,933	7,582,598	-	-	9,495,933	7,582,598
Intergovernmental-Motor Vehicle in	213,852	1,661,319	-	-	213,852	1,661,319
Use of money and property	227,033	208,226	8,608	11,789	235,641	220,015
Other	228,605	60,069	500,510	578,584	729,115	638,653
Total Revenues	22,741,053	17,524,654	9,255,054	27,586,504	31,996,107	45,111,158
Expenses:						
Governmental Activities:						
General government	1,818,573	1,770,611	-	-	1,818,573	1,770,611
Public safety	8,430,753	8,747,342	-	-	8,430,753	8,747,342
Community development	1,948,836	1,944,724	-	-	1,948,836	1,944,724
Public works	5,451,342	4,488,436	-	-	5,451,342	4,488,436
Interest on long-term debt	180,289	246,905	-	-	180,289	246,905
Business-Type Activities:						
Water acquisition	-	-	-	152,932	-	152,932
Water	-	-	6,414,771	6,113,936	6,414,771	6,113,936
Sewer	-	-	4,135,446	4,420,067	4,135,446	4,420,067
LL Connected Communities	-	-	923,887	981,448	923,887	981,448
Total Expenses	17,829,793	17,198,018	11,474,104	11,668,383	29,303,897	28,866,401
Changes in Net Position before						
Transfers	4,911,260	326,636	(2,219,050)	15,918,121	2,692,210	16,244,757
Transfers	-	-	-	-	-	-
Change in Net Position	4,911,260	326,636	(2,219,050)	15,918,121	2,692,210	16,244,757
Net Position at Beginning of Year	80,356,601	80,029,965	30,669,833	14,751,712	111,026,434	94,781,677
Restatements	(61,575)	-	(40,000)	-	(101,575)	-
Net Position at End of Year	\$ 85,206,286	\$ 80,356,601	\$ 28,410,783	\$ 30,669,833	\$ 113,617,069	\$ 111,026,434

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	
	2014	2013	2014	2013
Functions:				
General government	\$ 1,818,573	\$ 1,770,611	\$ (199,003)	\$ (494,503)
Public safety	8,430,753	8,747,342	7,754,932	8,015,169
Community development	1,948,836	1,944,724	(649,891)	406,498
Public works	5,451,342	4,488,436	(1,832,164)	1,011,507
Interest on long-term debt	180,289	246,905	180,289	246,905
	<u>17,829,793</u>	<u>17,198,018</u>	<u>5,254,163</u>	<u>9,185,576</u>
Total Governmental Activities	<u>\$ 17,829,793</u>	<u>\$ 17,198,018</u>	<u>\$ 5,254,163</u>	<u>\$ 9,185,576</u>

The *net cost* shows the financial burden that was placed on the City's taxpayers by each of these functions. In 2014, total costs increased by \$631,775, a result of decreases in public safety programs and interest on long-term debt, and increases in general government, community development and public works. In looking at table 3 you will note the major change in public works was a \$962,906 increase due to the City's contribution to the expansion of the Anderson Street/Tippecanoe freeway off-ramp project. Net cost decreased by \$3,931,413, resulting from increase in total program revenues of \$4,563,188, 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 \$31,506,698, a net decrease of \$286,719 in fund balance; included in this amount are increases in fund balance for the General Fund of \$757,548, Housing Authority of \$99,847, Public Improvement per MOU of \$965,591 and Park Capital Fund of \$99,873; combined with decreases in Special Projects Construction Fund of \$452,187, and Non-Major Funds of \$1,757,391. The General Fund had a net increase in fund balance of \$757,548, resulting from net revenues exceeding expenditures by \$376,723 and other financing sources (net) of \$380,825. Although, the final adopted budget projected an \$89,300 negative change in fund balance, favorable results in revenues of \$290,880, expenditures of \$545,743 and other financing uses of \$10,225, resulted in the combined favorable results of \$846,848, when comparing final budget to actual results for the fiscal year.

In total the *Proprietary Funds* reported a negative change in net position of \$2,219,050. The Water Acquisition Fund ended the year with a positive change in net position of \$41,666. The Water Enterprise ended with a negative change in net position of \$1,024,203, as a result of ongoing operating expenses exceeding operating revenues. For the sixth year in a row, the Sewer Fund ended the year with a negative change in 2014 of \$679,365, current revenues of \$3,467,038 are not sufficient to cover operating expenses of \$4,135,446; efforts have been made to reduce ongoing repairs and maintenance of the facilities. In February of 2014 management conducted a rate study for both Water and Sewer fund and adopted annual rate increases through fiscal year 2017/2018 in order to address the operating deficits. The Loma Linda Connected Communities Fund reported a negative change of \$557,148 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 adding to the negative net position.

General Fund Budgetary Highlights

The actual expenditures of the *General Fund* at year-end were \$376,723 lower than the actual revenues. The positive budget-to-actual variance of \$846,848 in appropriations was due to conservative spending in city wide and the delay in a contractual obligation that was budgeted for in general government expenditures. In addition, to the unspent budget actual revenues were \$290,880 higher than anticipated compared to the final budget, with the majority increases occurring in licenses and permits, charges for

services and miscellaneous. Specifically, significant increases occurred in building permits and engineering plan checks and inspections related to new development activity, as well as in refunds and reimbursements related to fire strike team activity and prior year state mandate funding. The unfavorable variance in taxes was in connection with a tax sharing agreement that was delayed and corresponds to the reduced expenditures. 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 \$719,000, primarily for taxes and miscellaneous revenues, while the expenditure appropriations budget was increased by \$867,800 for general government, public safety, fire and rescue services, planning activities and capital outlay anticipated needs (including contractual services related to development activity and legal services for litigation), as of the final budget on June 30, 2014.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014, the City had \$99,837,741 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	
	2014	2013	2014	2013	2014	2013
Asset Type:						
Land	\$ 14,204,929	\$ 14,204,929	\$ 1,387,764	\$ 1,389,696	\$ 15,592,693	\$ 15,594,625
Construction in progress	6,094,538	2,213,894	-	92,575	6,094,538	2,306,469
Structures, machinery & equipment	14,132,641	14,988,295	9,874,929	11,169,267	24,007,570	26,157,562
Infrastructure	21,323,693	21,448,389	32,819,247	33,370,143	54,142,940	54,818,532
Total	\$ 55,755,801	\$ 52,855,507	\$ 44,081,940	\$ 46,021,681	\$ 99,837,741	\$ 98,877,188

The total increase in the City of Loma Linda investment in capital assets for fiscal year 2014 was .97% (a 5.49% increase in *governmental activities* and 4.22% decrease in *business-type activities*). The major capital assets added for *governmental activities* and *business-type activities* are highlighted in explanation of Table 5, on pages 55-56.

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 increased \$2,900,294 (net of depreciation) for *governmental activities* and decreased \$1,939,741 (net of depreciation) for *business-type activities* for a total increase of \$960,553. In the *governmental activities* the increase includes the addition of widening of Stewart Street with a major contribution from the Loma Linda University. Over the last few years, decreases in *business-type activities capital assets* (mainly in water operations) is a result of annual accumulated depreciation exceeding the amount of additions. Deletions and depreciation totaled \$4,446,041 combined.

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

Asset Type:	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	4,080,830	1,821,458	-	92,575	4,080,830	1,914,033
Structures, machinery and equipment	180,917	162,855	97,663	32,792	278,580	195,647
Infrastructure	803,010	-	244,174	18,326,622	1,047,184	18,326,622
Total Additions	5,064,757	1,984,313	341,837	18,451,989	5,406,594	20,436,302
Less: Decreases and depreciation	(2,164,463)	(2,365,411)	(2,281,578)	(2,056,953)	(4,446,041)	(4,422,364)
Capital Asset Increase/(Decrease)	\$ 2,900,294	\$ (381,098)	\$ (1,939,741)	\$ 16,395,036	\$ 960,553	\$ 16,013,938

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 \$3,384,559 in outstanding long-term debt as of June 30, 2014. 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, 2014 outstanding bond principal is \$1,875,000. Note 6 to the financial statements offer a more detailed view of governmental Long-Term Debt.

Business-type Activities - The enterprise funds have \$6,330,556 in outstanding long-term debt as of June 30, 2014. The water enterprise fund has bonded debt of \$5,895,000 consisting of the 1995 Variable Rate Water Revenue Refunding Bonds issued for \$10,000,000 with an outstanding balance of \$5,885,000; 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	
	2014	2013	2014	2013	2014	2013
2002 Lease Revenue Refunding Bonds	\$ 1,875,000	\$ 2,760,000	\$ -	\$ -	\$ 1,875,000	\$ 2,760,000
Master Lease Purchase - Fire apparatus	242,515	271,894	-	-	242,515	271,894
1978 Water Bonds (General Obligation)	-	-	10,000	10,000	10,000	10,000
1995 Water Revenue Refunding Bonds	-	-	5,885,000	6,255,000	5,885,000	6,255,000
Compensated absences	505,201	584,916	286,721	279,242	791,922	864,158
JPIA Retrospective deposit	738,370	804,095	132,987	163,005	871,357	967,100
OPEB liability	19,371	19,155	15,848	15,673	35,219	34,828
Less: Unamortized loss on defeasance	-	(37,793)	-	-	-	(37,793)
Add: Unamortized bond premium	4,102	6,152	-	-	4,102	6,152
Add: Unamortized discount	-	-	-	-	-	-
Total	\$ 3,384,559	\$ 4,408,419	\$ 6,330,556	\$ 6,722,920	\$ 9,715,115	\$ 11,131,339

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

According to the Los Angeles County Economic Development Corp. (LAEDC), the Inland Empire (Riverside-San Bernardino) had experienced a longer recovery period after the Great recession, but is now in its third year of higher than the state and the rest of Southern California in job growth. The largest areas of growth in the labor market are coming from leisure and hospitality, health care and social assistance, administrative and waste services, retail trade, transportation, warehousing and utilities. In addition there are finally some improvements in the construction and government sectors of the job market. The unemployment rate has continued to drop, with it averaging at 8.9% for the first half of 2014. The Inland Empire is projected to continue down the path of economic growth, fueled by continued job and population growth, gains in personal income leading to consumer spending and need for population service industries which in turn will contribute to growth in taxable sales.

Similar to what has been seen regionally, Loma Linda has experienced the impacts of 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 construction stages. The City is experiencing economic growth as employment starts to stabilize consumer confidence increases resulting in consumer spending, property valuations increasing, leading to increases in City revenues (property taxes, building permits and business licenses). The challenge still faced by the City is balancing the resources available to meet the increasing demands on city services (fire, police and general community services), and the ongoing maintenance of infrastructure (parks, landscaping, streets, and utility services). In the past few years Loma Linda implemented operational cost cutting efforts to improve the overall financial health of the City through benefit cost sharing with employees, and deferred capital outlay purchases. 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 13, 2014, the City Council adopted the City of Loma Linda Operating and Capital Improvement Program (CIP) Budget for the Fiscal Year beginning July 1, 2014 and ending June 30, 2015. The General Fund operating budget totals \$16,170,800, and is funded by operating revenue of \$14,992,700, and transfers in and other financing sources of \$1,191,700, yielding net increase to fund balance of \$13,600. The fund balance in the General Fund is expected to increase to \$10,063,100 with \$3,313,100 available and \$6,750,000 designated (committed or assigned) as budgetary reserves. The total City operating budget amounts to \$33,371,900, with total estimated resources available for budget purposes of \$45,163,000, for fiscal year 2014/2015. The approved CIP budget for fiscal year 2014/2015 totals \$3,743,200 with a five-year CIP investment plan estimated at \$22,390,000.

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, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 19,448,700	\$ 3,194,998	\$ 22,643,698
Receivables:			
Accounts	375,880	909,967	1,285,847
Taxes	576,429	-	576,429
Interest	13,359	2,070	15,429
Contracts and loans	14,717,707	-	14,717,707
Internal balances	(1,550,855)	1,550,855	-
Due from other governments	359,582	-	359,582
Inventories	22,934	149,603	172,537
Prepaid items	764	99,287	100,051
Land held for resale	4,095,981	-	4,095,981
Restricted assets:			
Cash and investments with fiscal agents	1,035,856	40,839	1,076,695
Capital assets:			
Non-depreciable	20,299,467	1,387,764	21,687,231
Depreciable, net	35,456,334	42,694,176	78,150,510
Total capital assets	<u>55,755,801</u>	<u>44,081,940</u>	<u>99,837,741</u>
Total assets	<u>94,852,138</u>	<u>50,029,559</u>	<u>144,881,697</u>
LIABILITIES			
Accounts payable	1,687,308	665,132	2,352,440
Interest payable - bonds	47,739	-	47,739
Accrued liabilities	254,171	104,818	358,989
Due to other governments	1,237	-	1,237
Due to Successor Agency	2,273,000	-	2,273,000
Deposits payable	634,644	379,128	1,013,772
Unearned revenue	425,048	-	425,048
Noncurrent liabilities:			
Advances from the Loma Linda Successor Agency	938,146	14,139,142	15,077,288
Due within one year	1,108,552	536,291	1,644,843
Due in more than one year	2,256,636	5,778,417	8,035,053
Net OPEB obligation	19,371	15,848	35,219
Total liabilities	<u>9,645,852</u>	<u>21,618,776</u>	<u>31,264,628</u>
NET POSITION			
Net investment in capital assets	53,634,184	38,186,940	91,821,124
Restricted for:			
Public works project	6,185,467	-	6,185,467
Public safety	3,946,005	-	3,946,005
Community development	17,956,592	-	17,956,592
General government	15,768	-	15,768
Debt service	1,205,057	40,839	1,245,896
Unrestricted	2,263,213	(9,816,996)	(7,553,783)
Total Net Position	<u>\$ 85,206,286</u>	<u>\$ 28,410,783</u>	<u>\$ 113,617,069</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, 2014

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Primary Government:					
Governmental activities:					
General government	\$ 1,818,573	\$ 2,017,576	\$ -	\$ -	\$ 2,017,576
Public safety	8,430,753	566,346	109,475	-	675,821
Community development	1,948,836	2,598,727	-	-	2,598,727
Public works	5,451,342	1,729,660	128,589	5,425,257	7,283,506
Interest on long-term debt	180,289	-	-	-	-
Total governmental activities	<u>17,829,793</u>	<u>6,912,309</u>	<u>238,064</u>	<u>5,425,257</u>	<u>12,575,630</u>
Business-type activities:					
Water acquisition	-	60,113	-	-	60,113
Water enterprise	6,414,771	4,813,653	-	-	4,813,653
Sewer capital	4,135,446	3,457,741	-	-	3,457,741
Loma Linda Connected Communities	923,887	414,429	-	-	414,429
Total business-type activities	<u>11,474,104</u>	<u>8,745,936</u>	<u>-</u>	<u>-</u>	<u>8,745,936</u>
Total primary government	<u>\$ 29,303,897</u>	<u>\$ 15,658,245</u>	<u>\$ 238,064</u>	<u>\$ 5,425,257</u>	<u>\$ 21,321,566</u>

General revenues:

Taxes:

Property tax, levied for general purpose

Sales tax

Franchise tax

Other taxes

Intergovernmental revenues

Investment revenue

Capital contribution

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year, as previously reported

Restatement - change of accounting principle

Net position at beginning of year, as restated

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
\$ 199,003	\$ -	\$ 199,003
(7,754,932)	-	(7,754,932)
649,891	-	649,891
1,832,164	-	1,832,164
(180,289)	-	(180,289)
<u>(5,254,163)</u>	<u>-</u>	<u>(5,254,163)</u>
-	60,113	60,113
-	(1,601,118)	(1,601,118)
-	(677,705)	(677,705)
-	(509,458)	(509,458)
<u>-</u>	<u>(2,728,168)</u>	<u>(2,728,168)</u>
<u>(5,254,163)</u>	<u>(2,728,168)</u>	<u>(7,982,331)</u>
4,080,432	-	4,080,432
3,733,160	-	3,733,160
811,238	-	811,238
871,103	-	871,103
213,852	-	213,852
227,033	8,608	235,641
89,413	(89,413)	-
139,192	589,923	729,115
<u>10,165,423</u>	<u>509,118</u>	<u>10,674,541</u>
<u>4,911,260</u>	<u>(2,219,050)</u>	<u>2,692,210</u>
80,356,601	30,669,833	111,026,434
<u>(61,575)</u>	<u>(40,000)</u>	<u>(101,575)</u>
<u>80,295,026</u>	<u>30,629,833</u>	<u>110,924,859</u>
<u>\$ 85,206,286</u>	<u>\$ 28,410,783</u>	<u>\$ 113,617,069</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.

