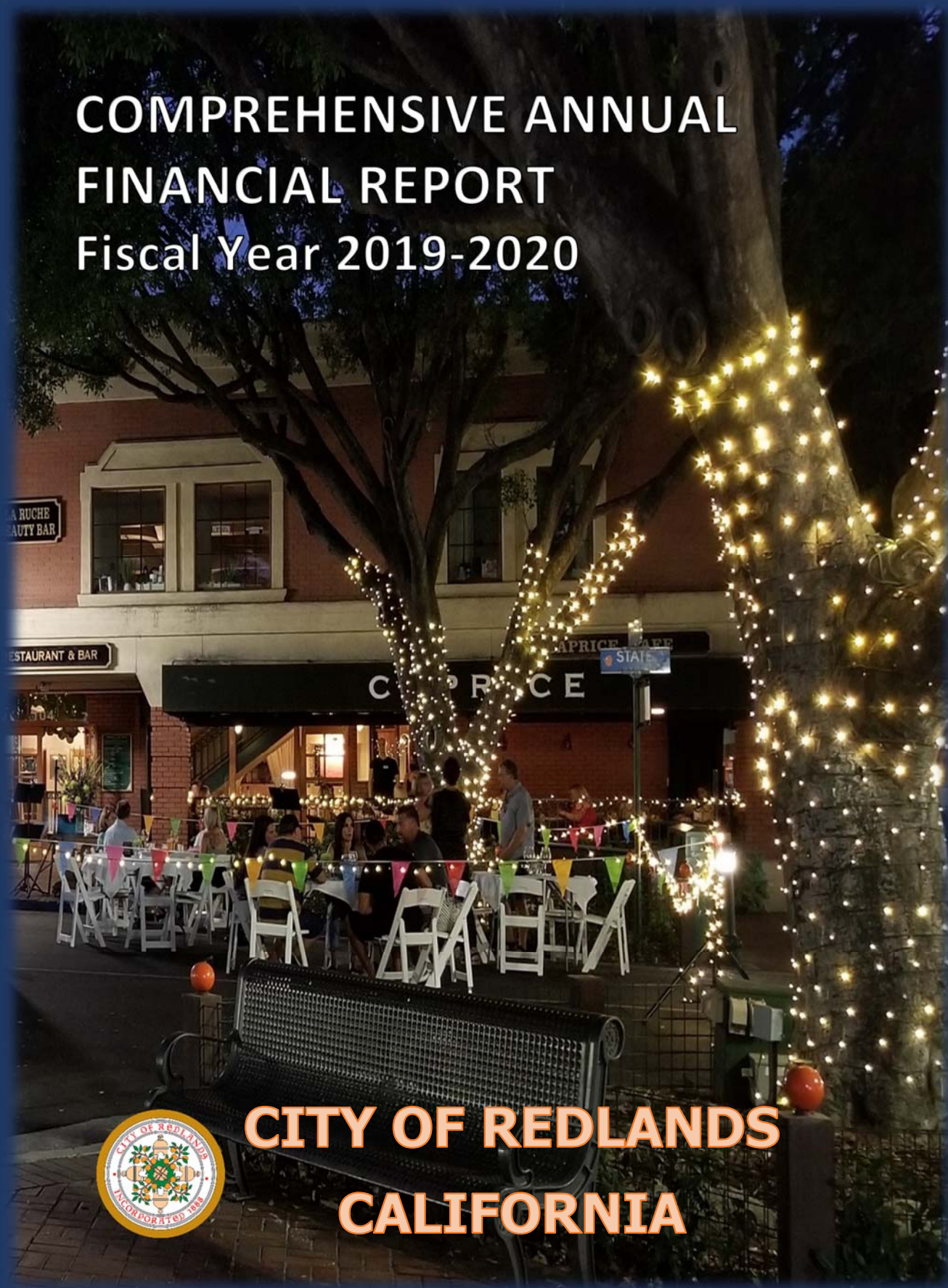


COMPREHENSIVE ANNUAL FINANCIAL REPORT Fiscal Year 2019-2020



**CITY OF REDLANDS
CALIFORNIA**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June, 30, 2020

CITY COUNCIL

Paul W. Foster, Mayor
Denise Davis, Mayor Pro Tempore

Paul T. Barich
Council Member

Toni Momberger
Council Member

Eddie Tejada
Council Member

Jeanne Donaldson, City Clerk
Robert Dawes, City Treasurer

Charles M. Duggan, Jr., City Manager

Prepared by:
Management Services / Finance Department

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MANAGEMENT SERVICES
DEPARTMENT
FINANCE DIVISION

City of
REDLANDS

Incorporated 1888
35 Cajon Street, Redlands, CA 92373

Danielle Garcia
Management Services/Finance
Director

Farrah Jenner
Assistant Finance Director

December 23, 2020

To the Members of the City Council and Citizens of the City of Redlands:

It is the policy of the City of Redlands to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the City of Redlands (the City) for the Fiscal Year ended June 30, 2020.

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

The City's financial statements have been audited by Eide Bailly, LLP, an independent firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the Fiscal Year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the Fiscal Year ended June 30, 2020 were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City is typically part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The "Single Audit Act," as amended, establishes certain audit requirements for local governments and other organizations that expend a certain amount in Federal funding during its fiscal year (currently set at \$750,000). The City typically exceeds this reporting threshold, but for Fiscal Year 2020 did not. As such, the City will not issue a separate Single Audit Report for FY 2020.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in

conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE CITY OF REDLANDS

The City of Redlands, incorporated in 1888, is located 63 miles east of Los Angeles, 110 miles north of San Diego, and 500 miles southeast of San Francisco. It lies within the San Bernardino Valley in the southwestern portion of San Bernardino County, covering an area of 36 square miles, within the heart of the Inland Empire. It serves a population of 70,952.

The City was incorporated under the general laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. It is a municipal corporation governed by a five-member city council in which all policy-making and legislative authority is vested. The City Council is responsible, among other things for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is the chief administrative officer of the City and as such is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing department heads. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with elections occurring every two years. The mayor is currently elected by a majority vote of the Council. Adopted in 2017, Ordinance No. 2848, amended the Redlands Municipal Code to change the City's electoral system for City Council Members from at-large to by-district elections.

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

The annual budget serves as the foundation for the City's financial planning and control. On an annual basis in early April, the department heads of the City submit requests for appropriations to the City Manager. The City Manager, along with the Finance Director and executive staff develop a balanced budget for the upcoming fiscal year. The City Manager's Recommended Budget is then presented to the Budget Subcommittee (comprised of 2 members of the City Council and the City Treasurer) at a public meeting noticed in accordance with the Brown Act. A series of two (2) to three (3) budget presentations are then provided to the City Council during both regular and special Council meetings, with the Budget Adoption occurring last at a regular meeting of the Council prior to June 30th of each year.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The City maintains budgetary controls to ensure compliance with provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds and internal service funds are included in the annual budget. The level of control (level at which expenditures may not exceed budget) is the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end; however encumbrances may be re-appropriated each year by separate action of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is

presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

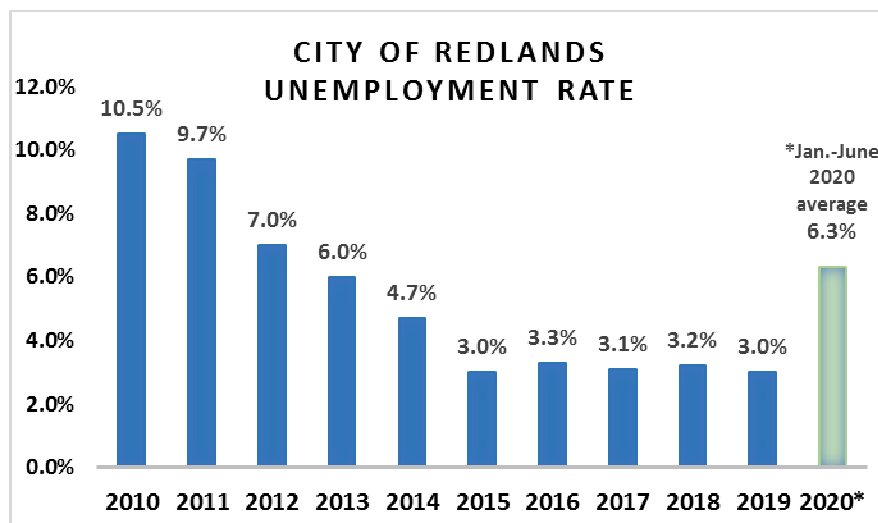
ECONOMIC CONDITION AND OUTLOOK

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

Local economy. During the final months of Fiscal Year 2019-2020, the COVID-19 pandemic caused a widespread health crisis, which was quickly followed by a widespread financial crisis. US real (inflation adjusted) Gross Domestic Product (GDP) fell at an annualized rate of 5% during the first quarter of the calendar year 2020 (January to March), as the initial impact of the pandemic began to take a toll on the economy. In the second quarter (April to June), the economy contracted by a record annualized rate of 31.7%, plunging into a recession after close to 11 years of expansion. This record contraction came as states across the country imposed lockdowns to contain the spread of the virus. The lockdown also contributed to record, precipitous job losses.

The City of Redlands’ economy is based largely in the service and trade sectors (health care, retail trade, technology, and education) and light manufacturing. Since 2007-2008, the vacancy rate for industrial and manufacturing space has declined significantly as the City expanded its manufacturing and industrial base. This growth added to the relative stability of the unemployment rate over the years since the 2007-2009 economic recession.

However, the COVID-19 pandemic and ensuing economic contraction triggered the end to the longest recovery period the history of the State of California. Significant uncertainty remains concerning the long-term economic impacts of this pandemic. There are general expectations that the resulting recession will be short-lived and that normal economic and social activities will resume in mid-2021, as a vaccine becomes widely available. Until then, social distancing remains necessary to protect public health, but at a cost of dampening economic activity. Conversely, the precipitous nature and novelty of these economic changes are much more difficult to gauge than prior recessions.



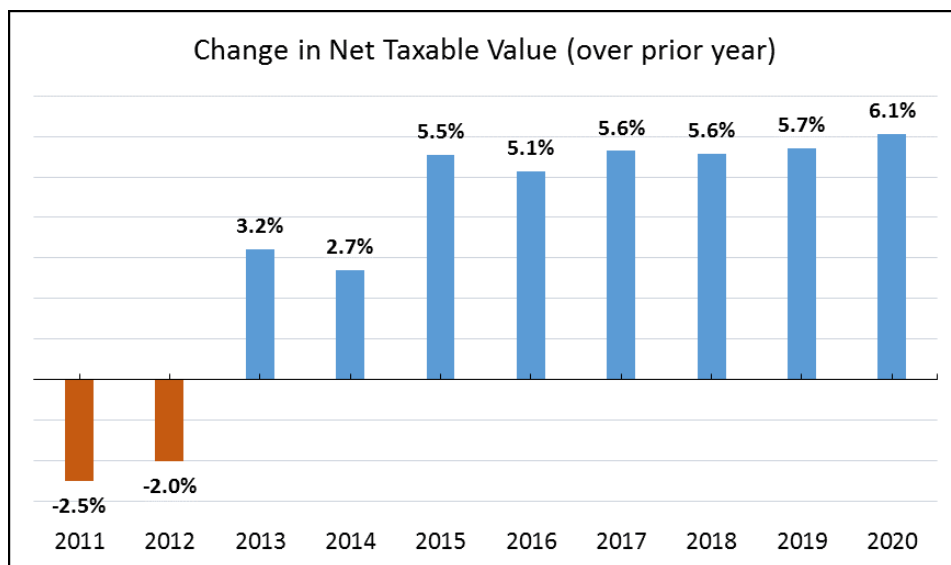
As a result of the various public health directives limiting the activities of businesses and private citizens, many employers have reduced their workforces. As such, it is worth noting that the final six-month average unemployment rate to close out fiscal year 2019-2020 (from January 2020 to June 2020) rose to 6.3% from the prior year’s annualized average of 3.0%. Comparing the City’s average unemployment rate from January through June 2020 to the national average, the City has fared better than the nationwide average of 8.4%.

Given the novel nature of the economic impacts following the COVID-19 pandemic, different sectors within the economy are expected to fare better than others. For example, close-contact industries were impacted most severely, but few industries were immune from the initial wave of restrictions on business and individual activities. Arts, entertainment, recreation, accommodation and food service are considered close-contact industries. The City’s mix of these industries positioned it well, as it has no concentration in any one particular close-contact industry, but rather is distributed across sectors somewhat evenly.