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

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, 2014

ASSETS	General	Special Revenue Funds	
		Loma Linda Housing Authority	Public Improvements Per MOU
Cash and investments	\$ 11,026,904	\$ 458,094	\$ 970,438
Receivables:			
Accounts	313,570	2,261	-
Taxes	494,718	-	-
Interest	5,433	3,059	898
Contract and loans	9,659	14,708,048	-
Due from other funds	451,140	-	-
Due from other governments	74,345	-	-
Inventories	22,934	-	-
Prepaid items	764	-	-
Land held for resale	-	4,095,981	-
Advances to other funds	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total assets	\$ 12,399,467	\$ 19,267,443	\$ 971,336
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 753,682	\$ 15,487	\$ 461,707
Accrued liabilities	250,040	-	-
Due to other funds	-	-	-
Due to other governments	1,237	-	-
Due to Successor Agency	-	-	-
Deposits payable	585,525	32,768	-
Unearned revenue	-	300,000	-
Advances from other funds	-	-	-
Advances from the Loma Linda Successor Agency	-	-	-
Total liabilities	1,590,484	348,255	461,707
Deferred inflow of resources:			
Unavailable revenue	2,289	1,162,232	-
Fund balances (deficit):			
Non spendable:			
Inventories	22,934	-	-
Prepaid items	764	-	-
Restricted for:			
Cultural and recreational	-	-	-
Public safety	-	-	-
Street improvements	-	-	1,183,211
Storm drains	-	-	-
Municipal facilities	-	-	-
Air quality management	-	-	-
General government	15,768	-	-
Debt service	-	-	-
Low/mod housing programs	-	17,756,956	-
Committed for:			
Emergency contingency	3,500,000	-	-
Assigned for:			
Refuse services	91,540	-	-
Fire equipment replacement	88,812	-	-
Capital equipment replacement	1,250,000	-	-
Unassigned	5,836,876	-	(673,582)
Total fund balances (deficit)	10,806,694	17,756,956	509,629
Total liabilities, deferred inflow of resources, and fund balances	\$ 12,399,467	\$ 19,267,443	\$ 971,336

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

Capital Projects Funds		Nonmajor	Total
Special Projects	Park	Governmental	Governmental
Construction	Development	Funds	Funds
\$ 395,070	\$ 477,076	\$ 6,121,118	\$ 19,448,700
60,049	-	-	375,880
-	-	81,711	576,429
212	256	3,501	13,359
-	-	-	14,717,707
-	-	-	451,140
-	-	285,237	359,582
-	-	-	22,934
-	-	-	764
-	-	-	4,095,981
3,253,769	-	500,000	3,753,769
-	-	1,035,856	1,035,856
<u>\$ 3,709,100</u>	<u>\$ 477,332</u>	<u>\$ 8,027,423</u>	<u>\$ 44,852,101</u>
\$ -	\$ -	\$ 456,432	\$ 1,687,308
-	-	4,131	254,171
-	-	301,995	301,995
-	-	-	1,237
2,273,000	-	-	2,273,000
1,500	510	14,341	634,644
-	-	125,048	425,048
2,200,000	3,250,000	3,769	5,453,769
938,146	-	-	938,146
<u>5,412,646</u>	<u>3,250,510</u>	<u>905,716</u>	<u>11,969,318</u>
-	-	211,564	1,376,085
-	-	-	22,934
-	-	-	764
-	-	304,711	304,711
-	-	446,005	446,005
-	-	3,973,245	5,156,456
-	-	757,919	757,919
-	-	271,092	271,092
-	-	80,988	80,988
-	-	-	15,768
-	-	1,205,057	1,205,057
-	-	199,636	17,956,592
-	-	-	3,500,000
-	-	-	91,540
-	-	-	88,812
-	-	-	1,250,000
<u>(1,703,546)</u>	<u>(2,773,178)</u>	<u>(328,510)</u>	<u>358,060</u>
<u>(1,703,546)</u>	<u>(2,773,178)</u>	<u>6,910,143</u>	<u>31,506,698</u>
\$ 3,709,100	\$ 477,332	\$ 8,027,423	\$ 44,852,101

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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, 2014

Fund Balances - Total Governmental Funds	\$ 31,506,698
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>55,755,801</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 premium and discount	(2,859,987)
Compensated absences	(505,201)
Net OPEB liability	<u>(19,371)</u>
	<u>(3,384,559)</u>
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	(37,748)
Interest Payable - Capital Lease	<u>(9,991)</u>
	<u>(47,739)</u>
Revenues are recorded as unavailable 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>1,376,085</u>
Net Position of Governmental Activities	\$ <u>85,206,286</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, 2014

	General	Special Revenue Funds	
		Housing Authority	Public Improvements Per MOU
REVENUES			
Taxes	\$ 8,312,397	\$ -	\$ -
Licenses and permits	532,046	-	-
Intergovernmental	32,628	-	-
Charges for services	1,912,085	1,437	-
Use of money and property	255,978	187,841	5,364
Fines and forfeitures	6,790	-	-
Miscellaneous	2,092,056	2,160	4,744,958
Developer fees	-	-	-
Total revenues	13,143,980	191,438	4,750,322
EXPENDITURES			
Current:			
General government	1,265,334	-	-
Public safety	8,330,616	-	-
Community development	1,212,832	187,661	-
Public works	1,864,134	-	-
Capital outlay	94,341	1,926	3,784,731
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	12,767,257	189,587	3,784,731
REVENUES OVER (UNDER) EXPENDITURES	376,723	1,851	965,591
OTHER FINANCING SOURCES (USES):			
Gain (loss) on disposal of land held for resale, net	-	97,996	-
Transfers in	1,409,625	-	-
Transfers out	(1,028,800)	-	-
Total other financing sources (uses)	380,825	97,996	-
Net change in fund balances	757,548	99,847	965,591
FUND BALANCE (Deficit):			
Beginning of year	10,049,146	17,657,109	(455,962)
End of year	\$ 10,806,694	\$ 17,756,956	\$ 509,629

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

Capital Projects Funds		Non major	Total
Special Projects	Park	Governmental	Governmental
Construction	Fund	Funds	Funds
\$ -	\$ -	\$ 1,085,994	\$ 9,398,391
-	-	-	532,046
-	-	867,635	900,263
-	-	8,092	1,921,614
1,647	1,056	16,397	468,283
-	-	159,224	166,014
109,999	-	27,220	6,976,393
-	98,817	715,739	814,556
<u>111,646</u>	<u>99,873</u>	<u>2,880,301</u>	<u>21,177,560</u>
-	-	4,129	1,269,463
-	-	42,278	8,372,894
-	-	433,773	1,834,266
-	-	474,109	2,338,243
-	-	2,787,470	6,668,468
29,378	-	885,000	914,378
51,455	-	113,108	164,563
<u>80,833</u>	<u>-</u>	<u>4,739,867</u>	<u>21,562,275</u>
<u>30,813</u>	<u>99,873</u>	<u>(1,859,566)</u>	<u>(384,715)</u>
-	-	-	97,996
-	-	1,028,800	2,438,425
(483,000)	-	(926,625)	(2,438,425)
<u>(483,000)</u>	<u>-</u>	<u>102,175</u>	<u>97,996</u>
(452,187)	99,873	(1,757,391)	(286,719)
<u>(1,251,359)</u>	<u>(2,873,051)</u>	<u>8,667,534</u>	<u>31,793,417</u>
<u>\$ (1,703,546)</u>	<u>\$ (2,773,178)</u>	<u>\$ 6,910,143</u>	<u>\$ 31,506,698</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, 2014

Net change in Fund Balance - Total Governmental Funds \$ (286,719)

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:

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	\$ 4,735,762	
Capital asset contributions	<u>89,412</u>	<u>4,825,174</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.

(1,924,880)

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 loss on defeasance	\$ (37,792)	
Amortization of bond premium	<u>2,050</u>	<u>(35,742)</u>

Proceeds from long-term debt provide 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	\$ (216)	
JPIA insurance rolling retro decrease	65,725	
Principal payment of capital lease	29,378	
Principal payment of bonds	<u>885,000</u>	<u>979,887</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 change in long term compensated absences from the prior year.

79,715

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.

20,016

Certain revenues are recorded as unavailable 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.

1,253,809

Change in Net Position of Governmental Activities

\$ 4,911,260

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, 2014

	Enterprise Funds				Total
	Water Acquisition	Water Enterprise	Sewer Capital	Loma Linda Connected Communities	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,295,007	\$ 1,299,202	\$ 195,142	\$ 405,647	\$ 3,194,998
Receivables:					
Accounts	-	489,795	397,113	23,059	909,967
Interest	708	1,083	105	174	2,070
Inventories	-	149,092	511	-	149,603
Due from other funds	-	952,638	-	-	952,638
Prepaid items	-	79,331	156	19,800	99,287
Total current assets	<u>1,295,715</u>	<u>2,971,141</u>	<u>593,027</u>	<u>448,680</u>	<u>5,308,563</u>
Noncurrent assets:					
Advances to other funds	1,700,000	209,626	-	-	1,909,626
Restricted assets:					
Cash and investments with fiscal agents	-	40,839	-	-	40,839
Capital assets:					
Non-depreciable	-	1,387,764	-	-	1,387,764
Depreciable, net	-	33,760,397	3,808,895	5,124,884	42,694,176
Total capital asset	<u>-</u>	<u>35,148,161</u>	<u>3,808,895</u>	<u>5,124,884</u>	<u>44,081,940</u>
Total noncurrent assets	<u>1,700,000</u>	<u>35,398,626</u>	<u>3,808,895</u>	<u>5,124,884</u>	<u>46,032,405</u>
Total assets	<u>2,995,715</u>	<u>38,369,767</u>	<u>4,401,922</u>	<u>5,573,564</u>	<u>51,340,968</u>
LIABILITIES					
Current liabilities:					
Accounts payable	-	215,276	435,626	14,230	665,132
Accrued liabilities	-	65,991	30,961	7,866	104,818
Deposits payable	16,581	122,155	223,684	16,708	379,128
Due to other funds	-	-	1,101,783	-	1,101,783
Long-term debt - due within one year	-	492,972	34,851	8,468	536,291
Total current liabilities	<u>16,581</u>	<u>896,394</u>	<u>1,826,905</u>	<u>47,272</u>	<u>2,787,152</u>
Noncurrent liabilities:					
Advances from other funds	-	-	200,000	9,626	209,626
Advances from Loma Linda Successor Agency	-	-	-	14,139,142	14,139,142
Long-term debt - due in more than one year	-	5,659,031	100,500	18,886	5,778,417
Net OPEB obligation	-	9,509	4,596	1,743	15,848
Total noncurrent liabilities	<u>-</u>	<u>5,668,540</u>	<u>305,096</u>	<u>14,169,397</u>	<u>20,143,033</u>
Total liabilities	<u>16,581</u>	<u>6,564,934</u>	<u>2,132,001</u>	<u>14,216,669</u>	<u>22,930,185</u>
NET POSITION (DEFICIT)					
Net investment in capital assets	-	29,253,161	3,808,895	5,124,884	38,186,940
Restricted for: debt service	-	40,839	-	-	40,839
Unrestricted	2,979,134	2,510,833	(1,538,974)	(13,767,989)	(9,816,996)
Total net position (deficit)	<u>\$ 2,979,134</u>	<u>\$ 31,804,833</u>	<u>\$ 2,269,921</u>	<u>\$ (8,643,105)</u>	<u>\$ 28,410,783</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, 2014

	Enterprise Funds				Total
	Water Acquisition	Water Enterprise	Sewer Capital	Loma Linda Connected Communities	
OPERATING REVENUES					
Charges for services	\$ 60,113	\$ 4,813,653	\$ 3,457,741	\$ 414,429	\$ 8,745,936
Miscellaneous	-	580,626	9,297	-	589,923
Total operating revenues	<u>60,113</u>	<u>5,394,279</u>	<u>3,467,038</u>	<u>414,429</u>	<u>9,335,859</u>
OPERATING EXPENSES					
Treatment	-	-	3,287,080	-	3,287,080
Cost of sales and services	-	3,069,603	-	76,395	3,145,998
Administration and general	-	1,566,682	685,228	116,748	2,368,658
Depreciation	-	1,772,845	163,138	168,862	2,104,845
Total operating expenses	<u>-</u>	<u>6,409,130</u>	<u>4,135,446</u>	<u>362,005</u>	<u>10,906,581</u>
Operating change in net position (deficit)	<u>60,113</u>	<u>(1,014,851)</u>	<u>(668,408)</u>	<u>52,424</u>	<u>(1,570,722)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	3,070	4,456	510	572	8,608
Interest expense	-	(5,641)	-	(561,882)	(567,523)
Net nonoperating revenues (expenses)	<u>3,070</u>	<u>(1,185)</u>	<u>510</u>	<u>(561,310)</u>	<u>(558,915)</u>
Net position (deficit) before contributions and transfers	<u>63,183</u>	<u>(1,016,036)</u>	<u>(667,898)</u>	<u>(508,886)</u>	<u>(2,129,637)</u>
OPERATING TRANSFERS AND CONTRIBUTIONS					
Transfer in	-	21,517	-	-	21,517
Transfer out	(21,517)	-	-	-	(21,517)
Contributed capital	-	(29,684)	(11,467)	(48,262)	(89,413)
Total operating transfers and contributions	<u>(21,517)</u>	<u>(8,167)</u>	<u>(11,467)</u>	<u>(48,262)</u>	<u>(89,413)</u>
Net change in net position	<u>41,666</u>	<u>(1,024,203)</u>	<u>(679,365)</u>	<u>(557,148)</u>	<u>(2,219,050)</u>
NET POSITION (DEFICIT):					
Net position at beginning of year, as previously reported	2,937,468	32,869,036	2,949,286	(8,085,957)	30,669,833
Restatements - change of accounting principle	-	(40,000)	-	-	(40,000)
Net position at beginning of year, as restated	<u>2,937,468</u>	<u>32,829,036</u>	<u>2,949,286</u>	<u>(8,085,957)</u>	<u>30,629,833</u>
End of year	<u>\$ 2,979,134</u>	<u>\$ 31,804,833</u>	<u>\$ 2,269,921</u>	<u>\$ (8,643,105)</u>	<u>\$ 28,410,783</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, 2014

	Enterprise Funds				Total
	Water Acquisition	Water Enterprise	Sewer Capital	Loma Linda Connected Communities	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 60,113	\$ 5,214,189	\$ 3,752,049	\$ 406,917	\$ 9,433,268
Payments to suppliers for operations	(147,416)	(3,103,753)	(3,272,757)	(54,588)	(6,578,514)
Payments for general and administrative expenses	-	(1,552,726)	(676,641)	(115,521)	(2,344,888)
Net cash provided (used) by operating activities	(87,303)	557,710	(197,349)	236,808	509,866
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances to other funds	-	(200,000)	-	-	(200,000)
Advances from other funds	-	-	200,000	561,881	761,881
Transfer in	-	21,517	-	-	21,517
Transfer out	(21,517)	-	-	-	(21,517)
Net cash provided (used) by noncapital financing activities	(21,517)	(178,483)	200,000	561,881	561,881
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	(193,634)	(11,471)	(49,412)	(254,517)
Customer deposits	-	-	-	(9,438)	(9,438)
Principal paid on long-term debt	-	(395,753)	2,008	1,225	(392,520)
Interest paid on long-term debt	-	(5,641)	-	(561,882)	(567,523)
Net cash provided (used) by capital and related financing activities	-	(595,028)	(9,463)	(619,507)	(1,223,998)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	3,166	4,969	512	519	9,166
Net cash provided by investing activities	3,166	4,969	512	519	9,166
Net increase (decrease) in cash and equivalents	(105,654)	(210,832)	(6,300)	179,701	(143,085)
CASH AND CASH EQUIVALENTS					
Beginning of year	1,400,661	1,550,873	201,442	225,946	3,378,922
End of year	\$ 1,295,007	\$ 1,340,041	\$ 195,142	\$ 405,647	\$ 3,235,837
COMPRISED AS FOLLOWS					
Cash and cash equivalents	\$ 1,295,007	\$ 1,299,202	\$ 195,142	\$ 405,647	\$ 3,194,998
Cash and investments with fiscal agents	-	40,839	-	-	40,839
Total cash and investments with fiscal agents	\$ 1,295,007	\$ 1,340,041	\$ 195,142	\$ 405,647	\$ 3,235,837