Major industries with headquarters or divisions located within the City’s boundaries or in close proximity include computer technology manufacturers, electrical controls, light manufacturing, and several financial and insurance institutions. Major employers in the City, or within the vicinity, include the Redlands Unified School District, Esri (Environmental Systems Research Institute), Redlands Community Hospital, Amazon Fulfillment Center, Beaver Medical Group, the City of Redlands, the University of Redlands, and Loma Linda University Behavioral Medical Center.

During the 2007-2009 economic recession, the City of Redlands experienced consecutive years of decreases in net taxable value until the 2012-2013 tax roll when property values started to regain ground as the economy slowly recovered. More recently, the City has added more than \$2.1 billion in assessed value over the past four years.

For the 2019-2020 tax roll, the City experienced a net taxable value increase of 6.1%, representing eight consecutive years of growth. The assessed value increase between 2018-2019 and 2019-2020 was \$598 million. As anticipated, the City exceeded \$10 billion in net taxable value during fiscal year 2019-2020. The City’s growth rate in assessed value is described by the following chart:



The primary driver of growth in assessed value was reassessment due to prior year transfers of ownership, constituting 45% of all growth in the City. The annual CPI adjustment was the second largest growth factor, contributing 25% of overall growth in assessed value. Lastly, new construction also contributed a significant amount in value growth at 11%. This new construction activity is represented in parcel subdivision, where there was a net gain of 48 secured parcels in the City for the 2019-2020 tax roll.

The local real estate market has remained relatively strong compared to the broader economy, as low interest rates buoy home price growth. Within the City, the median price for detached single family residential sales increased in the first and second quarters of the calendar year compared to the same quarters in the prior year (2019).

Because property tax lags underlying economic conditions due to assessment practices, the effects of the COVID-19 pandemic on this revenue source will likely slow its rate of growth in fiscal years 2020-21 and 2021-22 – based mostly on trends in unemployment and the housing market.

In addition to the discussion of the local housing market and growth in assessed value, there were notable additions and changes to the business and commercial landscape.

Residential development within the City was active. There were a total of 136 lots added for single family residences in three different housing developments built by Diversified Pacific, all along San Bernardino Avenue. In terms of commercial development, several noteworthy projects were completed. Property One, LLC completed construction on the adaptive reuse of the historic 8,520 sf Rondor brick warehouse building for Escape Brewery. The US Postal Service constructed a new Post Office at 1615 West Park Avenue, adding 24,000 sf of office space. Redlands Railway District constructed a new 2,400 sf coffee shop with outdoor patios, a drive-thru window and various pedestrian improvements. Construction was completed on the new WoodSprings Hotel with 123 guest room and 48,000 sf on a 2.7 acre lot on Orange Tree Lane. The Parkford Shopping Center expansion project was completed, adding 14,990 sf in enclosed facilities to the existing retail center.

Other notable business openings in fiscal year 2019-20 include the following:

- In September 2019, Ramen Song held its grand opening in a building built in 1928 in downtown Redlands. Ramen Song serves Japanese noodles and craft beers.
- In November 2019, Don Orange opened in the alley area between State Street and Citrus Avenue in Redlands, although the entrance is on State. The restaurant is billed as an upscale gourmet taqueria with an array of tequilas, mescal and beers.
- Several new fast-casual restaurants also opened: Batter Rebellion, Mountain Mike's, the Cookie Plug and a newly constructed Raising Cane's – a quick serve restaurant with dual drive-thru lanes on approximately 2.2 acres.
- In addition to these businesses, an Aldi grocery store also opened Donut Hole area. Known for its affordability, the store design features five aisles filled with the most popular products in the most commonly purchased sizes.

Under a new accounting policy (GASB 77), the City is required to disclose information related to sales tax sharing arrangements and any other similar tax abatement programs in place. Disclosures on the City's tax abatements are found in Note 15. From time to time, the City enters into economic development subsidies with developers of commercial property. These subsidies qualify as tax abatements in that the City agrees to rebate a percentage of sales tax generated by the developer above a baseline year amount to the developer in consideration for the developer either constructing property or investing in renovations/improvements to an existing property.

There are several public purposes served through these agreements. They promote the efforts of local businesses to generate additional sales tax revenue, create additional local jobs, and enhance economic vitality. These tax abatements allow the City to encourage and incentivize private investment into long-term business viability, which contributes to the long-term sales tax base in support of essential City services.

The City of Redlands Redevelopment Agency – and all redevelopment agencies in California – were dissolved under AB1X 26 (and subsequently AB1484), effective as of February 1, 2012, and the City of Redlands, as “Successor Agency,” assumed responsibilities for winding down the operations of the Redevelopment Agency.

City staff were notified pursuant to a letter from the Attorney General, dated August 25, 2014, that the DOF concurs that a loan of \$3,157,400 made from the City to the Successor Agency in July, 2012, was for enforceable obligations of the Successor Agency from July 2012 through December 2012, including the principal and interest on tax allocation bonds which were due on August 1, 2012. That loan was repaid in full by the Successor Agency in fiscal year 2014/2015.

On September 8, 2015, the DOF approved the Successor Agency’s Long-Range Property Management Plan (LRPMP). Since that time the Successor Agency has transferred ownership of properties designated for a governmental purpose to the City and as of April 2019 the City has disposed of all remaining properties not specified for a governmental purpose in accordance with the LRPMP. Further discussion about the Successor Agency can be found in Note 14 of the Notes to the Basic Financial Statements.

Long-term financial outlook/planning.

The City has two primary General Fund revenue sources that are acutely sensitive to economic conditions: sales tax and transient (hotel) occupancy tax. Their magnitude differs in terms of the ratio of general fund revenues that they comprise, 24% and 2% respectively. The COVID-19 pandemic was forecast to have severe impacts on these two revenue sources, with projections that sales tax revenues would decline by 33% and hotel occupancy tax by 41%. By contrast, sales tax receipts actually reached 95% of their pre-pandemic projections and hotel occupancy tax revenues reached 104% of their pre-pandemic projections. This can be attributed to government stimulus packages that pumped cash into the economy, allowing business owners to keep employees on their payroll and providing one-time payments to taxpayers. These efforts allowed most businesses to pivot and adapt to new social distancing restrictions.

Consumers also reacted by adapting their spending patterns to the restrictions, which in Redlands meant spending more on sporting goods, new cars, and online shopping. Hotel occupancy performed well and this is likely attributed to the fact that most of the hotel stays are not dependent on large gatherings and events within the region, and are instead reflective of a steady volume of visitors in the region. To the extent that the public health crisis continues, it will be sales tax that is likely to be mostly acutely impacted, especially if unemployment benefits and stimulus packages are not renewed and the restrictions on businesses and activities remain in place long term.

By the end of June 2020, the Redlands Passenger Rail Project, managed by the San Bernardino County Transportation Authority, marked the completion of half of the nine-mile Redlands to San Bernardino railway construction. This railway uses the right-of-way originally established in 1905 by the Atchison, Topeka & Santa Fe Railway, which was abandoned in 1937 until recently. The \$360 million project is expected to start service in mid-2022. A total of five train stops are planned within the City, with three slated to be constructed and operational with the start of the rail service. It is expected that the rail service will generate additional travel to Redlands as

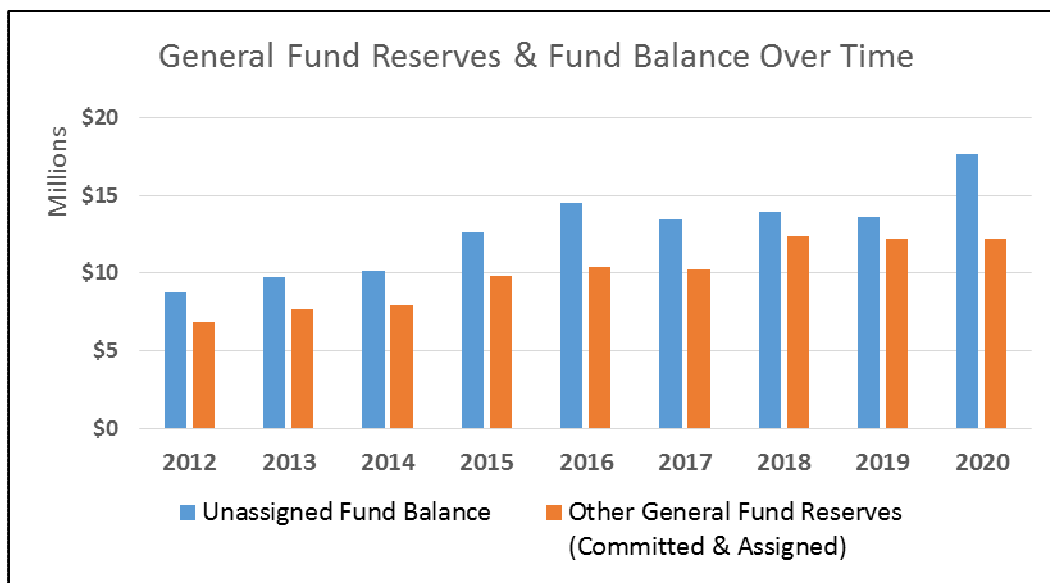
a destination for shopping and entertainment. The influence of the COVID-19 pandemic on the timeline for service initiation remains to be seen, but there has been significant public concern with mass transit and the spread of the coronavirus.

The City has also been working to educate the community on its General Fund priority funding needs and discussing the various ways it may go about funding them. Efforts to place a general sales tax measure (Measure T – a local transactions and use tax) on the November 2020 election was approved by City Council in late June 2020. Early polling indicated strong support for the tax among the residents that were polled. As of this writing, the County Registrar of Voters has certified that Measure T passed, bringing with it a new source for investing in the community.

Each of these topics bears on the local forecasts for economic development, property & sales tax revenues, housing market, and employment rates. The general sales tax would provide funding to help the City maintain police services like crime prevention and investigations, replace public safety equipment and facilities, preserve fire protection and paramedic services, and help maintain public infrastructure like sidewalks, parks, and storm drains.

Through the current economic cycle, the City has worked to adjust its financial position and strengthen its reserves in the general fund according to the City Council’s direction, balancing ongoing needs with the strain on funding resources caused by the pandemic.

The graph below provides an at-a-glance view of the City’s ability to prioritize spending and facilitate investment in long-term capital needs. In fiscal year 2019-2020, the City’s reserves for capital projects included: \$1.9 million for parking improvements in the downtown, \$1.5 million in parks, equipment, facilities and building capital, and \$420,000 for unfunded mandates.



Even as the COVID-19 pandemic took its toll on the economy, the General Fund reported unrestricted fund balance of \$19 million at the close of Fiscal Year 2019-2020. Further review of the General Fund is included within Management’s Discussion and Analysis which follows the independent auditor’s report.

In looking forward to the coming fiscal years, there are several macroeconomic trends to examine as they pertain to the financial outlook for the City.

The biggest risks to the City's economic outlook are generally outside of its control as the country struggles to effectively deal with the pandemic. These risks stem from the uncertainty surrounding the trajectory of the coronavirus itself. A recurring surge of the virus could lead to subsequent rounds of business shutdowns and stay-at-home orders in the near term. Longer-term changes in work patterns and consumer behavior could impact the City's tax based, even with the eventual development of a vaccine. If rising unemployment occurs as a consequence, it can then contribute to dampened real estate demand, accelerated foreclosures and missed tax payments.

Closely related to the COVID-19 risks are the prospects for additional federal stimulus packages for businesses, state and local governments, and individual taxpayers. While the negative economic consequences of the pandemic have been severe, they do not appear to have been as drastic from a fiscal standpoint as many local and state governments had predicted. Current unknowns about the economic outlook do, however, create an unprecedented amount of uncertainty about the fiscal picture.

At the State level, the passage of AB 147, California's New Online Sales Tax Collection Law, addressed a longstanding problem associated with the rapid growth of online sales, resulting in the under-collection of significant amounts of local sales and use tax revenues across the State. In essence, the State will now impose a use tax collection duty on retailers who have specified levels of economic activity in this state, even though they do not have a physical presence in state. The major implications are for businesses that were formerly exempt from sales tax collection, i.e., marketplace facilitators like Amazon and Etsy as well as large out-of-state retailers. Most provisions of AB 147 took effect in October 2019 and are estimated to have contributed roughly \$300,000 in sales tax revenue during fiscal year 2019-2020. Given the heavy influence of the pandemic in increasing online sales, this legislation came at an opportune time and has enabled the City to capture its share of sales tax from online spending, which proved to be less judicious during the pandemic than originally forecast.