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, 2014

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

BY OPERATING ACTIVITIES

Operating change in net position	\$	60,113	\$	(1,014,851)	\$	(668,408)	\$	52,424	\$	(1,570,722)
Adjustments to reconcile operating change in net position to net cash provided (used) by operating activities:										
Depreciation	-		1,772,845		163,138		168,862		2,104,845	
(Increase) decrease in accounts receivable	-		84,880		53,788		(7,512)		131,156	
(Increase) decrease in due from other funds	-		(231,222)		-		-		(231,222)	
(Increase) decrease in inventories	-		21,699		(145)		-		21,554	
(Increase) decrease in prepaid items	-		33,626		-		18,639		52,265	
Increase (decrease) in accounts payable	(147,416)		(89,475)		14,468		3,168		(219,255)	
Increase (decrease) in accrued liabilities	-		13,955		8,587		1,227		23,769	
Increase (decrease) in deposits payable	-		(33,747)		-		-		(33,747)	
Increase (decrease) in due to other funds	-		-		231,223		-		231,223	
Total adjustments		(147,416)	1,572,561		471,059		184,384		2,080,588	
Net cash provided (used) by operating activities	\$	(87,303)	\$	557,710	\$	(197,349)	\$	236,808	\$	509,866

DISCLOSURE OF NON-CASH TRANSACTION

Contributed capital	\$	-	\$	(29,684)	\$	(11,467)	\$	(48,262)	\$	(89,413)
Total non-cash transactions	\$	-	\$	(29,684)	\$	(11,467)	\$	(48,262)	\$	(89,413)

The accompanying notes are an integral part of these financial statements

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, 2014

	Agency Funds	Private Purpose Trust Fund
ASSETS		
Cash and investments	\$ 75,563	\$ 5,085,871
Receivables:		
Interest	-	3,630
Contract and loans	-	79,862
Due from City of Loma Linda	-	2,273,000
Prepaid Items	-	411,928
Land held for resale	-	6,845,514
Advances to the City of Loma Linda	-	15,077,288
Restricted assets:		
Cash and investments with fiscal agents	-	3,406,699
Total assets	<u>\$ 75,563</u>	<u>33,183,792</u>
DEFERRED OUTFLOW OF RESOURCES		
Loss on debt refunding	\$ -	163,236
LIABILITIES		
Accounts payable	23	124,142
Interest payable	75,540	1,095,632
Deposits payable	-	30,986
Long term debt	-	37,459,310
Total liabilities	<u>\$ 75,563</u>	<u>38,710,070</u>
NET POSITION		
Deficiency in Net Position held in trust		<u>\$ (5,363,042)</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, 2014

	Private Purpose Trust Fund
ADDITIONS	
Property taxes	\$ 3,094,062
Use of money and property	<u>649,208</u>
Total additions	<u>3,743,270</u>
DEDUCTIONS	
General and administrative	575,792
Debt service:	
Interest and fiscal charges	<u>2,219,607</u>
Total deductions	<u>2,795,399</u>
Change in net position before special items	947,871
SPECIAL ITEM	
Transfer of land	<u>431,002</u>
Change in net position	1,378,873
NET POSITION (Deficit):	
Net position at beginning of year, as previously reported	(6,032,678)
Restatements - change of accounting principle	<u>(709,237)</u>
Net position at beginning of year, as restated	<u>(6,741,915)</u>
End of year	<u><u>\$ (5,363,042)</u></u>

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

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

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, 2014

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, 2014

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, 2014

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.

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 unearned 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, 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, 2014

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, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Major Funds continued

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

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

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.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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, 2014

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, 2014

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, 2014

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 Revenues

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.

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.

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 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.

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.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.”

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 established a resolution that authorized the City Manager for that purpose.

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

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Fund Balance, Continued

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.

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.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

R. New GASB Pronouncements

Effective July 1, 2013, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Deferred amounts resulting from the refundings of debt are reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Accordingly, the City's deferred amount on refunding of debt has been classified as a deferred outflow of resources [*deferred inflow of resources, as applicable*] in the statement of net position in conformity with GASB 65. GASB 65 amended prior guidance with respect to the treatment of debt issuance costs. Under GASB 65, debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred rather than reported as an asset on the statement of net position and recognized as an expense in a systematic and rational manner over the duration of the related debt. Accordingly, as noted in Note 18 of the financial statements, the City has restated beginning net position for any unamortized debt issuance costs previously reported on the statement of net position in conformity with GASB 65.

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, 2014:

	Government-Wide Statements		Fiduciary Funds Statements		Totals
	Governmental Activities	Business-Type Activities	Agency Funds	Private Purpose Trust Fund	
Cash and investments	\$ 19,448,700	\$ 3,194,998	\$ 75,563	\$ 5,085,871	\$ 27,805,132
Restricted cash and investments	1,035,856	40,839	-	3,406,699	4,483,394
	<u>\$ 20,484,556</u>	<u>\$ 3,235,837</u>	<u>\$ 75,563</u>	<u>\$ 8,492,570</u>	<u>\$ 32,288,526</u>

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 2: CASH AND INVESTMENTS, Continued

The City's cash and investments at June 30, 2014 in more detail were as follows:

Cash and Cash equivalents	
Petty Cash	\$ 1,350
Demand Deposits	<u>1,746,772</u>
Total Cash and Cash equivalents	<u>1,748,122</u>
Investments	
Local Agency Investment Fund	<u>26,057,010</u>
Total cash and investments	<u>27,805,132</u>
Cash and investments with Fiscal Agents	<u>4,483,394</u>
Total	<u>\$ 32,288,526</u>

A. Deposits

The carrying amounts of the City's demand deposits were \$1,746,772 at June 30, 2014. Bank balances before reconciling items were \$1,759,820 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, 2014

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, 2014, the City had \$26,057,010 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, 2014 included 3.69% of the pooled funds invested in structured notes and asset-backed securities. This is an increase of 1.81% 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, 2014

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.

	Fair Value	Invested Maturities in Years Less than 1 Year
<u>External Pool:</u>		
State of California - Local Agency Investment Fund	\$ 26,057,010	\$ 26,057,010

Credit Risk – As of June 30, 2014, 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. \$1,509,820 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, \$1,076,695 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, 2014.

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, 2014

Note 3: CONTRACTS AND LOANS RECEIVABLE

Contracts and loans receivable consisted of the following at June 30, 2014:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Big Bear Valley Water Stock	\$ 1,075	\$ -	\$ -	\$ 1,075
Computer Loan	2,822	-	(2,822)	-
LL Chamber of Commerce Loan	8,584	-	-	8,584
Deferred Housing Plan	97,808	-	(8,030)	89,778
Developers Loans	9,022,889	1,462,232	-	10,485,121
First Time Homebuyers	4,222,106	365,749	(460,346)	4,127,509
Housing Loans/Grants	10,520	-	(4,880)	5,640
Total	<u>\$ 13,365,804</u>	<u>\$ 1,827,981</u>	<u>\$ (476,078)</u>	<u>\$ 14,717,707</u>

Note 4: INTERFUND TRANSACTIONS

A. Fund Financial Statements

Due To/Due From Other Funds - At June 30, 2014, the City had the following due to/from other funds:

	Due To Other Funds		Total
	Governmental Funds	Enterprise Funds	
Due From Other Funds	Nonmajor Governmental	Sewer Capital	
Governmental Funds:			
General Fund	\$ 301,995	\$ 149,145	\$ 451,140
Enterprise Funds:			
Water Enterprise	-	952,638	952,638
Total	<u>\$ 301,995</u>	<u>\$ 1,101,783</u>	<u>\$ 1,403,778</u>

The Due to the General fund, from Nonmajor Governmental funds totaling \$301,995 and \$149,145 from Sewer Capital as well as \$952,637 from Water Enterprise to Sewer Capital were to assist with negative cash during operations.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 4: INTERFUND TRANSACTIONS, Continued

A. Fund Financial Statements, Continued

Advances To/From Other Funds - At June 30, 2014, the City had the following advances to/from other funds:

<u>Advances To Other Funds</u>	<u>Advance From Other Funds</u>					<u>Total</u>
	<u>Governmental Funds</u>			<u>Enterprise Funds</u>		
	<u>Special Projects Construction</u>	<u>Park Development</u>	<u>Nonmajor Governmental</u>	<u>Sewer Capital</u>	<u>Connected Communities</u>	
Governmental Funds:						
Special Projects Construction	\$ -	\$ 3,250,000	\$ 3,769	\$ -	\$ -	\$ 3,253,769
Nonmajor Governmental	500,000	-	-	-	-	500,000
Enterprise Funds:						
Water Acquisition	1,700,000	-	-	-	-	1,700,000
Water Enterprise	-	-	-	200,000	9,626	209,626
Total	<u>\$ 2,200,000</u>	<u>\$ 3,250,000</u>	<u>\$ 3,769</u>	<u>\$ 200,000</u>	<u>\$ 9,626</u>	<u>\$ 5,663,395</u>

The advance receivable of \$9,626 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. In addition, \$200,000 from Sewer Capital Fund was to cover negative cash at year end.

The remaining receivables 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, 2014, the City had the following transfers in and out:

<u>Fund receiving transfers</u>	<u>Fund making transfers</u>	<u>Amount</u>
General Fund	Special Projects Construction	\$ 483,000
	Nonmajor funds	926,625
		<u>1,409,625</u>
Water Enterprise Fund	Water Acquisition Fund	21,517
		<u>21,517</u>
Nonmajor funds	General Fund	1,028,800
		<u>1,028,800</u>
	Total transfers in Governmental Funds	<u>\$ 2,459,942</u>

During the year certain Nonmajor Governmental funds made payments in the amount of \$926,625 to the General Fund for funding traffic safety expenses, reimburse grant expenditures incurred, and reimburse debt service payments associated with capital project funds.

Transfers from the Special Projects Construction Fund in the amount of \$483,000 to the General Fund were used to make the Civic Center lease payment.

Transfers from the General Fund to non major funds consist of \$999,800 to make the Civic Center Lease payment and \$29,000 to assist the Land Maintenance District with operations.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 4: INTERFUND TRANSACTIONS, Continued

A. Fund Financial Statements, Continued

\$21,517 transfer from Water Acquisition Fund to Water Enterprise Fund was for remittance of developer impact fees.

Note 5: CAPITAL ASSETS

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

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 14,204,929	\$ -	\$ -	\$ -	\$ 14,204,929
Construction in progress	2,213,894	4,080,830	(200,186)	-	6,094,538
Total capital assets, not being depreciated	<u>16,418,823</u>	<u>4,080,830</u>	<u>(200,186)</u>	<u>-</u>	<u>20,299,467</u>
Capital assets, being depreciated:					
Structures and improvements	24,532,160	1,476	-	-	24,533,636
Machinery and equipment	8,043,358	102,881	76,560	(39,397)	8,183,402
Infrastructure	42,666,938	550,575	213,038	-	43,430,551
Total capital assets, being depreciated	<u>75,242,456</u>	<u>654,932</u>	<u>289,598</u>	<u>(39,397)</u>	<u>76,147,589</u>
Less accumulated depreciation/amortization for:					
Structures and improvements	(11,428,513)	(789,561)	-	-	(12,218,074)
Machinery and equipment	(6,158,710)	(247,010)	-	39,397	(6,366,323)
Infrastructure	(21,218,549)	(888,309)	-	-	(22,106,858)
Total accumulated depreciation	<u>(38,805,772)</u>	<u>(1,924,880)</u>	<u>-</u>	<u>39,397</u>	<u>(40,691,255)</u>
Total capital assets, being depreciated net	<u>36,436,684</u>	<u>(1,269,948)</u>	<u>289,598</u>	<u>-</u>	<u>35,456,334</u>
Governmental activities capital assets, net	<u>\$ 52,855,507</u>	<u>\$ 2,810,882</u>	<u>\$ 89,412</u>	<u>\$ -</u>	<u>\$ 55,755,801</u>

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

Governmental activities:	
General government	\$ 458,341
Public safety	184,904
Community development	108,435
Public works	<u>1,173,200</u>
Total depreciation - governmental activities	<u>\$ 1,924,880</u>

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 5: CAPITAL ASSETS, Continued

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

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 1,389,696	\$ -	\$ -	\$ (1,932)	\$ 1,387,764
Construction in progress	92,575	-	(92,575)	-	-
Total capital assets, not being depreciated	<u>1,482,271</u>	<u>-</u>	<u>(92,575)</u>	<u>(1,932)</u>	<u>1,387,764</u>
Capital assets, being depreciated:					
Structures and improvements	28,027,085	6,413	-	-	28,033,498
Machinery and equipment	5,876,771	85,584	(76,560)	(5,666)	5,880,129
Infrastructure	36,499,524	164,451	79,723	-	36,743,698
Total capital assets, being depreciated	<u>70,403,380</u>	<u>256,448</u>	<u>3,163</u>	<u>(5,666)</u>	<u>70,657,325</u>
Less accumulated depreciation for:					
Structures and improvements	(17,629,686)	(1,061,352)	-	-	(18,691,038)
Machinery and equipment	(5,104,903)	(248,423)	-	5,666	(5,347,660)
Infrastructure	(3,129,381)	(795,070)	-	-	(3,924,451)
Total accumulated depreciation	<u>(25,863,970)</u>	<u>(2,104,845)</u>	<u>-</u>	<u>5,666</u>	<u>(27,963,149)</u>
Total capital assets, being depreciated net	<u>44,539,410</u>	<u>(1,848,397)</u>	<u>3,163</u>	<u>-</u>	<u>42,694,176</u>
Business-type activities capital assets, net	<u>\$ 46,021,681</u>	<u>\$ (1,848,397)</u>	<u>\$ (89,412)</u>	<u>\$ (1,932)</u>	<u>\$ 44,081,940</u>

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

Business-type activities:	
Water Enterprise	\$ 1,772,845
Sewer Capital	163,138
Loma Linda Connected Communities	168,862
Total depreciation - business-type activities	<u>\$ 2,104,845</u>

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 6: LONG-TERM DEBT

The following is a summary of long-term debt transactions for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year
Governmental activities:					
Master Lease Purchase - fire apparatus	\$ 271,893	\$ -	\$ (29,378)	\$ 242,515	\$ 30,593
2002 Lease Revenue Refunding Bonds	2,760,000	-	(885,000)	1,875,000	920,000
Insurance Retrospective Deposit	804,095	10,892	(76,617)	738,370	-
Compensated absences	584,916	562,865	(642,580)	505,201	155,909
Unamortized bond premium	6,152	-	(2,050)	4,102	2,050
OPEB liability	19,155	216	-	19,371	-
Total governmental activities	\$ 4,446,211	\$ 573,973	\$ (1,635,625)	\$ 3,384,559	\$ 1,108,552
Business-Type Activities					
Revenue Bonds:					
1978 Water Bonds (General Obligation)	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ 10,000
1995 Variable Rate Water Revenue Refunding Bonds	6,255,000	-	(370,000)	5,885,000	395,000
Insurance Retrospective Deposit	163,005	3,748	(33,766)	132,987	33,766
Compensated absences	279,242	244,664	(237,185)	286,721	97,525
OPEB liability	15,673	175	-	15,848	-
Total business-type activities	\$ 6,722,920	\$ 248,587	\$ (640,951)	\$ 6,330,556	\$ 536,291

The following amount was reclassified as deferred outflow of resources. At the end of June 30, 2014, the loss on defeasance was completely amortized.

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year
Deferred outflow of resources					
Loss on defeasance	\$ (37,792)	\$ -	\$ 37,792	\$ -	\$ -

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.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 6: LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

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, 2014 totaled \$1,989,650. Principal and interest paid for the current year was \$998,108, 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 \$1,989,650.