Statewide, the Legislative Analyst's Office has offered some perspectives on the impacts felt as a consequence of the COVID-19 pandemic. In terms of the economy, the stock market and technology sectors are doing particularly well; the drop in consumer spending was very sharp, but short-lived; and the spike in unemployment was historic, but less than initial estimates projected. However, the report could offer little in term of clarifying a certain economic outlook. As noted above – these unknowns stem from the unknowns regarding the trajectory of the virus itself, if cases will worsen, if businesses can continue to withstand the restrictions imposed as a result, and other unknown federal actions that may or may not be forthcoming.

According to Mark Schniepp of the California Fiscal Outlook (Aug. 4, 2020), two things are required to rebound from the underlying economic conditions suffered as a consequence of the pandemic: restoration of consumer confidence and spending, and the withdrawal of restrictions allowing businesses to expand, sell and hire. He notes that "neither of these actions will occur until the pandemic is under control and the concerns about infection has passed."

Relevant Financial Policies

The City has adopted a set of financial policies based on best management practices and GFOA standards. These policies direct the administration of the budget, accounting practices, purchasing, debt, capital financing, investments, and capital assets. Central to the management of the budget and reserves are two policies: the Balanced Budget Policy – Ordinance No. 2660 (2007) and the Fund Balance Policy established by Resolution No. 7346 (2013). The Balanced Budget Policy requires that the City Council to adopt a balanced budget on an annual basis

wherein total financial sources meet or exceed the total financial requirements of the City, excluding one-time capital expenditures. This ensures a structural balance of revenues and expenditures and creates sustainability with regard to ongoing appropriations. The Fund Balance Policy provides that it is the policy of the City to assign a minimum of 45% of the General Fund's excess of Revenues over Expenses (the surplus – if any) each fiscal year for general fund assigned reserves in the categories of Capital Equipment, Building Purchases and/or Improvements, and Unfunded Mandates in equal proportion. This policy has contributed to the City's ability to invest in capital replacement of aging infrastructure of parks and public buildings as well as funding the replacement of critical public safety vehicles and equipment.

In June 2018, the City Council adopted Resolution No. 7983 establishing the City's Debt Management Policy. Among other things, this policy establishes guidelines for the use of various categories of debt; creates procedures and policies that minimize the City's debt service and issuance costs; and provides for full and complete financial disclosure and reporting. The Policy was developed to improve the quality of decision-making, provide justification for how debt issuance is structured, identify goals, and to validate the City's commitment to strategic long-term financial planning. Maintaining compliance with the Policy should demonstrate to rating agencies and to capital markets that the City is well managed and will be able to meet its financial obligations on a timely basis.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Redlands for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019. This was the seventeenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance division. Special recognition is due to Assistant Finance Director, Farrah Jenner; Fiscal Manager, James Garland; and Senior Accountants, Denise Camarillo and Marie Datuin, for their efforts in overseeing the compilation of the accounting data and interfacing with our auditors; and to the accounting firm of Eide Bailly, LLP, and to the City Manager's Office. Credit also must be given to City Manager Charles M. Duggan, Jr., Assistant City Manager Janice McConnell, and the Mayor and the City Council for their consistent support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Danielle Garcia
Management Services / Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Redlands
California**

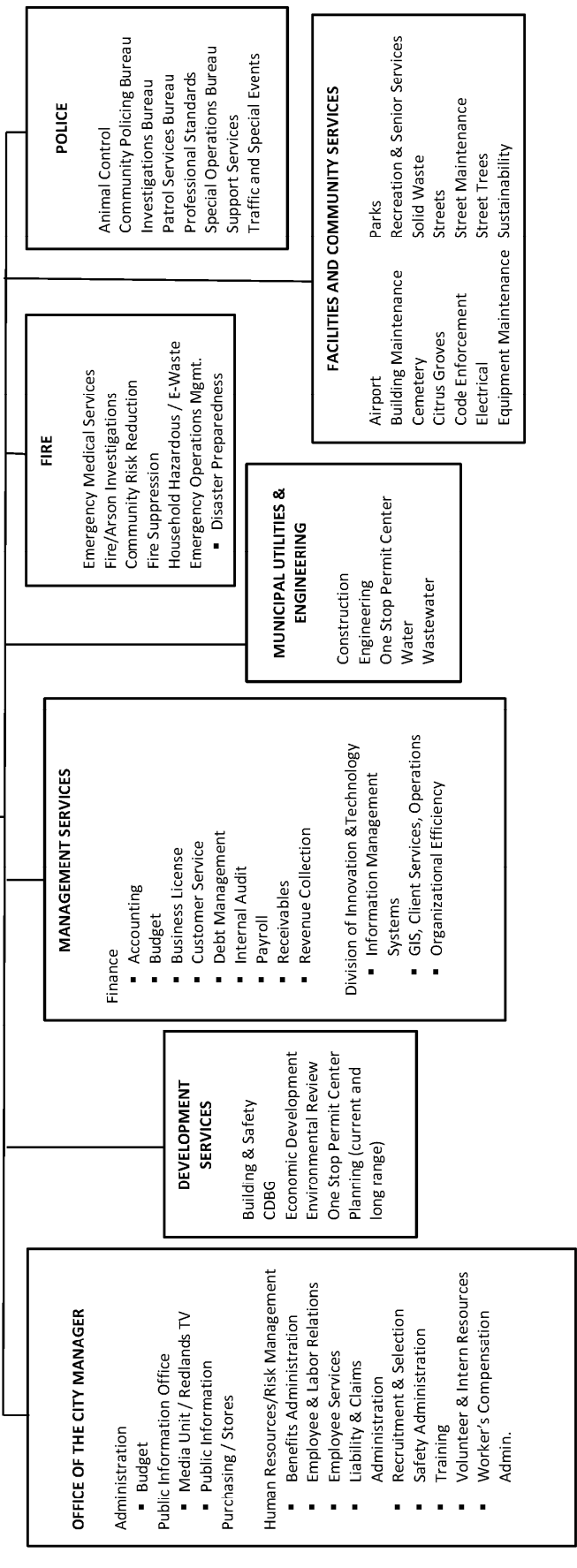
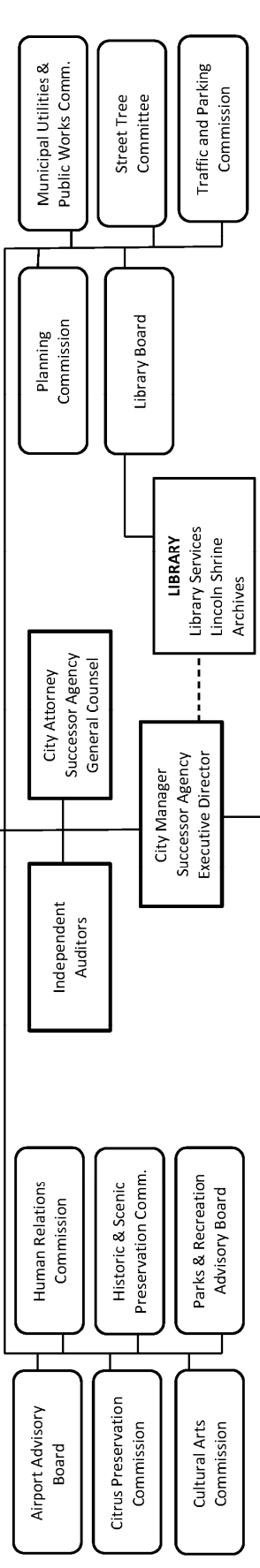
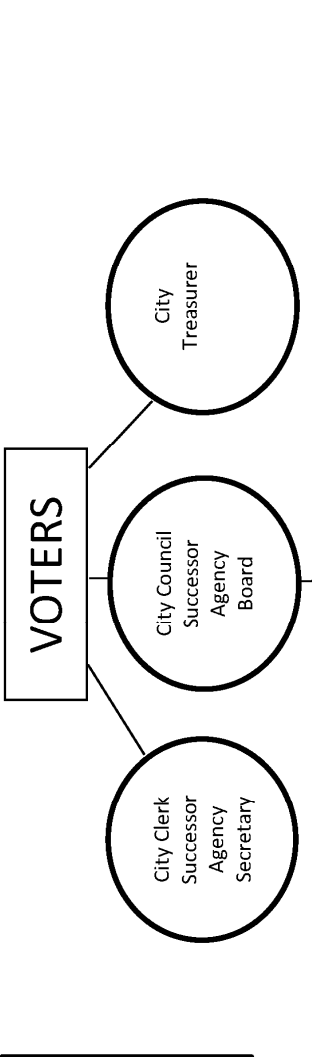
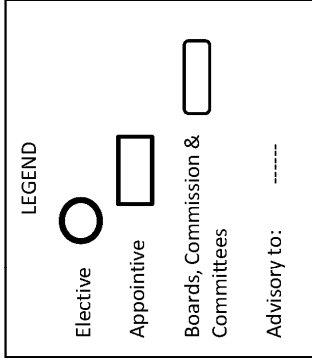
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

City of Redlands, CA
 Organizational Chart
 Approved By:
Charles M. Duggan, Jr.
 Charles M. Duggan, Jr.
 City Manager
 Effective July, 2020



CITY OF REDLANDS, CA
PRINCIPAL OFFICERS
AS OF JUNE 30, 2020

CITY COUNCIL (ELECTED)

Paul W. Foster, Mayor
Denise Davis, Mayor Pro Tem
Paul T. Barich, Councilmember
Eddie Tejada, Councilmember
Toni Momberger, Councilmember

CITY MANAGER

Charles M. Duggan, Jr.

ASSISTANT CITY MANAGER

Janice McConnell

CITY CLERK (ELECTED)

Jeanne Donaldson

CITY TREASURER (ELECTED)

Robert Dawes

CITY ATTORNEY

Daniel J. McHugh

DEVELOPMENT SERVICES DIRECTOR

Brian Desatnik

FACILITIES & COMMUNITY SERVICES DIRECTOR

Christopher Boatman

FIRE CHIEF

James Topoleski

LIBRARY DIRECTOR

Donald McCue

MANAGEMENT SERVICES/FINANCE DIRECTOR

Danielle Garcia

MUNICIPAL UTILITIES & ENGINEERING DIRECTOR

Rudolph Chow

POLICE CHIEF

Chris Catren



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redlands, California (City) as of and for the year ended June 30, 2020, 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.

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and was derived from and relates 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 and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 23, 2020

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MANAGEMENT’S DISCUSSION AND ANALYSIS

The information contained in the Management’s Discussion and Analysis (MD&A) introduces the basic financial statements and provides an analytical overview of the City of Redlands financial activities and performance for the fiscal year ended June 30, 2020. Please read the MD&A in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Figure A-1

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

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

Reporting the City as a Whole

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

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

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

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

Reporting the City's Most Significant Funds

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

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

- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City’s enterprise funds (a component of proprietary funds) *are part of* the business-type activities we report in the government-wide statements but provide more detail and additional information for proprietary funds, such as statement of cash flows. The City’s internal service funds (the other component of proprietary funds) reports activities that provide supplies and services internally to other City departments and programs.

Reporting the City’s Fiduciary Responsibilities

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

Statement of Net Position

The following is a condensed Statement of Net Position for the fiscal years ended June 30, 2020 and June 30, 2019, which allows for analysis of the City’s net position as a whole.

Table 1

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other Assets	\$ 81,326,584	\$ 72,629,499	\$ 113,373,582	\$ 110,069,697	\$ 194,700,166	\$ 182,699,196
Capital Assets	475,191,564	445,584,812	186,483,694	171,913,811	661,675,258	617,498,623
Total Assets	556,518,148	518,214,311	299,857,276	281,983,508	856,375,424	800,197,819
Deferred Outflows of Resources						
Pension & OPEB	27,481,455	24,835,778	5,181,234	5,219,539	32,662,689	30,055,317
Long-Term Liabilities Outstanding	231,270,886	221,593,164	95,853,180	96,241,643	327,124,066	317,834,807
Other Liabilities	9,142,281	6,733,999	7,132,138	5,862,836	16,274,419	12,596,835
Total Liabilities	240,413,167	228,327,163	102,985,318	102,104,479	343,398,485	330,431,642
Deferred Inflows of Resources						
Pension & OPEB	7,353,974	3,906,697	1,903,783	941,262	9,257,757	4,847,959
Net Position						
Net Investments in Capital Assets	473,042,917	443,551,078	165,453,760	150,997,528	638,496,677	594,548,606
Restricted	17,338,048	15,676,686	24,229,255	26,162,608	41,567,303	41,839,294
Unrestricted	(154,148,503)	(148,411,538)	10,466,394	6,544,230	(143,682,109)	(141,867,308)
Total Net Position	\$ 336,232,462	\$ 310,816,226	\$ 200,149,409	\$ 183,704,366	\$ 536,381,871	\$ 494,520,592

Net position over time may serve as a useful indicator of a government’s financial position, however it may change dramatically year-to-year as a result of changes in accounting practices. Table 1 shows that the net position of the government-wide activities increased by approximately \$41.9 million or 8.5%, from \$494,520,592 in 2019 to \$536,381,871 in 2020.