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
2015	\$ 920,000	\$ 75,495	\$ 995,495
2016	955,000	39,155	994,155
Total	<u>\$ 1,875,000</u>	<u>\$ 114,650</u>	<u>\$ 1,989,650</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, 2014 was \$242,515.

Year Ending June 30,	Principal	Interest	Total
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	35,955	4,630	40,585
2020-2021	76,418	4,754	81,172
Total	<u>\$ 242,515</u>	<u>\$ 41,578</u>	<u>\$ 284,093</u>

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

	<u>June 30, 2014</u>
Equipment	<u>\$ 333,273</u>
Equipment under capitalized lease, at cost	333,273
Accumulated depreciation	58,323
Equipment under capitalized lease, net	<u>\$ 274,950</u>

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

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 2013-14 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, 2014 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 \$571,963 and \$166,407 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 \$505,201. 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, 2014 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, 2014

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	\$ 5,394,279	
Interest Income	4,456	
Gross Revenues		\$ 5,398,735
Operating Expenses	6,409,130	
Less: Depreciation	(1,772,845)	
		4,636,285
Excess Revenues		\$ 762,450
Debt Service (Annual Maximum):		
1995 Water Refunding Bonds (estimated)		\$ 377,350
Coverage Ratio		202.05%

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, 2014 totaled \$5,973,807. Principal and interest paid for the current year is \$377,350, and gross revenues are \$5,420,252.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

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
2015	\$ 395,000	\$ 13,498	\$ 408,498
2016	415,000	12,592	427,592
2017	440,000	11,640	451,640
2018	470,000	10,631	480,631
2019	495,000	9,553	504,553
2020-2024	2,965,000	29,277	2,994,277
2025	705,000	1,616	706,616
Total	<u>\$ 5,885,000</u>	<u>\$ 88,807</u>	<u>\$ 5,973,807</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 2013-14 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, 2014 for the Liability program and July 1, 2015 for the Workers' Compensation program. In proprietary funds, portions owed for the General Liability program are \$78,958 and \$54,029 for the Worker's Compensation portion.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

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 \$286,721 at June 30, 2014. 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, 2014
Series 1999A	\$ 109,335,000	\$ 11,640,000
Series 2005A	158,345,000	140,005,000
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	-
Series 2008 C	15,000,000	11,056,856
Total	<u>\$ 457,680,000</u>	<u>\$ 312,701,856</u>
Multifamily Housing Revenue Bonds Poplar Street Apartments	Original Amount	Outstanding at June 30, 2014
Series 2008 A	<u>\$ 9,000,000</u>	<u>\$ 1,110,000</u>
Multifamily Housing Revenue Bonds Loma Linda Commons Project	Original Amount	Outstanding at June 30, 2014
Series 2009 A	<u>\$ 13,275,000</u>	<u>\$ 6,742,570</u>

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

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.

Effective January 1, 2013, Public Employees' Pension Reform Act (PEPRA) implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member as per PEPRA.

B. Funding Policy

Participants are required to contribute 7% for miscellaneous, 9% for safety and 6.25% for PEPRA employees of their annual covered salary. For the fiscal year ended June 30, 2014, the City's contribution was 17.485% for miscellaneous, 21.337% for safety, and 6.25% for PEPRA 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, 2014, the City's annual pension cost of \$1,014,785 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011 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	6/30/2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	20 years as of the valuation date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

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
6/30/2014	\$ 1,014,785	100%	\$ -
6/30/2013	1,067,581	100%	-
6/30/2012	1,055,695	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.

- ***PEPRA Employees***

Effective January 1, 2013, Public Employees' Pension Reform Act (PEPRA) implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member as per PEPRA. Further information on the risk pool funding status can be obtained from the CalPERS audited financial statements

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

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.

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, 2013, the date of the latest actuarial valuation:

Participants as of June 30, 2013	Total
Active employees	76
Retirees	50
Total	126

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 2014, the City contributed for employees and retirees the total amount of \$52,513.

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	\$ 52,513
Interest on net OPEB obligation	2,525
Adjustment to annual required contribution	(2,134)
Annual OPEB cost	52,904
Contributions made	(52,513)
Increase in net OPEB obligation	391
Net OPEB obligation - beginning of year	34,828
Net OPEB obligation - end of year	\$ 35,219

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

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
6/30/2014	\$ 52,904	99%	\$ 35,219
6/30/2013	50,981	99%	34,828
6/30/2012	58,687	99%	34,317

Funded Status and Funding Progress - As of June 30, 2013, the most recent actuarial valuation date, the plan was 27.89% funded, the actuarial accrued liability for benefits was \$651,515, and the actuarial value of assets was \$146,043, resulting in an UAAL of \$523,669. The covered payroll (annual payroll of active employees covered by the plan) was \$5,556,816 and the ratio of UAAL to the covered payroll was 9.42%.

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
6/30/2013	\$ 146,043	\$ 651,515	\$ (523,669)	27.89%	\$ 5,556,816	9.42%
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%

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, 2014

Note 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

In the June 30, 2013, actuarial valuation, the “entry age normal” actuarial cost method was used. The actuarial assumptions include a 7.25% investment rate of return which is based on the expected return on funds invested by CalPERS, an annual inflation factor of 2.75% 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 119 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.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

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

B. Self-Insurance Programs of the Authority, Continued

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 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 to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under 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 \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

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

B. Self-Insurance Programs of the Authority, Continued

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.

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 \$39,406,448. 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.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

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

C. Purchased Insurance, Continued

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 2013-14.

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.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 11: JOINTLY GOVERNED ORGANIZATIONS, Continued

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, 2014, 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.

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.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 12: JOINT VENTURES, Continued

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

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.

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 2014 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.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 12: JOINT VENTURES, Continued

B. CONFIRE Joint Powers Authority, Continued

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, 2014, the following governmental funds had deficit fund balances:

Funds	Fund Type	Deficit
Major funds:		
Special Projects Construction	Capital Projects	\$ (1,703,546)
Park Development	Capital Projects	(2,773,178)
Non-major governmental funds		
Landscape Maintenance District	Special Revenues	(117,396)
Community Development	Special Revenues	(211,114)

Special Projects Construction – The Special Projects Construction has a deficit balance of \$1,703,546. 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 has a deficit balance of \$2,773,178 as a result from the purchase of open space property in the City’s South Hills with advances from other funds.

Landscape Maintenance District – The Landscape Maintenance District has a deficit balance of \$117,396 as a result of operating expenditures being higher than property taxes received to cover such expenditures.

Community Development Special Revenue Fund – The Community Development Fund has an accumulated deficit of \$211,114 which resulted from monies being spent before receiving the grant reimbursement.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

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 2014 as follows:

<u>Fund</u>	<u>Appropriated</u>	<u>Expended</u>	<u>Excess</u>
General:			
Community development	\$ 1,208,200	\$ 1,212,832	\$ (4,632)
Housing Authority:			
Community development	159,000	187,661	(28,661)
Non-major Funds:			
Grant Fund	6,800	20,652	(13,852)

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: 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.

Significant Encumbrances as of June 30, 2014

General Fund	\$ 15,768
Park Development Fund	3,994
Public Improvement Per MOU Fund	1,183,211
Nonmajor Funds	54,840

Note 16: 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, 2014, 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, 2014

Note 16: 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 17: 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, 2014 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, 2014

Note 17: SUCCESSOR AGENCY, Continued

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, 2014 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.

Successor Agency long-term debt

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, 2014 totaled \$7,640,000.

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.

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, 2014 totaled \$14,185,000.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 17: SUCCESSOR AGENCY, Continued

Successor Agency long-term debt, Continued

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, 2014 totaled \$7,315,000.

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, 2014 totaled \$8,125,000.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 17: 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, 2014:

TAX ALLOCATION BONDS	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year
2003 Tax Allocation Refunding Bonds	\$ 8,215,000	\$ -	\$ (575,000)	\$ 7,640,000	\$ 600,000
2005A Subordinated Tax Allocation Bonds	14,270,000	-	(85,000)	14,185,000	90,000
2005B Subordinated Tax Allocation Bonds	7,740,000	-	(425,000)	7,315,000	445,000
2008 Taxable Housing Tax Allocation Bonds	8,380,000	-	(255,000)	8,125,000	270,000
Unamortized bond premium	465,955	-	(27,245)	438,710	27,245
Unamortized bond discount	(261,796)	-	17,396	(244,400)	(17,396)
Total	<u>\$ 38,809,159</u>	<u>\$ -</u>	<u>\$ (1,349,849)</u>	<u>\$ 37,459,310</u>	<u>\$ 1,414,849</u>

The following amount was reclassified as deferred outflow of resources:

Deferred outflow of resources	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year
Unamortized loss on defeasance	<u>\$ (173,546)</u>	<u>\$ -</u>	<u>\$ 10,310</u>	<u>\$ (163,236)</u>	<u>\$ (10,310)</u>

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

Year Ending June 30,	Principal	Interest	Total
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	1,710,000	1,833,223	3,543,223
2020-2024	10,140,000	6,931,002	17,071,002
2025-2029	13,630,000	4,342,277	17,972,277
2030-2031	5,740,000	465,992	6,205,992
Total	<u>\$ 37,265,000</u>	<u>\$ 21,752,093</u>	<u>\$ 59,017,093</u>

Successor Agency – Special Item

In response to the State Controller's Audit Report dated August 12, 2014, three properties that were owned by the former Redevelopment Agency were determined to be additional capital assets to the Successor Agency. Action was taken under the direction of the State Controller Office for the inclusion of the properties, which were appraised for \$431,002 in total fair market value.

CITY OF LOMA LINDA
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 18: CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 1, the City implemented GASB Statement No. 65 effective July 1, 2013. GASB 65, among other provisions, amended prior guidance with respect to the treatment of debt issuance costs. Under GASB 65, debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred rather than reported as an asset on the statement of net position and recognized as an expense in a systematic and rational manner over the duration of the related debt. The City's unamortized balance of debt issuance costs, excluding prepaid insurance, at the beginning of the year was \$61,575 in governmental funds, \$40,000 in proprietary funds, and \$709,237 in Private Purpose Trust Fund. GASB 65 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LOMA LINDA
Required Supplementary Information
For the year ended June 30, 2014

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. Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets were legally adopted for all governmental funds with the exception of the Traffic Congestion Relief Fund, Federal State Construction Fund, Water Bond Redemption Fund, and Assessment District 72-1 Fund.

CITY OF LOMA LINDA
Required Supplementary Information
For the year ended June 30, 2014

1. BUDGET AND BUDGETARY ACCOUNTING, Continued

C. Budgetary Comparison Schedule

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

	Budgeted Amounts		Actual Amounts	Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,154,000	\$ 8,785,800	\$ 8,312,397	\$ (473,403)
Licenses and permits	283,500	289,500	532,046	242,546
Intergovernmental	8,400	28,300	32,628	4,328
Charges for services	1,766,600	1,692,400	1,912,085	219,685
Use of money and property	230,700	230,700	255,978	25,278
Fines and forfeitures	11,200	11,700	6,790	(4,910)
Miscellaneous	1,679,700	1,814,700	2,092,056	277,356
Total revenues	12,134,100	12,853,100	13,143,980	290,880
EXPENDITURES				
Current:				
General government	1,244,200	1,762,200	1,265,334	496,866
Public safety	8,235,900	8,345,800	8,330,616	15,184
Community development	1,056,500	1,208,200	1,212,832	(4,632)
Public works	1,869,700	1,894,500	1,864,134	30,366
Capital outlay	38,900	102,300	94,341	7,959
Total expenditures	12,445,200	13,313,000	12,767,257	545,743
REVENUES OVER (UNDER) EXPENDITURES	(311,100)	(459,900)	376,723	836,623
OTHER FINANCING SOURCES (USES)				
Transfers in	1,415,000	1,399,500	1,409,625	10,125
Transfers out	(1,058,300)	(1,028,900)	(1,028,800)	100
Total other financing sources (uses)	356,700	370,600	380,825	10,225
Net change in fund balance	45,600	(89,300)	757,548	846,848
FUND BALANCE				
Beginning of year	10,049,146	10,049,146	10,049,146	-
End of year	\$ 10,094,746	\$ 9,959,846	\$ 10,806,694	\$ 846,848

CITY OF LOMA LINDA
Required Supplementary Information
For the year ended June 30, 2014

1. BUDGET AND BUDGETARY ACCOUNTING, Continued

C. 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 Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 1,437	\$ 1,437
Use of money and property	136,300	171,800	187,841	16,041
Miscellaneous	34,700	1,500	2,160	660
Total revenues	171,000	173,300	191,438	18,138
EXPENDITURES				
Current:				
Community development	132,400	159,000	187,661	(28,661)
Capital outlay	1,000	8,400	1,926	6,474
Total expenditures	133,400	167,400	189,587	(22,187)
REVENUES OVER(UNDER) EXPENDITURES	37,600	5,900	1,851	(4,049)
OTHER FINANCING SOURCES (USES)				
Gain (loss) on disposal of land held for resale, net	-	-	97,996	97,996
Total other financing sources (uses)	-	-	97,996	97,996
Net change in fund balance	37,600	5,900	99,847	93,947
FUND BALANCE:				
Beginning of year	17,657,109	17,657,109	17,657,109	-
End of year	\$ 17,694,709	\$ 17,663,009	\$ 17,756,956	\$ 93,947

CITY OF LOMA LINDA
Required Supplementary Information
For the year ended June 30, 2014

1. BUDGET AND BUDGETARY ACCOUNTING, Continued

C. Budgetary Comparison Schedule, Continued

The following is the budgeted comparison schedule for the Public Improvements Per MOU Fund.

	Budgeted Amounts		Actual Amounts	Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ 5,000	\$ 5,364	\$ 364
Miscellaneous	4,580,000	4,825,000	4,744,958	(80,042)
Total revenues	4,580,000	4,830,000	4,750,322	(79,678)
EXPENDITURES				
Capital outlay	4,580,000	5,615,000	3,784,731	1,830,269
Total expenditures	4,580,000	5,615,000	3,784,731	1,830,269
Net change in fund balance	-	(785,000)	965,591	1,750,591
FUND BALANCE (DEFICIT):				
Beginning of year	(455,962)	(455,962)	(455,962)	-
End of year	<u>\$ (455,962)</u>	<u>\$ (1,240,962)</u>	<u>\$ 509,629</u>	<u>\$ 1,750,591</u>

CITY OF LOMA LINDA
Required Supplementary Information
For the year ended June 30, 2014

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

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
6/30/2013	\$ 146,043	\$ 651,515	\$ (523,669)	27.89%	\$ 5,556,816	9.42%
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%

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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, 2014

	Budgeted Amounts		Actual Amounts	Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ 2,100	\$ 1,647	\$ (453)
Miscellaneous	-	50,000	109,999	59,999
Total revenues	-	52,100	111,646	59,546
EXPENDITURES				
Debt service:				
Principal retirement	29,400	29,400	29,378	22
Interest and fiscal charges	11,200	11,200	51,455	(40,255)
Total expenditures	40,600	40,600	80,833	(40,233)
REVENUES OVER (UNDER) EXPENDITURES	(40,600)	11,500	30,813	19,313
OTHER FINANCING SOURCES (USES)				
Transfers out	(483,000)	(483,000)	(483,000)	-
Total other financing sources (uses)	(483,000)	(483,000)	(483,000)	-
Net change in fund balance	(523,600)	(471,500)	(452,187)	19,313
FUND BALANCE (DEFICIT):				
Beginning of year	(1,251,359)	(1,251,359)	(1,251,359)	-
End of year	\$ (1,774,959)	\$ (1,722,859)	\$ (1,703,546)	\$ 19,313

CITY OF LOMA LINDA
Park Development Capital Projects Fund
Major Governmental Fund Budgetary Comparison Schedule
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ 1,100	\$ 1,056	\$ (44)
Developer fees	110,600	98,900	98,817	(83)
Total revenues	110,600	100,000	99,873	(127)
EXPENDITURES				
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	110,600	100,000	99,873	(127)
Net change in fund balance	110,600	100,000	99,873	(127)
FUND BALANCE (DEFICIT):				
Beginning of year	(2,873,051)	(2,873,051)	(2,873,051)	-
End of year	<u>\$ (2,762,451)</u>	<u>\$ (2,773,051)</u>	<u>\$ (2,773,178)</u>	<u>\$ (127)</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.

Asset Forfeiture Fund – This fund is to account for assets seized by law enforcement.

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, 2014

	Special Revenue Funds		
	Traffic Safety	Gas Tax	Measure I
ASSETS			
Cash and investments	\$ -	\$ 41,152	\$ 299,105
Receivables:			
Taxes	-	72,423	-
Interest	-	-	182
Due from other governments	9,157	-	56,841
Advances to other funds	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total assets	\$ 9,157	\$ 113,575	\$ 356,128
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 104,429
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deposits payable	-	-	-
Unearned revenue	-	-	-
Advances from other funds	-	-	-
Total liabilities	-	-	104,429
Deferred inflow of resources:			
Unavailable revenue	-	-	-
Fund balance:			
Restricted for:			
Cultural and recreational	-	-	-
Public safety	-	-	-
Street improvements	9,157	113,575	251,699
Storm drains	-	-	-
Municipal facilities	-	-	-
Air quality management	-	-	-
Debt service	-	-	-
Low mod housing programs	-	-	-
Unassigned	-	-	-
Total fund balances	9,157	113,575	251,699
Total liabilities, deferred inflow of resources, and fund balances	\$ 9,157	\$ 113,575	\$ 356,128

Special Revenue Funds

Street Lighting District	Landscape Maintenance District	Air Quality Management District
\$ 191,510	\$ -	\$ 76,785
5,286	4,002	-
118	14	40
-	-	7,563
-	-	-
-	-	-
<u>\$ 196,914</u>	<u>\$ 4,016</u>	<u>\$ 84,388</u>
\$ 26,491	\$ 13,286	\$ 3,400
3,084	1,047	-
-	94,538	-
-	12,541	-
-	-	-
-	-	-
<u>29,575</u>	<u>121,412</u>	<u>3,400</u>
-	-	-
-	-	-
-	-	-
167,339	-	-
-	-	-
-	-	-
-	-	80,988
-	-	-
-	-	-
-	(117,396)	-
<u>167,339</u>	<u>(117,396)</u>	<u>80,988</u>
<u>\$ 196,914</u>	<u>\$ 4,016</u>	<u>\$ 84,388</u>

CITY OF LOMA LINDA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds		
	Asset Forfeiture	Community Development	Grant Fund
ASSETS			
Cash and investments	\$ 3,804	\$ -	\$ 26,766
Receivables:			
Taxes	-	-	-
Interest	2	-	-
Due from other governments	-	211,676	-
Advances to other funds	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total assets	\$ 3,806	\$ 211,676	\$ 26,766
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	207,457	-
Deposits payable	-	-	-
Unearned revenue	-	-	13,400
Advances from other funds	-	3,769	-
Total liabilities	-	211,226	13,400
Deferred inflow of resources:			
Unavailable revenue	-	211,564	-
Fund balance:			
Restricted for:			
Cultural and recreational	-	-	-
Public safety	3,806	-	13,366
Street improvements	-	-	-
Storm drains	-	-	-
Municipal facilities	-	-	-
Air quality management	-	-	-
Debt service	-	-	-
Low mod housing programs	-	-	-
Unassigned	-	(211,114)	-
Total fund balances	3,806	(211,114)	13,366
Total liabilities, deferred inflow of resources, and fund balances	\$ 3,806	\$ 211,676	\$ 26,766

Special Revenue Funds			
Citizens Option for Public Safety Fund	Traffic Congestion Relief Grant	Development Agreement Consideration	Total Special Revenue Funds
\$ 112,775	\$ 1,614	\$ 199,529	\$ 953,040
-	-	-	-
99	1	107	81,711
-	-	-	563
-	-	-	285,237
-	-	-	-
-	-	-	-
<u>\$ 112,874</u>	<u>\$ 1,615</u>	<u>\$ 199,636</u>	<u>\$ 1,320,551</u>
\$ 1,226	\$ -	\$ -	\$ 148,832
-	-	-	4,131
-	-	-	301,995
-	-	-	12,541
111,648	-	-	125,048
-	-	-	3,769
<u>112,874</u>	<u>-</u>	<u>-</u>	<u>596,316</u>
-	-	-	211,564
-	-	-	-
-	-	-	-
-	-	-	17,172
-	1,615	-	543,385
-	-	-	-
-	-	-	-
-	-	-	80,988
-	-	-	-
-	-	199,636	199,636
-	-	-	(328,510)
<u>-</u>	<u>1,615</u>	<u>199,636</u>	<u>512,671</u>
<u>\$ 112,874</u>	<u>\$ 1,615</u>	<u>\$ 199,636</u>	<u>\$ 1,320,551</u>

CITY OF LOMA LINDA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Capital Projects Funds		
	Storm Drain	Traffic Impact	Fire Facilities
ASSETS			
Cash and investments	\$ 259,579	\$ 2,102,332	\$ 428,594
Receivables:			
Taxes	-	-	-
Interest	140	1,018	239
Due from other governments	-	-	-
Advances to other funds	500,000	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total assets	\$ 759,719	\$ 2,103,350	\$ 428,833
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 1,520	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deposits payable	1,800	-	-
Unearned revenue	-	-	-
Advances from other funds	-	-	-
Total liabilities	1,800	1,520	-
Deferred inflow of resources:			
Unavailable revenue	-	-	-
Fund balance:			
Restricted for:			
Cultural and recreational	-	-	-
Public safety	-	-	428,833
Street improvements	-	2,101,830	-
Storm drains	757,919	-	-
Municipal facilities	-	-	-
Air quality management	-	-	-
Debt service	-	-	-
Low mod housing programs	-	-	-
Unassigned	-	-	-
Total fund balances	757,919	2,101,830	428,833
Total liabilities, deferred inflow of resources, and fund balances	\$ 759,719	\$ 2,103,350	\$ 428,833

Capital Projects Funds

General Facilities	Federal/State Construction	Public Meeting Facilities	Public Library Facilities
\$ 80,212	\$ 53,391	\$ 219,095	\$ 166,135
-	-	-	-
53	28	118	89
-	-	-	-
-	-	-	-
<u>80,265</u>	<u>53,419</u>	<u>219,213</u>	<u>166,224</u>
\$ 28,386	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>28,386</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>51,879</u>	<u>53,419</u>	<u>219,213</u>	<u>166,224</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>51,879</u>	<u>53,419</u>	<u>219,213</u>	<u>166,224</u>
<u>\$ 80,265</u>	<u>\$ 53,419</u>	<u>\$ 219,213</u>	<u>\$ 166,224</u>

CITY OF LOMA LINDA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Capital Projects Funds		Total Capital Projects Funds
	Art in Public Places	Regional Traffic Development Impact	
ASSETS			
Cash and investments	\$ 138,413	\$ 1,551,230	\$ 4,998,981
Receivables:			
Taxes	-	-	-
Interest	74	1,075	2,834
Due from other governments	-	-	-
Advances to other funds	-	-	500,000
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total assets	\$ 138,487	\$ 1,552,305	\$ 5,501,815
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 277,694	\$ 307,600
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deposits payable	-	-	1,800
Unearned revenue	-	-	-
Advances from other funds	-	-	-
Total liabilities	-	277,694	309,400
Deferred revenues of resources:			
Unavailable revenue	-	-	-
Fund balance:			
Restricted for:			
Cultural and recreational	138,487	-	304,711
Public safety	-	-	428,833
Street improvements	-	1,274,611	3,429,860
Storm drains	-	-	757,919
Municipal facilities	-	-	271,092
Air quality management	-	-	-
Debt service	-	-	-
Low mod housing programs	-	-	-
Unassigned	-	-	-
Total fund balances	138,487	1,274,611	5,192,415
Total liabilities, deferred inflow of resources, and fund balances	\$ 138,487	\$ 1,552,305	\$ 5,501,815

Debt Service Funds			Total Debt Service Funds	Total Nonmajor Governmental Funds
Water Bond Redemption Fund	Assessment District 72-1	Loma Linda Financing Authority		
\$ 34,688	\$ 62,630	\$ 71,779	\$ 169,097	\$ 6,121,118
-	-	-	-	81,711
19	33	52	104	3,501
-	-	-	-	285,237
-	-	-	-	500,000
-	-	1,035,856	1,035,856	1,035,856
<u>\$ 34,707</u>	<u>\$ 62,663</u>	<u>\$ 1,107,687</u>	<u>\$ 1,205,057</u>	<u>\$ 8,027,423</u>
\$ -	\$ -	\$ -	\$ -	\$ 456,432
-	-	-	-	4,131
-	-	-	-	301,995
-	-	-	-	14,341
-	-	-	-	125,048
-	-	-	-	3,769
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>905,716</u>
-	-	-	-	211,564
-	-	-	-	304,711
-	-	-	-	446,005
-	-	-	-	3,973,245
-	-	-	-	757,919
-	-	-	-	271,092
-	-	-	-	80,988
34,707	62,663	1,107,687	1,205,057	1,205,057
-	-	-	-	199,636
-	-	-	-	(328,510)
<u>34,707</u>	<u>62,663</u>	<u>1,107,687</u>	<u>1,205,057</u>	<u>6,910,143</u>
<u>\$ 34,707</u>	<u>\$ 62,663</u>	<u>\$ 1,107,687</u>	<u>\$ 1,205,057</u>	<u>\$ 8,027,423</u>

CITY OF LOMA LINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended June 30, 2014

	Special Revenue Funds		
	Traffic Safety	Gas Tax	Measure I
REVENUES			
Taxes	\$ -	\$ -	\$ 350,664
Intergovernmental	-	736,570	-
Charges for services	-	-	-
Use of money and property	-	-	1,055
Fines and forfeitures	155,426	-	-
Miscellaneous	-	-	-
Developer fees	-	-	-
Total revenues	<u>155,426</u>	<u>736,570</u>	<u>351,719</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	-	-
Capital outlay	-	-	646,685
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>646,685</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>155,426</u>	<u>736,570</u>	<u>(294,966)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(153,980)	(671,381)	-
Total other financing sources (uses)	<u>(153,980)</u>	<u>(671,381)</u>	<u>-</u>
Net change in fund balances	1,446	65,189	(294,966)
FUND BALANCE (DEFICIT):			
Beginning of year	<u>7,711</u>	<u>48,386</u>	<u>546,665</u>
End of year	<u>\$ 9,157</u>	<u>\$ 113,575</u>	<u>\$ 251,699</u>

Special Revenue Funds

Street Lighting District	Landscape Maintenance District	Air Quality Management District
\$ 343,193	\$ 392,137	\$ -
-	-	29,018
-	-	-
501	14	165
-	-	-
2,803	6,317	-
-	-	-
<u>346,497</u>	<u>398,468</u>	<u>29,183</u>
-	-	-
-	-	21,626
-	433,773	-
416,585	-	-
225	225	-
-	-	-
-	-	-
<u>416,810</u>	<u>433,998</u>	<u>21,626</u>
<u>(70,313)</u>	<u>(35,530)</u>	<u>7,557</u>
-	29,000	-
-	-	-
-	29,000	-
<u>(70,313)</u>	<u>(6,530)</u>	<u>7,557</u>
<u>237,652</u>	<u>(110,866)</u>	<u>73,431</u>
<u>\$ 167,339</u>	<u>\$ (117,396)</u>	<u>\$ 80,988</u>

CITY OF LOMA LINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended June 30, 2014

	Special Revenue Funds		
	Asset Forfeiture	Community Development	Grant Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	5,267	19,808
Charges for services	-	-	-
Use of money and property	8	1	-
Fines and forfeitures	3,798	-	-
Miscellaneous	-	-	-
Developer fees	-	-	-
Total revenues	<u>3,806</u>	<u>5,268</u>	<u>19,808</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	20,652
Community development	-	-	-
Public works	-	5,348	-
Capital outlay	-	208,681	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>-</u>	<u>214,029</u>	<u>20,652</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,806</u>	<u>(208,761)</u>	<u>(844)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,806	(208,761)	(844)
FUND BALANCE (DEFICIT):			
Beginning of year	-	(2,353)	14,210
End of year	<u>\$ 3,806</u>	<u>\$ (211,114)</u>	<u>\$ 13,366</u>

Special Revenue Funds			Total
Citizens Option for Public Safety Fund	Traffic Congestion Relief Fund	Development Agreement Consideration	Special Revenue Funds
\$ -	\$ -	\$ -	\$ 1,085,994
76,972	-	-	867,635
-	-	-	-
329	4	465	2,542
-	-	-	159,224
-	-	-	9,120
-	-	-	-
<u>77,301</u>	<u>4</u>	<u>465</u>	<u>2,124,515</u>
-	-	-	-
-	-	-	42,278
-	-	-	433,773
1,864	-	-	423,797
-	-	19	855,835
-	-	-	-
-	-	-	-
<u>1,864</u>	<u>-</u>	<u>19</u>	<u>1,755,683</u>
<u>75,437</u>	<u>4</u>	<u>446</u>	<u>368,832</u>
-	-	-	29,000
<u>(75,437)</u>	<u>-</u>	<u>-</u>	<u>(900,798)</u>
<u>(75,437)</u>	<u>-</u>	<u>-</u>	<u>(871,798)</u>
-	4	446	(502,966)
-	1,611	199,190	1,015,637
<u>\$ -</u>	<u>\$ 1,615</u>	<u>\$ 199,636</u>	<u>\$ 512,671</u>

CITY OF LOMA LINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended June 30, 2014

	Capital Projects Funds		
	Storm Drain	Traffic Impact	Fire Facilities
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	8,092	-	-
Use of money and property	597	4,479	968
Fines and forfeitures	-	-	-
Miscellaneous	-	-	-
Developer fees	-	127,114	89,038
Total revenues	8,689	131,593	90,006
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	35,514	-
Capital outlay	-	182,124	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	217,638	-
REVENUES OVER (UNDER) EXPENDITURES	8,689	(86,045)	90,006
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	(16,031)
Total other financing sources (uses)	-	-	(16,031)
Net change in fund balances	8,689	(86,045)	73,975
FUND BALANCE (DEFICIT):			
Beginning of year	749,230	2,187,875	354,858
End of year	\$ 757,919	\$ 2,101,830	\$ 428,833

Capital Projects Funds

General Facilities	Federal/State Construction	Public Meeting Facilities	Public Library Facilities
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
266	114	512	387
-	-	-	-
-	18,100	-	-
17,925	-	-	-
<u>18,191</u>	<u>18,214</u>	<u>512</u>	<u>387</u>
-	-	-	-
-	-	-	-
-	-	-	-
12,130	-	-	-
62,204	-	-	-
-	-	-	-
-	-	-	-
<u>74,334</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(56,143)</u>	<u>18,214</u>	<u>512</u>	<u>387</u>
-	-	-	-
<u>(9,796)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(9,796)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(65,939)	18,214	512	387
117,818	35,205	218,701	165,837
<u>\$ 51,879</u>	<u>\$ 53,419</u>	<u>\$ 219,213</u>	<u>\$ 166,224</u>

CITY OF LOMA LINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended June 30, 2014

	Capital Projects Funds		Total Capital Projects Funds
	Art in Public Places	Regional Traffic Development Impact	
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	8,092
Use of money and property	310	5,745	13,378
Fines and forfeitures	-	-	-
Miscellaneous	-	-	18,100
Developer fees	35,694	445,968	715,739
Total revenues	36,004	451,713	755,309
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	2,668	-	50,312
Capital outlay	13,685	1,673,622	1,931,635
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	16,353	1,673,622	1,981,947
REVENUES OVER (UNDER) EXPENDITURES	19,651	(1,221,909)	(1,226,638)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	(25,827)
Total other financing sources (uses)	-	-	(25,827)
Net change in fund balances	19,651	(1,221,909)	(1,252,465)
FUND BALANCE (DEFICIT):			
Beginning of year	118,836	2,496,520	6,444,880
End of year	\$ 138,487	\$ 1,274,611	\$ 5,192,415