Governmental activities net position increased steadily by 8.2%, from \$310,816,226 at June 30, 2019 to \$336,232,462 at June 30, 2020. Closely mirroring this increase, the City's net position for business-type activities increased by 9% from \$183,704,366 in 2019 to \$200,149,409 in 2020. For Governmental Activities, the 8.2% (or \$25.4 million) increase is attributable to a growth of \$38.3 million in total assets, less the growth of \$9.7 million in long-term liabilities outstanding, less an increase in other liabilities of roughly \$2.4 million, among some other variables. For the Business Type Activities, the growth in Total Net Position of 9% (or \$16.4 million) is mainly attributable to an increase in total assets of roughly \$17.8 million offset by increases to other liabilities of \$1.3 million, among other variables. Further detail on prior year comparisons is provided below.

Statement of Net Position - Total Primary Government

- Again, this year, the largest portion of total assets consists of capital assets (e.g., land, infrastructure and equipment), totaling \$662 million or 77% of total assets. These are detailed in Note 4 of the financial statements.
- Net investment in Capital Assets of approximately \$638 million represents the City's investment in infrastructure and other capital assets, less accumulated depreciation and outstanding balances on borrowings used to construct or acquire those assets.
- Cash and investments comprised of \$175 million in the City treasury and \$3.4 million of restricted cash and investments held with fiscal agents. These are detailed in Note 2 of the financial statements.
- Deferred outflow of resources related to Pension and OPEB increased by \$2.6 million net, roughly 8.7%.
- Receivables, totaling \$14.9 million, consist of accounts and taxes receivable.
- Long-term liabilities totaled \$327 million, approximately, and represent the City's obligations on debt, pensions, and other post-employment benefits. More information is presented in Notes 5, 8 and 9 of the financial statements.
- Other liabilities increased significantly 29%, from \$12.6 to \$16.3 million roughly. This increase is mainly due to higher amounts of accounts payable recorded as of the end of the fiscal year (related to existing construction agreements for PARIS Street Resurfacing and Water capital improvement projects).
- Deferred inflow of resources related to Pension increased significantly by \$4.4 million, roughly 91%. This change is based on the annual actuarial analysis performed by CalPERS and consists of changes in assumptions and differences between estimated and actual experience.
- Overall investment in capital assets, net of related debt, increased by 7.4%. This steady increase over the prior year is reflective of additions to Right-of-Way assets, higher amounts of Construction in Progress, and significant additions to Infrastructure assets.
- Restricted net position, totaling \$41.6 million, represents resources that are subject to restrictions on how they may be used. Some funds are restricted for the purposes of funding specific capital projects, funding specific debt service obligations, to hold in trust as an endowment, or for other specific uses.
- The unrestricted net position amount of -\$143.7 million represents the unrestricted net position deficit, mainly resulting from the recognition of the net pension liability in fiscal year 2015, in accordance with GASB 68, and the recognition of total OPEB liability in fiscal year 2018, in accordance with GASB 75. Additional details can be found in Note 8 as it pertains to net pension liability and in Note 9 for OPEB liability.

Governmental Activities

- Receivables, totaling \$6.5 million, consists mainly of taxes receivable at \$6.1 million, with the remaining \$429,000 in accounts receivable.
- The net position of governmental activities increased by 8.2% (or \$25.4 million), attributable to a variety of factors. Capital assets increased by \$29.6 million roughly; this reflects the addition of significantly larger amounts of Right-of-Way at a significantly higher value according to the City's new ROW valuation methodology, first instituted in FY 2018-2019. Offsetting this increase were higher amounts for both long-term liabilities (increased by \$9.7 million) and increases in other liabilities (increased by \$2.4 million). The increase in long-term liabilities mainly reflects the growth in the net pension liability and total OPEB liability. The growth in other liabilities is due to large construction contracts payable related to the PARIS Street Resurfacing program.
- Deferred outflow of resources related to Pension and OPEB increased by \$2.6 million, roughly 11%. OPEB deferred outflows increased by approximately \$3.8 million and this is attributed to difference between actual and expected experience losses detailed in the actuarial valuation performed with a measurement date of June 30, 2019. Pension deferred outflows represent a \$1.6 million decrease in deferred outflows. This change is based on the annual actuarial analysis performed by CalPERS and consists of changes in assumptions and differences between estimated and actual experience. There are more details available in Notes 8 & 9 of the financial statements.
- This year, there was a net increase of 5%, or \$12 million in total liabilities, with roughly \$1.8 million attributed to increases in accounts payable (mainly due to existing construction agreements related to the PARIS Street Resurfacing Program) and a net of \$10.3 million attributed to long-term debt. Within long-term debt, the amount for Pension increased by \$6.6 million and the amount for OPEB increased by \$3.7 million, both due mostly to the costs of interest accrued on the unfunded liability and differences between expected an actual experience (e.g., retirement rates, ages, mortality, and expected returns). There are more details available in Notes 8 & 9 of the financial statements.
- Deferred inflow of resources related to Pension increased by \$1.1 million, roughly 47.7%. This change is based on the annual actuarial analysis performed by CalPERS and consists of changes in assumptions and differences between estimated and actual experience. OPEB deferred inflows also increased over the prior year by a significant amount – 149%, or \$2.3 million. This change is mainly due to changes in assumptions related to total liability. There are more details available in Notes 8 & 9 of the financial statements.