Debt Service Funds			Total Debt Service Funds	Total Nonmajor Governmental Funds
Water Bond Redemption Fund	Assessment District 72-1	Loma Linda Financing Authority		
\$ -	\$ -	\$ -	\$ -	\$ 1,085,994
-	-	-	-	867,635
-	-	-	-	8,092
81	146	250	477	16,397
-	-	-	-	159,224
-	-	-	-	27,220
-	-	-	-	715,739
<u>81</u>	<u>146</u>	<u>250</u>	<u>477</u>	<u>2,880,301</u>
-	-	4,129	4,129	4,129
-	-	-	-	42,278
-	-	-	-	433,773
-	-	-	-	474,109
-	-	-	-	2,787,470
-	-	885,000	885,000	885,000
-	-	113,108	113,108	113,108
<u>-</u>	<u>-</u>	<u>1,002,237</u>	<u>1,002,237</u>	<u>4,739,867</u>
<u>81</u>	<u>146</u>	<u>(1,001,987)</u>	<u>(1,001,760)</u>	<u>(1,859,566)</u>
-	-	999,800	999,800	1,028,800
-	-	-	-	(926,625)
<u>-</u>	<u>-</u>	<u>999,800</u>	<u>999,800</u>	<u>102,175</u>
81	146	(2,187)	(1,960)	(1,757,391)
<u>34,626</u>	<u>62,517</u>	<u>1,109,874</u>	<u>1,207,017</u>	<u>8,667,534</u>
<u>\$ 34,707</u>	<u>\$ 62,663</u>	<u>\$ 1,107,687</u>	<u>\$ 1,205,057</u>	<u>\$ 6,910,143</u>

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**NON-MAJOR GOVERNMENTAL BUDGETARY
COMPARISON SCHEDULES**

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Traffic Safety
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 146,000	\$ 146,000	\$ 155,426	\$ 9,426
Total revenues	146,000	146,000	155,426	9,426
EXPENDITURES				
Total expenditures	-	-	-	-
REVENUES OVER EXPENDITURES	146,000	146,000	155,426	9,426
OTHER FINANCING SOURCES (USES)				
Transfers out	(146,000)	(146,000)	(153,980)	(7,980)
Total other financing sources (uses)	(146,000)	(146,000)	(153,980)	(7,980)
Net change in fund balance	-	-	1,446	1,446
FUND BALANCE:				
Beginning of year	7,711	7,711	7,711	-
End of year	\$ 7,711	\$ 7,711	\$ 9,157	\$ 1,446

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Gas Tax
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 685,400	\$ 664,300	\$ 736,570	\$ 72,270
Total revenues	<u>685,400</u>	<u>664,300</u>	<u>736,570</u>	<u>72,270</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER EXPENDITURES	<u>685,400</u>	<u>664,300</u>	<u>736,570</u>	<u>72,270</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(685,400)	(664,300)	(671,381)	(7,081)
Total other financing sources (uses)	<u>(685,400)</u>	<u>(664,300)</u>	<u>(671,381)</u>	<u>(7,081)</u>
Net change in fund balance	-	-	65,189	65,189
FUND BALANCE:				
Beginning of year	<u>48,386</u>	<u>48,386</u>	<u>48,386</u>	<u>-</u>
End of year	<u>\$ 48,386</u>	<u>\$ 48,386</u>	<u>\$ 113,575</u>	<u>\$ 65,189</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Measure I
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 272,700	\$ 349,900	\$ 350,664	\$ 764
Use of money and property	1,000	1,000	1,055	55
Total revenues	<u>273,700</u>	<u>350,900</u>	<u>351,719</u>	<u>819</u>
EXPENDITURES				
Current:				
Capital outlay	300,000	805,400	646,685	158,715
Total expenditures	<u>300,000</u>	<u>805,400</u>	<u>646,685</u>	<u>158,715</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(26,300)</u>	<u>(454,500)</u>	<u>(294,966)</u>	<u>159,534</u>
Net change in fund balance	(26,300)	(454,500)	(294,966)	159,534
FUND BALANCE:				
Beginning of year	546,665	546,665	546,665	-
End of year	<u>\$ 520,365</u>	<u>\$ 92,165</u>	<u>\$ 251,699</u>	<u>\$ 159,534</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Street Lighting District
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 344,200	\$ 344,200	\$ 343,193	\$ (1,007)
Use of money and property	800	800	501	(299)
Miscellaneous	-	-	2,803	2,803
Total revenues	<u>345,000</u>	<u>345,000</u>	<u>346,497</u>	<u>1,497</u>
EXPENDITURES				
Current:				
Public works	372,600	430,500	416,585	13,915
Capital outlay	300	300	225	75
Total expenditures	<u>372,900</u>	<u>430,800</u>	<u>416,810</u>	<u>13,990</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(27,900)</u>	<u>(85,800)</u>	<u>(70,313)</u>	<u>15,487</u>
Net change in fund balance	(27,900)	(85,800)	(70,313)	15,487
FUND BALANCE:				
Beginning of year	<u>237,652</u>	<u>237,652</u>	<u>237,652</u>	<u>-</u>
End of year	<u>\$ 209,752</u>	<u>\$ 151,852</u>	<u>\$ 167,339</u>	<u>\$ 15,487</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Landscape Maintenance District
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 385,300	\$ 385,300	\$ 392,137	\$ 6,837
Use of money and property	-	-	14	14
Miscellaneous	-	-	6,317	6,317
Total revenues	385,300	385,300	398,468	13,168
EXPENDITURES				
Current:				
Community development	470,000	470,400	433,773	36,627
Capital outlay	300	300	225	75
Total expenditures	470,300	470,700	433,998	36,702
REVENUES OVER (UNDER) EXPENDITURES	(85,000)	(85,400)	(35,530)	49,870
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	60,000	29,000	(31,000)
Total other financing sources (uses)	60,000	60,000	29,000	(31,000)
Net change in fund balance	(25,000)	(25,400)	(6,530)	18,870
FUND BALANCE (DEFICIT):				
Beginning of year	(110,866)	(110,866)	(110,866)	-
End of year	\$ (135,866)	\$ (136,266)	\$ (117,396)	\$ 18,870

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Air Quality Management District
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 25,000	\$ 28,500	\$ 29,018	\$ 518
Use of money and property	-	100	165	65
Total revenues	25,000	28,600	29,183	583
EXPENDITURES				
Current:				
Public safety	26,300	26,300	21,626	4,674
Total expenditures	26,300	26,300	21,626	4,674
REVENUES OVER (UNDER) EXPENDITURES	(1,300)	2,300	7,557	5,257
Net change in fund balance	(1,300)	2,300	7,557	5,257
FUND BALANCE:				
Beginning of year	73,431	73,431	73,431	-
End of year	\$ 72,131	\$ 75,731	\$ 80,988	\$ 5,257

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Asset Forfeiture
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 8	\$ 8
Fines and forfeitures	-	3,800	3,798	(2)
Total revenues	-	3,800	3,806	6
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	-	3,800	3,806	6
FUND BALANCE:				
Beginning of year	-	-	-	-
End of year	\$ -	\$ 3,800	\$ 3,806	\$ 6

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Community Development
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 102,400	\$ 118,300	\$ 5,267	\$ (113,033)
Use of money and property	-	-	1	1
Total revenues	<u>102,400</u>	<u>118,300</u>	<u>5,268</u>	<u>(113,032)</u>
EXPENDITURES				
Current:				
Public works	5,400	5,400	5,348	52
Capital outlay	<u>193,000</u>	<u>208,900</u>	<u>208,681</u>	<u>219</u>
Total expenditures	<u>198,400</u>	<u>214,300</u>	<u>214,029</u>	<u>271</u>
Net change in fund balance	(96,000)	(96,000)	(208,761)	(112,761)
FUND BALANCE (DEFICIT):				
Beginning of year	<u>(2,353)</u>	<u>(2,353)</u>	<u>(2,353)</u>	<u>-</u>
End of year	<u>\$ (98,353)</u>	<u>\$ (98,353)</u>	<u>\$ (211,114)</u>	<u>\$ (112,761)</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Grant Fund
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 6,800	\$ 19,808	\$ 13,008
Total revenues	-	6,800	19,808	13,008
EXPENDITURES				
Current:				
Public safety	-	6,800	20,652	(13,852)
Total expenditures	-	6,800	20,652	(13,852)
Net change in fund balance	-	-	(844)	(844)
FUND BALANCE:				
Beginning of year	14,210	14,210	14,210	-
End of year	<u>\$ 14,210</u>	<u>\$ 14,210</u>	<u>\$ 13,366</u>	<u>\$ (844)</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Citizen Option for Public Safety Fund
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 82,400	\$ 82,400	\$ 76,972	\$ (5,428)
Use of money and property	100	100	329	229
Total revenues	<u>82,500</u>	<u>82,500</u>	<u>77,301</u>	<u>(5,199)</u>
EXPENDITURES				
Current:				
Public works	1,900	1,900	1,864	36
Total expenditures	<u>1,900</u>	<u>1,900</u>	<u>1,864</u>	<u>36</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>80,600</u>	<u>80,600</u>	<u>75,437</u>	<u>(5,163)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(80,500)	(80,500)	(75,437)	5,063
Total other financing sources (uses)	<u>(80,500)</u>	<u>(80,500)</u>	<u>(75,437)</u>	<u>5,063</u>
Net change in fund balance	100	100	-	(100)
FUND BALANCE:				
Beginning of year	-	-	-	-
End of year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ (100)</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Development Agreement Consideration
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 300	\$ 600	\$ 465	\$ (135)
Total revenues	<u>300</u>	<u>600</u>	<u>465</u>	<u>(135)</u>
EXPENDITURES				
Capital outlay	10,000	10,000	19	9,981
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>19</u>	<u>9,981</u>
Net change in fund balance	(9,700)	(9,400)	446	9,846
FUND BALANCE:				
Beginning of year	<u>199,190</u>	<u>199,190</u>	<u>199,190</u>	<u>-</u>
End of year	<u>\$ 189,490</u>	<u>\$ 189,790</u>	<u>\$ 199,636</u>	<u>\$ 9,846</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Storm Drain
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 4,300	\$ 8,100	\$ 8,092	\$ (8)
Use of money and property	-	600	597	(3)
Total revenues	4,300	8,700	8,689	(11)
EXPENDITURES				
Public works	-	6,000	-	6,000
Total expenditures	-	6,000	-	6,000
Net change in fund balance	4,300	2,700	8,689	5,989
FUND BALANCE:				
Beginning of year	749,230	749,230	749,230	-
End of year	<u>\$ 753,530</u>	<u>\$ 751,930</u>	<u>\$ 757,919</u>	<u>\$ 5,989</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Traffic Impact
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ 4,000	\$ 4,479	\$ 479
Developer fees	35,500	134,600	127,114	(7,486)
Total revenues	35,500	138,600	131,593	(7,007)
EXPENDITURES				
Current:				
Public works	19,500	19,500	35,514	(16,014)
Capital outlay	100,000	236,000	182,124	53,876
Total expenditures	119,500	255,500	217,638	37,862
Net change in fund balance	(84,000)	(116,900)	(86,045)	30,855
FUND BALANCE:				
Beginning of year	2,187,875	2,187,875	2,187,875	-
End of year	<u>\$ 2,103,875</u>	<u>\$ 2,070,975</u>	<u>\$ 2,101,830</u>	<u>\$ 30,855</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Fire Facilities
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ 1,000	\$ 968	\$ (32)
Developer fees	78,200	89,100	89,038	(62)
Total revenues	78,200	90,100	90,006	(94)
OTHER FINANCING SOURCES (USES)				
Transfers out	(14,000)	(16,000)	(16,031)	(31)
Total other financing sources (uses)	(14,000)	(16,000)	(16,031)	(31)
Net change in fund balance	64,200	74,100	73,975	(125)
FUND BALANCE:				
Beginning of year	354,858	354,858	354,858	-
End of year	\$ 419,058	\$ 428,958	\$ 428,833	\$ (125)

CITY OF LOMA LINDA
Budgetary Comparison Schedule
General Facilities
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ 300	\$ 266	\$ (34)
Developer fees	11,200	17,900	17,925	25
Total revenues	11,200	18,200	18,191	(9)
EXPENDITURES				
Current:				
Public works	16,800	16,800	12,130	4,670
Capital outlay	86,000	86,000	62,204	23,796
Total expenditures	102,800	102,800	74,334	28,466
REVENUES OVER (UNDER) EXPENDITURES	(91,600)	(84,600)	(56,143)	28,457
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,100)	(9,700)	(9,796)	(96)
Total other financing sources (uses)	(6,100)	(9,700)	(9,796)	(96)
Net change in fund balance	(97,700)	(94,300)	(65,939)	28,361
FUND BALANCE:				
Beginning of year	117,818	117,818	117,818	-
End of year	\$ 20,118	\$ 23,518	\$ 51,879	\$ 28,361

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Public Meeting Facilities
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ 500	\$ 512	\$ 12
Total revenues	-	500	512	12
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	-	500	512	12
FUND BALANCE:				
Beginning of year	218,701	218,701	218,701	-
End of year	\$ 218,701	\$ 219,201	\$ 219,213	\$ 12

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Public Library Facilities
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ 400	\$ 387	\$ (13)
Total revenues	-	400	387	(13)
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	-	400	387	(13)
FUND BALANCE:				
Beginning of year	165,837	165,837	165,837	-
End of year	\$ 165,837	\$ 166,237	\$ 166,224	\$ (13)

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Art in Public Places
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ 300	\$ 310	\$ 10
Developer fees	83,100	28,200	35,694	7,494
Total revenues	83,100	28,500	36,004	7,504
EXPENDITURES				
Current:				
Public works	-	-	2,668	(2,668)
Capital outlay	-	34,700	13,685	21,015
Total expenditures	-	34,700	16,353	18,347
Net change in fund balance	83,100	(6,200)	19,651	25,851
FUND BALANCE:				
Beginning of year	118,836	118,836	118,836	-
End of year	\$ 201,936	\$ 112,636	\$ 138,487	\$ 25,851

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Regional Traffic Development Impact
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ 6,000	\$ 5,745	\$ (255)
Developer fees	124,400	472,300	445,968	(26,332)
Total revenues	124,400	478,300	451,713	(26,587)
EXPENDITURES				
Capital outlay	500,000	1,896,100	1,673,622	222,478
Total expenditures	500,000	1,896,100	1,673,622	222,478
Net change in fund balance	(375,600)	(1,417,800)	(1,221,909)	195,891
FUND BALANCE:				
Beginning of year	2,496,520	2,496,520	2,496,520	-
End of year	<u>\$ 2,120,920</u>	<u>\$ 1,078,720</u>	<u>\$ 1,274,611</u>	<u>\$ 195,891</u>

CITY OF LOMA LINDA
Budgetary Comparison Schedule
Loma Linda Public Financing Authority
For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 250	\$ 250
Total revenues	-	-	250	250
EXPENDITURES				
Current:				
General government	4,000	4,000	4,129	(129)
Debt service:				
Principal retirement	855,000	855,000	885,000	(30,000)
Interest and fiscal charges	144,800	144,800	113,108	31,692
Total expenditures	1,003,800	1,003,800	1,002,237	1,563
REVENUES OVER (UNDER) EXPENDITURES	(1,003,800)	(1,003,800)	(1,001,987)	1,813
OTHER FINANCING SOURCES (USES)				
Transfers in	999,800	999,800	999,800	-
Total other financing sources (uses)	999,800	999,800	999,800	-
Net change in fund balance	(4,000)	(4,000)	(2,187)	1,813
FUND BALANCE:				
Beginning of year	1,109,874	1,109,874	1,109,874	-
End of year	\$ 1,105,874	\$ 1,105,874	\$ 1,107,687	\$ 1,813

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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, 2014

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

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<u>Association Fire Equipment Fund</u>				
Assets				
Cash and investments	\$ 29	\$ 515	\$ 521	\$ 23
Total assets	\$ 29	\$ 515	\$ 521	\$ 23
Liabilities				
Accounts payable	\$ 29	\$ 514	\$ 520	\$ 23
Total liabilities	\$ 29	\$ 514	\$ 520	\$ 23
<u>Customer Deposits Fund</u>				
Assets				
Cash and investments	\$ 83,503	\$ 62,233	\$ 70,196	\$ 75,540
Total assets	\$ 83,503	\$ 62,233	\$ 70,196	\$ 75,540
Liabilities				
Accounts payable	\$ -	\$ 7,752	\$ 7,752	\$ -
Deposits payable	83,503	62,233	70,196	75,540
Total liabilities	\$ 83,503	\$ 69,985	\$ 77,948	\$ 75,540
<u>Total - All Agency Funds</u>				
Assets				
Cash and investments	\$ 83,532	\$ 62,748	\$ 70,717	\$ 75,563
Total assets	\$ 83,532	\$ 62,748	\$ 70,717	\$ 75,563
Liabilities				
Accounts payable	\$ 29	\$ 8,266	\$ 8,272	\$ 23
Deposits payable	83,503	62,233	70,196	75,540
Total liabilities	\$ 83,532	\$ 70,499	\$ 78,468	\$ 75,563

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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>	144
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>	161
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	
<i>Debt Capacity</i>	164
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>	172
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>	175
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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ (4,459,538)	\$ (2,238,756)	\$ 4,975,776	\$ 9,961,165
Restricted	9,442,397	22,285,014	27,709,242	31,758,576
Unrestricted	15,699,746	8,935,756	11,225,817	13,733,716
Total governmental activities net assets	<u>\$ 20,682,605</u>	<u>\$ 28,982,014</u>	<u>\$ 43,910,835</u>	<u>\$ 55,453,457</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 10,713,919	\$ 14,302,367	\$ 16,858,045	\$ 25,693,455
Restricted	14,223,305	-	39,545	40,711
Unrestricted	(1,439,620)	9,121,887	5,252,503	972,171
Total business-type activities net assets	<u>\$ 23,497,604</u>	<u>\$ 23,424,254</u>	<u>\$ 22,150,093</u>	<u>\$ 26,706,337</u>
Primary government				
Invested in capital assets, net of related debt	\$ 6,254,381	\$ 12,063,611	\$ 21,833,821	\$ 35,654,620
Restricted	23,665,702	22,285,014	27,748,787	31,799,287
Unrestricted	14,260,126	18,057,643	16,478,320	14,705,887
Total primary government net assets	<u>\$ 44,180,209</u>	<u>\$ 52,406,268</u>	<u>\$ 66,060,928</u>	<u>\$ 82,159,794</u>

Source: City of Loma Linda Finance Department

2009	2010	2011	2012	2013	2014
\$ 16,968,226	\$ 18,709,538	\$ 18,369,944	\$ 49,487,378	\$ 49,923,947	\$ 53,634,184
19,130,521	16,885,933	23,907,544	28,038,083	29,617,713	29,308,889
25,652,784	26,978,589	20,904,231	4,777,504	814,941	2,263,213
<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>	<u>\$ 85,206,286</u>
\$ 24,955,400	\$ 23,804,734	\$ 23,350,947	\$ 23,001,645	\$ 39,756,680	\$ 38,186,940
45,458	40,839	40,839	40,839	40,839	40,839
378,488	988,991	389,888	(8,290,772)	(9,127,686)	(9,816,996)
<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>	<u>\$ 28,410,783</u>
\$ 41,923,626	\$ 42,514,272	\$ 41,720,891	\$ 72,489,023	\$ 89,680,627	\$ 91,821,124
19,175,979	16,926,772	23,948,383	28,078,922	29,658,552	29,349,728
26,031,272	27,967,580	21,294,119	(3,513,268)	(8,312,745)	(7,553,783)
<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>	<u>\$ 113,617,069</u>

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

	2005	2006	2007	2008	2009
Expenses					
Governmental activities:					
General government	\$ 2,857,749	\$ 3,421,268	\$ 3,889,933	\$ 5,432,837	\$ 5,512,029
Public safety	4,958,618	5,202,552	6,502,549	8,044,524	8,591,174
Community development	2,738,015	3,242,959	2,291,977	3,569,755	3,544,732
Public works	3,694,483	3,609,940	5,355,288	5,572,912	5,979,986
Interest on long-term debt	2,111,982	2,940,179	3,447,775	3,471,503	3,135,872
Total governmental activities expenses	<u>16,360,847</u>	<u>18,416,898</u>	<u>21,487,522</u>	<u>26,091,531</u>	<u>26,763,793</u>
Business-type activities:					
Water acquisition	80,784	590,177	598,016	2,058,812	302,374
Water enterprise	3,950,270	4,872,363	5,375,914	5,741,631	5,530,470
Sewer capital	2,670,092	2,901,877	2,936,897	4,546,958	3,256,407
Loma Linda Connected Communities	344,701	866,377	1,363,025	1,465,591	1,515,573
Total business-type activities expenses	<u>7,045,847</u>	<u>9,230,794</u>	<u>10,273,852</u>	<u>13,812,992</u>	<u>10,604,824</u>
Total primary government expenses	<u>\$ 23,406,694</u>	<u>\$ 27,647,692</u>	<u>\$ 31,761,374</u>	<u>\$ 39,904,523</u>	<u>\$ 37,368,617</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 23,534	\$ 1,947,006	\$ 1,958,298	\$ 2,439,242	\$ 2,342,942
Public Safety	759,324	819,202	1,263,056	1,020,328	854,242
Community development	2,867,323	4,597,148	4,238,388	3,715,068	1,692,862
Public works	3,202,591	3,117,229	3,360,417	3,267,751	3,163,162
Operating contributions and grants	589,251	628,309	709,911	1,916,422	2,893,550
Capital contributions and grants	154,848	648,198	676,140	4,930,738	2,271,371
Total governmental activities program revenues	<u>7,596,871</u>	<u>11,757,092</u>	<u>12,206,210</u>	<u>17,289,549</u>	<u>13,218,129</u>
Business-type activities:					
Charges for services:					
Water acquisition	525,563	1,084,782	249,092	267,849	258,956
Water enterprise	3,333,844	3,484,542	3,823,839	3,915,160	4,165,368
Sewer capital	2,538,822	2,630,238	2,850,657	2,869,202	2,899,140
Loma Linda Connected Communities	86,288	111,773	105,332	180,717	279,430
Capital Grants and Contributions	-	559,548	633,609	9,008,653	292,384
Total business-type activities program revenues	<u>6,484,517</u>	<u>7,870,883</u>	<u>7,662,529</u>	<u>16,241,581</u>	<u>7,895,278</u>
Total primary government revenues	<u>\$ 14,081,388</u>	<u>\$ 19,627,975</u>	<u>\$ 19,868,739</u>	<u>\$ 33,531,130</u>	<u>\$ 21,113,407</u>
Net (expense)/revenue					
Governmental activities	\$ (8,763,976)	\$ (6,659,806)	\$ (9,281,312)	\$ (8,801,982)	\$ (13,545,664)
Business-type activities	(561,330)	(1,359,911)	(2,611,323)	2,428,589	(2,709,546)
Total primary government net (expense)/revenue	<u>\$ (9,325,306)</u>	<u>\$ (8,019,717)</u>	<u>\$ (11,892,635)</u>	<u>\$ (6,373,393)</u>	<u>\$ (16,255,210)</u>

2010	2011	2012	2013	2014
\$ 7,461,716	\$ 5,336,891	\$ 3,371,844	\$ 1,770,611	\$ 1,818,573
8,440,270	8,541,168	9,042,727	8,747,342	8,430,753
1,742,926	3,762,903	2,007,651	1,944,724	1,948,836
5,255,534	5,743,794	4,156,836	4,488,436	5,451,342
3,985,993	3,905,417	1,474,252	246,905	180,289
<u>26,886,439</u>	<u>\$ 27,290,173</u>	<u>\$ 20,053,310</u>	<u>\$ 17,198,018</u>	<u>\$ 17,829,793</u>
118,725	208,277	221,075	152,932	-
4,924,009	4,984,606	5,474,845	6,113,936	6,414,771
3,383,138	3,724,961	3,969,359	4,420,067	4,135,446
1,358,470	1,263,763	1,046,444	981,448	923,887
<u>9,784,342</u>	<u>10,181,607</u>	<u>10,711,723</u>	<u>11,668,383</u>	<u>11,474,104</u>
<u>\$ 36,670,781</u>	<u>\$ 37,471,780</u>	<u>\$ 30,765,033</u>	<u>\$ 28,866,401</u>	<u>\$ 29,303,897</u>
\$ 2,121,447	\$ 2,286,843	\$ 2,181,892	\$ 2,265,114	\$ 2,017,576
814,147	739,729	611,087	601,899	566,346
1,428,685	767,424	571,252	1,538,226	2,598,727
2,474,807	2,798,225	2,146,378	1,728,971	1,729,660
1,359,023	249,880	287,260	244,822	238,064
1,714,499	2,649,689	855,530	1,633,410	5,425,257
<u>9,912,608</u>	<u>9,491,790</u>	<u>6,653,399</u>	<u>8,012,442</u>	<u>12,575,630</u>
357,588	-	27,254	132,044	60,113
4,429,351	4,551,954	4,721,866	4,734,114	4,813,653
2,995,452	3,071,818	3,388,248	3,592,431	3,457,741
279,829	287,402	275,905	287,944	414,429
36,887	372,616	185,000	18,249,598	-
<u>8,099,107</u>	<u>8,283,790</u>	<u>8,598,273</u>	<u>26,996,131</u>	<u>8,745,936</u>
<u>\$ 18,011,715</u>	<u>\$ 17,775,580</u>	<u>\$ 15,251,672</u>	<u>\$ 35,008,573</u>	<u>\$ 21,321,566</u>
\$ (16,973,831)	\$ (17,798,383)	\$ (13,399,911)	\$ (9,185,576)	\$ (5,254,163)
(1,685,235)	(1,897,817)	(2,113,450)	15,327,748	(2,728,168)
<u>\$ (18,659,066)</u>	<u>\$ (19,696,200)</u>	<u>\$ (15,513,361)</u>	<u>\$ 6,142,172</u>	<u>\$ (7,982,331)</u>

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

	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets					
Government activities:					
Taxes					
Property taxes	\$ 6,334,023	\$ 8,381,521	\$ 9,448,129	\$ 10,438,820	\$ 11,020,163
Sales taxes	2,678,275	2,848,890	3,302,260	3,401,593	3,487,985
Franchise tax	9,748	6,995	544,195	558,975	730,413
Other taxes	9,988	81,050	340,460	504,173	592,561
Motor vehicle in lieu	1,597,971	1,511,940	1,601,282	1,804,250	1,914,908
Intergovernmental					
Transfers	(69,663)	-	-	-	661
Total taxes and transfers	<u>10,560,342</u>	<u>12,830,396</u>	<u>15,236,326</u>	<u>16,707,811</u>	<u>17,746,691</u>
Investment income	1,795,884	1,856,519	2,971,594	2,894,447	1,934,823
Capital Contribution					
Miscellaneous	1,402,044	408,670	54,424	459,167	173,657
Gain (Loss) on sale of capital assets	-	-	-	(20,090)	-
Gain (Loss) on Land Held for Resale	-	-	(248,831)	359,800	-
Total governmental activities	<u>13,758,270</u>	<u>15,095,585</u>	<u>18,013,513</u>	<u>20,401,135</u>	<u>19,855,171</u>
Business-type activities:					
Investment income	733,815	986,355	1,125,012	1,007,390	594,823
Capital Contribution					
Miscellaneous	699,057	300,206	212,150	1,116,271	800,450
Transfers	69,663	-	-	-	(661)
Gain (Loss) on sale of capital assets	-	-	-	3,994	-
Total business-type activities	<u>1,502,535</u>	<u>1,286,561</u>	<u>1,337,162</u>	<u>2,127,655</u>	<u>1,394,612</u>
Total primary government	<u>\$ 15,260,805</u>	<u>\$ 16,382,146</u>	<u>\$ 19,350,675</u>	<u>\$ 22,528,790</u>	<u>\$ 21,249,783</u>
Extraordinary Item (Disolution of Redevelopment Agency)					
Disolution of Redevelopment Agency					
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	-	-	-	-	-
Total primary government	<u>\$ -</u>				
Change in Net Assets					
Governmental activities	\$ 4,994,294	\$ 8,435,779	\$ 8,732,201	\$ 11,599,153	\$ 6,309,507
Business-type activities	941,205	(73,350)	(1,274,161)	4,556,244	(1,314,934)
Total primary government	<u>\$ 5,935,499</u>	<u>\$ 8,362,429</u>	<u>\$ 7,458,040</u>	<u>\$ 16,155,397</u>	<u>\$ 4,994,573</u>

Source: City of Loma Linda Finance Department

2010	2011	2012	2013	2014
\$ 10,037,882	\$ 9,461,659	\$ 5,774,870	\$ 2,205,347	\$ 2,391,993
3,105,936	3,681,608	4,040,073	3,864,216	3,733,160
648,690	664,672	756,527	778,424	811,238
590,867	941,937	641,707	734,611	871,103
1,780,141	1,762,104	1,648,468	1,661,319	1,688,439
-	161,951	-	-	213,852
16,163,516	16,673,931	12,861,645	9,243,917	9,709,785
1,525,652	1,672,572	936,266	208,226	227,033
107,192	59,539	652,079	60,069	89,413
-	-	-	-	139,192
-	-	-	-	-
17,796,360	18,406,042	14,449,990	9,512,212	10,165,423
607,164	545,228	12,986	11,789	8,608
533,289	461,650	602,448	578,584	(89,413)
-	(161,951)	-	-	589,923
-	-	-	-	-
1,140,453	844,927	615,434	590,373	509,118
\$ 18,936,813	\$ 19,250,969	\$ 15,065,424	\$ 10,102,585	\$ 10,674,541
\$ -	\$ -	\$ 18,071,167	\$ -	\$ -
-	-	(7,531,946)	-	-
\$ -	\$ -	\$ 10,539,221	\$ -	\$ -
\$ 822,529	\$ 607,659	\$ 19,121,246	\$ 326,636	\$ 4,911,260
(544,782)	(1,052,890)	(9,029,962)	15,918,121	(2,219,050)
\$ 277,747	\$ (445,231)	\$ 10,091,284	\$ 16,244,757	\$ 2,692,210

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
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
2014	3,294,218	4,083,824	811,238	40,926	39,262	368,358

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

Source: City of Loma Linda Finance Department.

Misc. Taxes	Assessments	Total
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
25,236	735,329	9,398,391

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund						
Reserved	\$ 435,369	\$ 436,551	\$ 345,346	\$ 344,667	\$ 852,770	\$ 387,155
Unreserved	4,725,481	5,700,458	7,407,201	7,409,050	7,196,063	7,456,030
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>\$ 5,160,850</u>	<u>\$ 6,137,009</u>	<u>\$ 7,752,547</u>	<u>\$ 7,753,717</u>	<u>\$ 8,048,833</u>	<u>\$ 7,843,185</u>
All other governmental funds						
Reserved	\$ 27,004,511	\$ 36,492,184	\$ 39,536,595	\$ 35,823,580	\$ 40,390,640	\$ 39,678,336
Unreserved, reported in:						
Special revenue funds	1,011,723	1,484,918	2,624,532	2,154,291	2,596,448	1,574,735
Debt service funds	1,106,402	(5,879,054)	(8,287,557)	(11,992,439)	(12,371,088)	(17,758,767)
Capital project funds	1,252,129	9,181,061	4,991,028	14,418,515	9,032,230	9,298,902
Undesignated	(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>\$ 13,649,123</u>	<u>\$ 41,279,109</u>	<u>\$ 38,864,598</u>	<u>\$ 40,403,947</u>	<u>\$ 39,648,230</u>	<u>\$ 32,793,206</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

2011	2012	2013	2014
\$ -	\$ -	\$ -	\$ -
-	-	-	-
21,879	22,355	22,630	22,934
328,518	432,648	1,319	764
-	-	35,743	-
5,317	5,317	2,232	15,768
3,500,000	3,500,000	3,500,000	3,500,000
426,308	-	-	-
242,106	83,658	87,941	91,540
67,419	70,779	78,102	88,812
1,250,000	1,250,000	1,250,000	1,250,000
2,803,075	3,703,420	5,071,179	5,836,876
<u>\$ 8,644,622</u>	<u>\$ 9,068,177</u>	<u>\$ 10,049,146</u>	<u>\$ 10,806,694</u>

\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
82,884	9,913	20	-
79,862	-	-	-
669,281	362,256	284,673	304,711
267,955	337,819	369,068	442,199
5,938,787	5,736,844	5,561,625	5,156,456
763,498	740,443	749,230	757,919
447,301	273,249	336,519	271,092
217,694	-	-	-
43,328	-	-	-
55,169	66,244	73,431	80,988
6,381,957	-	-	-
4,626,779	1,563,163	-	-
4,523,861	1,220,343	1,207,017	1,205,057
30,804,510	17,873,700	17,856,279	17,956,592
(11,943,938)	(3,277,365)	(4,693,591)	(5,475,010)
<u>\$ 42,958,928</u>	<u>\$ 24,906,609</u>	<u>\$ 21,744,271</u>	<u>\$ 20,700,004</u>

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

	2005	2006	2007	2008
Revenues				
Taxes	\$ 9,341,099	\$ 11,815,631	\$ 13,910,088	\$ 15,167,167
Licenses and permits	1,274,884	949,820	630,675	455,181
Intergovernmental revenues	2,944,606	2,780,168	2,756,637	4,543,759
Charges for services	3,115,924	2,970,018	3,333,503	3,597,448
Use of money and property	1,046,965	1,731,566	3,059,857	2,025,727
Fines, forfeitures, and penalties	165,057	518,953	1,078,676	781,862
Contributions	43,889	1,000	-	-
Miscellaneous	1,689,089	2,187,198	2,185,391	2,628,355
Developer fees	1,556,016	3,320,882	3,315,656	3,124,891
Total Revenues	21,177,529	26,275,236	30,270,483	32,324,390
Expenditures				
General government	2,890,312	3,119,238	3,483,268	5,031,935
Public safety	4,976,235	5,474,848	6,298,806	7,700,185
Community development	2,733,328	5,074,483	1,980,250	2,183,352
Public works	3,706,711	4,857,384	4,221,178	4,315,575
Capital outlay	244,200	466,557	9,588,564	6,810,787
Debt service				
Principal retirement	1,161,099	1,266,003	2,226,133	1,650,065
Interest and fiscal charges	2,049,958	2,144,106	3,450,010	3,394,241
Bond issuance costs	-	899,273	-	-
Refunding costs	-	-	-	-
Total Expenditures	17,761,843	23,301,892	31,248,209	31,086,140
Excess of revenues over (under) expenditures	3,415,686	2,973,344	(977,726)	1,238,250
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	361,005
Loss of disposal of assets	-	-	(274,606)	(2,205)
Transfers in	3,545,917	2,457,919	7,362,812	10,310,331
Transfers out	(3,615,580)	(2,457,919)	(7,362,812)	(10,310,331)
Total Other Financing Sources (Uses)	(69,663)	25,769,171	(248,831)	358,800
Net Change in Fund Balances Before Extraordinary Item	\$ 3,346,023	\$ 28,742,515	\$ (1,226,557)	\$ 1,597,050
Extraordinary Item	-	-	-	-
Net Change in Fund Balances	\$3,346,023	\$28,742,515	(\$1,226,557)	\$1,597,050
Debt Service as a percentage of non-capital expenditures	18.3%	18.9%	26.0%	23.2%

* 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.

2009	2010	2011	2012	2013	2014
\$ 16,082,070	\$ 14,616,800	\$ 14,846,128	\$ 11,388,358	\$ 7,582,598	\$ 9,398,391
349,510	210,643	252,975	1,345,307	318,636	532,046
5,371,461	3,263,909	6,833,823	1,680,953	2,539,554	900,263
2,966,451	2,549,378	2,780,285	5,344,456	1,653,891	1,921,614
1,086,977	835,776	10,419,520	660,304	624,686	468,283
577,392	478,763	281,957	980	179,157	166,014
-	-	-	-	-	-
2,696,649	2,265,551	2,768,474	3,411,401	3,479,196	6,976,393
1,282,017	1,192,558	412,271	308,677	1,127,775	814,556
<u>30,412,527</u>	<u>25,413,378</u>	<u>38,595,433</u>	<u>24,140,436</u>	<u>17,505,493</u>	<u>21,177,560</u>
5,141,936	7,041,600	5,083,333	2,756,072	1,010,432	1,269,463
8,315,993	8,057,199	7,869,002	8,249,467	8,333,007	8,372,894
2,086,901	1,310,589	1,427,226	1,618,015	1,635,429	1,834,266
3,824,026	3,329,567	3,348,479	2,696,647	2,225,653	2,338,243
15,340,849	7,407,909	4,811,468	1,521,014	3,137,662	6,668,468
1,640,000	1,695,000	1,805,000	2,080,400	883,220	914,378
3,144,540	3,684,121	3,798,820	2,571,604	207,619	164,563
268,111	-	-	-	-	-
-	-	-	-	-	-
<u>39,762,356</u>	<u>32,525,985</u>	<u>28,143,328</u>	<u>21,493,219</u>	<u>17,433,022</u>	<u>21,562,275</u>
(9,349,829)	(7,112,607)	10,452,105	2,647,217	72,471	(384,715)
-	-	330,513	-	-	-
8,900,000	-	-	-	-	-
-	-	-	-	-	-
-	51,935	22,590	315,539	19,160	97,996
-	-	-	-	-	-
4,968,940	5,766,813	20,922,495	3,541,336	2,366,876	2,438,425
<u>(4,968,279)</u>	<u>(5,766,813)</u>	<u>(20,760,544)</u>	<u>(3,541,336)</u>	<u>(2,366,876)</u>	<u>(2,438,425)</u>
<u>8,900,661</u>	<u>51,935</u>	<u>515,054</u>	<u>315,539</u>	<u>19,160</u>	<u>97,996</u>
\$ (449,168)	\$ (7,060,672)	\$ 10,967,159	\$ 2,962,756	\$ 91,631	\$ (286,719)
-	-	-	\$ (20,591,520)	-	-
<u>(\$449,168)</u>	<u>(\$7,060,672)</u>	<u>\$10,967,159</u>	<u>(\$17,628,764)</u>	<u>\$91,631</u>	<u>(\$286,719)</u>
18.9%	20.7%	21.2%	22.9%	7.1%	6.4%

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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
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
2014	3,294,217	3,733,160	811,238	40,926	39,262	368,358	25,236	8,312,397

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			
2005	1,324,055,163	184,478,555	114,929,551	1,623,463,269	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
2014	2,064,942,248	276,960,178	222,628,537	2,564,530,963	950,702,460



<u>Total Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Assessed Value as a Percentage of Actual Value</u>
1,145,594,577	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%
1,613,828,503	0.1179	100%

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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				Total Tax Rate	RDA Incremental Rate ¹	Total Direct Rate ²
			Colton Unified	Redlands Unified	San Bernardino Community College	Water			
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
2014	1.0000	0.00000	0.11870	0.06290	0.04190	0.16250	1.38600	0.00000	0.11768

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, 2014

Taxpayer	2014			2005		
	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	\$ 41,916,286	1	2.60%			
General American Life Insurance Company	39,062,962	2	2.42%	34,452,859	2	2.69%
Loma Linda University ¹	34,545,680	3	2.14%	230,672,104	1	17.99%
Loma Linda Heritage Associates	26,909,307	4	1.67%	19,103,578	4	1.49%
Oasis Townhomes LLC	24,957,211	5	1.55%	21,615,601	3	1.69%
Granite Lakes Apartments ²	20,000,000	6	1.24%			
Chancellor Properties LLC	12,000,000	7	0.74%			
Monterey Pines LLC	10,544,440	9	0.65%	9,123,185	7	0.71%
Spreen Investment Company II	10,529,785	8	0.65%			
Loma of California Health Center LLC	10,165,764	10	0.63%	8,804,635	8	0.69%
RK Multifamily Income Fund XII LLC				11,700,000	5	0.91%
Emeritus Properties XVI				9,241,921	6	0.72%
Lewis Investment ompany				8,142,949	9	0.64%
Loma Linda Plaza Partners				6,988,923	10	0.55%
	<u>\$ 230,631,435</u>		<u>14.29%</u>	<u>\$ 359,845,755</u>		<u>28.08%</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

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
2005	849,616	828,805	97.6%	176,236	1,005,041	118.3%
2006	844,135	814,547	96.5%	129,175	943,722	111.8%
2007	870,726	821,738	94.4%	60,889	882,627	101.4%
2008	960,752	884,158	92.0%	17,241	901,399	93.8%
2009	1,043,893	976,077	93.5%	12,670	988,747	94.7%
2010	980,792	933,687	95.2%	9,122	942,809	96.1%
2011	963,843	927,289	96.2%	10,355	937,644	97.3%
2012	983,808	941,122	95.7%	33,533	974,655	99.1%
2013	989,037	944,831	95.5%	19,615	964,446	97.5%
2014	1,015,851	987,067	97.2%	-	987,067	97.2%

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
Ratios 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
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
2014	242,515	-	-	1,875,000	10,000	-	5,885,000

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>
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
8,012,515	1%	339

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
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
2014	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
Computation of Legal Debt Margin
Last Ten (10) Fiscal Years

	¹ 2005	2006	2007	2008
Debt Limit	\$ 43,566,906	\$ 47,509,395	\$ 53,525,684	\$ 62,019,478
Total net debt applicable to limit	32,882,692	31,484,160	30,750,296	27,724,666
Legal debt margin	<u>\$ 10,684,214</u>	<u>\$ 16,025,235</u>	<u>\$ 22,775,388</u>	<u>\$ 34,294,812</u>
Total net debt applicable to the limit as a percentage of debt limit	75.48%	66.27%	57.45%	44.70%

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%).

2009	2010	2011	2012	2013	2014	
\$ 66,983,735	62,443,494	59,998,424	60,087,454	60,098,744	61,135,079.9	
36,236,452	35,465,342	34,152,880	33,799,049	89,011,770	87,512,815.0	
<u>\$ 30,747,283</u>	<u>26,978,152</u>	<u>25,845,544</u>	<u>26,288,405</u>	<u>(28,913,026)</u>	<u>(26,377,735.1)</u>	
54.10%	56.80%	56.92%	56.25%	148.11%	143.15%	
					Net Assessed Value	1,613,828,503
					Plus Exempt Property	16,440,295
					Total Assessed Value	<u>\$ 1,630,268,798</u>
					Debt Limit: 3.75 percent of Total Assessed Value	61,135,080
					Debt applicable to Limitation: Net Combined applicable to Limitation	87,512,815
					Total Debt applicable to Limitation	87,512,815
					Legal Debt Margin	<u>\$ (26,377,735)</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
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%
2014	5,398,735	4,636,285	762,450	377,350	202.1%

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	
3,511,628	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	*
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
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
2014	23,614	728,563,000 **	30,853 **	1,242	666	550	21,233	5.0

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 2014 Data provided by HdL Companies

CITY OF LOMA LINDA
Principal Employers
Current Fiscal Year

Employer	2014			2004 *		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Loma Linda University Medical Center	7,703	1	43.64%	N/A	N/A	N/A
Loma Linda University	3,492	2	19.78%	N/A	N/A	N/A
Jerry L. Pettis VA Med. Ctr.	2,927	3	16.58%	N/A	N/A	N/A
University Health Care	1,557	4	8.82%	N/A	N/A	N/A
Total	<u>15,679</u>		<u>88.82%</u>	<u>0</u>		<u>0.00%</u>

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	43	44	44.5	44	39	36	34	29	29.5	30.5
Public safety										
* Sheriff										
Officers	11.9	11.9	13.3	14.5	14.5	14.48	13.48	12.77	12.77	12.77
Civilians	3.2	3.2	4.4	4.5	4.5	4.74	4.24	5.03	5.03	5.03
Fire										
Firefighters and officers	29	27	26	29	29	29	29	29	23	23
Civilians	2	2	1	1	2	3	3.5	4	4	5
Highways and streets										
Maintenance	3	3	3	5.5	6	6	6	4	4	4
LL Connected Communities	4	4.5	4.5	4.5	4.5	3.5	3.5	3.5	3.5	3.5
Sewer	2	2	2	2	2	2	2	2	2	2
Water	10	10	10	10	10	11	11	11	11	12
Total:	108.1	107.6	108.7	115	111.5	109.7	106.72	100.3	94.8	97.8

* 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sheriff										
Calls for service	15,919	16,070	24,561	25,196	22,916	21,072	20,626	18,084	20,846	21,673
Citations issued by Deputies	1,519	1,571	1,810	2,009	1,455	2,164	2,922	1,703	1,653	5,988
Red light camera citations	0	0	9,490	6,501	5,720	3,243	1,084	0	0	0
Physical arrests	450	414	727	755	560	557	722	1,078	790	730
Fire										
Total number of calls answered	2,734	2,788	2,977	3,075	3,185	3,090	3,309	3230	3213	3797
% of calls for medical aid	67.8	72.8	72.1	65.8	67.3	73.8	63.7	64.7	63	65.3
Highways and streets										
Street resurfacing (miles)	5	8.81	1.36	4.97	3.55	4.5	7.88	3.85	5.1	1.95
Potholes repaired	28	24	22	29	221	31	7	12	11	7
Water										
New connections	247	194	82	106	229	346	32	0	3	1
Water main breaks	27	23	17	32	56	15	34	24	10	21
Average daily consumption (acre foot)	14.76	14.77	14.46	14.35	14.21	11.78	12.96	13.54	13.73	13.75
Wastewater										
Average daily sewage treatment (million gallons)	3	3	6	5.5	5.5	4.1	3.9	4.0	4.1	4.0

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
* Sheriff										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	5	5	7.5	9.5	9.5	10.5	10.5	10.5	10.5	11.77
Fire Stations	1	1	1	1	2	2	2	2	2	2
Vehicles	13	13	15	12	15	15	15	15	17	16
Highways and streets										
Streets (miles)	62.97	62.97	63	63	63	63	63.8	63.89	64.64	64.64
Streetlights	n/a	1,359	1,429	1,458	1,458	1,458	1,456	1,470	1,470	1,472
Culture and recreation										
Parks	10	12	12	13	13	13	13	13	13	13
Park acreage	74.43	84.39	84.39	85.13	90.33	90.33	90.33	90.33	90.33	90.33
Tennis courts	2	4	4	4	4	4	4	4	4	4
Senior center	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	52.65	52.65	53.71	74.5	77	77	77	77	77	77
Fire hydrants	n/a	894	892	892	892	892	956	957	964	997
Maximum daily capacity (gallons per minute)	8,525	8,220	8,250	8,375	8,375	10,875	13,300	12,982	11,305	12,220
Sewer										
Sanitary sewers (miles)	52.88	52.88	52.88	64.9	64.9	65.6	67.1	67.5	67.5	67.5
Storm sewers (miles)	20.15	20.15	20.38	22.5	22.5	22.5	18.3	20.5	20.8	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 AUDITOR'S 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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Brianna Pascoe, CPA

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, 2014, 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, 2014.

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.

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Certified Public Accountants

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*.

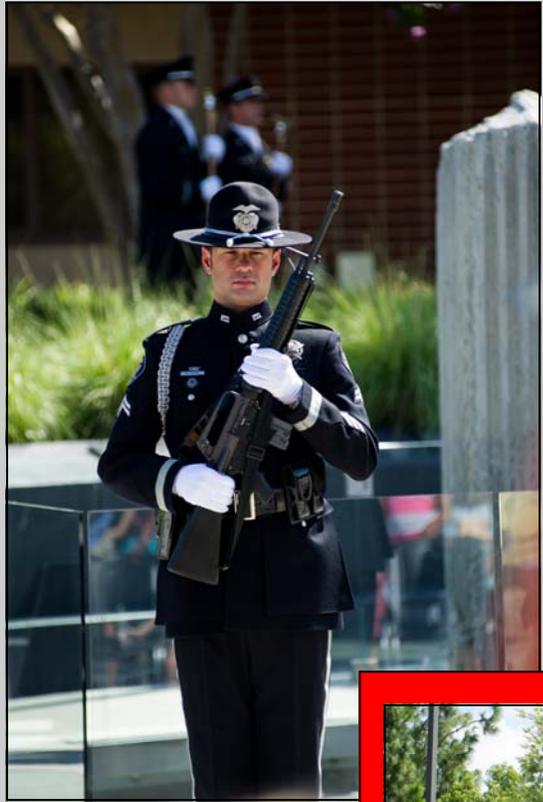
Purpose of this Report

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.

A handwritten signature in cursive script that reads "Rogers Anderson Malooly & Scott, LLP". The signature is written in dark ink and is positioned above the typed name of the firm.

San Bernardino, California
December 9, 2014

9/11 Memorial Ceremony



Photos taken by Heide Rainey



**City of Loma Linda
Finance Department
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Loma Linda, CA 92354
909-799-2840**