Business-Type Activities

- The net position of business-type activities increased by 9%, attributed to significant increases in current / other (non-capital) assets as well as in capital assets, which increased by \$17.9 million. This change is attributed to higher Construction in Progress related to the \$2.7 million in CIP for the Phase 4 Landfill Expansion Project, \$2.6 million CIP for the Membrane Bioreactor Project at the Wastewater Treatment Plan as well as higher. Significant additions to Infrastructure were also realized as \$9.9 million was added in Water Pipeline capital improvements and another \$1 million were added in Sewer Pipeline improvements, among other contributions from Private Development Projects.
- Receivables, totaling \$8.4 million, represent an increase of approximately 0.4% from the prior year. The majority of these accounts receivable relate to the Water, Wastewater and Solid Waste operation's customer billings (\$3.1 million) and unbilled customer accounts (\$5 million).
- Total capital assets of \$186.5 million represent 28.2% of total capital assets citywide.
- Deferred outflow of resources related to Pension and OPEB decreased by \$38,000, roughly 1%. OPEB deferred outflows increased by approximately \$1.08 million and this is attributed to the actuarial valuation performed with a measurement date of June 30, 2019. Pension deferred

outflows represent a \$1.12 million decrease in deferred outflows. This change is based on the annual actuarial analysis performed by CalPERS and consists of changes in assumptions and differences between estimated and actual experience.

- This year, there was a net decrease of \$388,000 in long-term liabilities. This is representative of repayment of bonds and notes within Water, Solid Waste and Wastewater funds of roughly \$2.9 offset against a net increase in liabilities for compensated absences of \$170,000, an adjustment to the Solid Waste fund's landfill closure liability of approximately \$328,000, as well as increases in OPEB liability of \$1.3 million and increases to pension liability of \$675,000.
- Deferred inflow of resources related to Pension increased by \$164,000, roughly 40.5%. This change is based on the annual actuarial analysis performed by CalPERS and consists of changes in assumptions and differences between estimated and actual experience. OPEB deferred inflows increased by \$799,000 and represent liabilities in the City's valuation with a measurement date of June 30, 2019.

The Statement of Activities reports increases and decreases in the net position. The following is a condensed Statement of Activities for the fiscal years ending June 30, 2020 and June 30, 2019:

Table 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Program Revenues						
Charges for services:	\$ 15,975,609	\$ 16,627,542	\$ 58,761,693	\$ 57,577,726	\$ 74,737,302	\$ 74,205,268
Operating grants and contributions	2,995,658	1,867,228	55,371	56,555	3,051,029	1,923,783
Capital grants and contributions	31,462,210	7,083,735	7,656,651	5,450,817	39,118,861	12,534,552
General Revenues						
Property taxes	33,743,135	31,833,632	81,098	85,928	33,824,233	31,919,560
Sales taxes	17,510,274	18,838,445	-	-	17,510,274	18,838,445
Franchise taxes	2,369,348	2,221,789	-	-	2,369,348	2,221,789
Other taxes	2,031,015	2,061,674	-	-	2,031,015	2,061,674
Use of money & property	1,869,008	2,421,036	3,214,540	3,310,733	5,083,548	5,731,769
Other	1,865,686	1,498,562	1,327,610	1,770,702	3,193,296	3,269,264
Intergovernmental (unrestricted)	167,157	187,586	-	-	167,157	187,586
Total Revenues	109,989,100	84,641,229	71,096,963	68,252,461	181,086,063	152,893,690
Program Expenses						
General government	16,211,056	16,210,304	-	-	16,211,056	16,210,304
Public safety	57,656,302	53,095,381	-	-	57,656,302	53,095,381
Culture and recreation	5,227,381	4,783,803	-	-	5,227,381	4,783,803
Highway and streets	4,275,091	10,183,231	-	-	4,275,091	10,183,231
Library	2,921,245	2,537,698	-	-	2,921,245	2,537,698
Interest on Long-Term Debt	994,894	683,446	-	-	994,894	683,446
Water	-	-	22,719,142	20,857,656	22,719,142	20,857,656
Disposal	-	-	15,194,462	16,162,875	15,194,462	16,162,875
Sewer	-	-	11,242,914	9,926,236	11,242,914	9,926,236
Groves	-	-	845,498	849,678	845,498	849,678
NP Water	-	-	249,911	116,759	249,911	116,759
Cemetery	-	-	1,049,876	936,535	1,049,876	936,535
Aviation	-	-	637,012	617,285	637,012	617,285
Total Expenses	87,285,969	87,493,863	51,938,815	49,467,024	139,224,784	136,960,887
Change in Net Position Before Transfers	22,703,131	(2,852,634)	19,158,148	18,785,437	41,861,279	15,932,803
Transfers	2,713,105	2,943,934	(2,713,105)	(2,943,934)	-	-
Increase (Decrease) in Net Position	25,416,236	91,300	16,445,043	15,841,503	41,861,279	15,932,803
Beginning Net Position	310,816,226	527,172,491	183,704,366	167,862,863	494,520,592	695,035,354
Restatement of Net Position	-	(216,447,565)	-	-	-	(216,447,565)
Beginning Net Position, as Restated	310,816,226	310,724,926	183,704,366	167,862,863	494,520,592	478,587,789
Ending Net Position	\$ 336,232,462	\$ 310,816,226	\$ 200,149,409	\$ 183,704,366	\$ 536,381,871	\$ 494,520,592

Total Primary Government

- Total Primary Government revenues for fiscal year 2019-2020 increased by 18.4%. This growth is mainly attributed to an increase in Governmental Activities in the volume of Right-of-Way

recorded as contributed capital and the significant increase in valuation thereof according to the City's revised ROW valuation methodology, resulting in roughly \$24 million in added revenue within the Highway and Streets category. Other contributing factors include the increase in capital contributions within the Business Type Activities, specifically within the Water Fund that included the addition of \$1.20 million for new water meter installation.

- Property tax grew by roughly 6% again, or \$1.9 million. This growth in revenue is attributed to higher taxable values lead by property transfers, the annual adjustment for inflation, and new construction within the City.
- Total expenses for the City increased just slightly in fiscal year 2019-2020 by \$2.3 million (or 1.6%). The largest increases were within Business Type Activities, in the Water and Sewer funds. More detail on these fluctuations is presented below.
- Transfers between governmental activities and business-type activities decreased by roughly \$230,000. This is due to above average transfers in the prior fiscal year (2018-2019) related to one-time distributions of land sale proceeds (\$1,025,000).

Governmental Activities

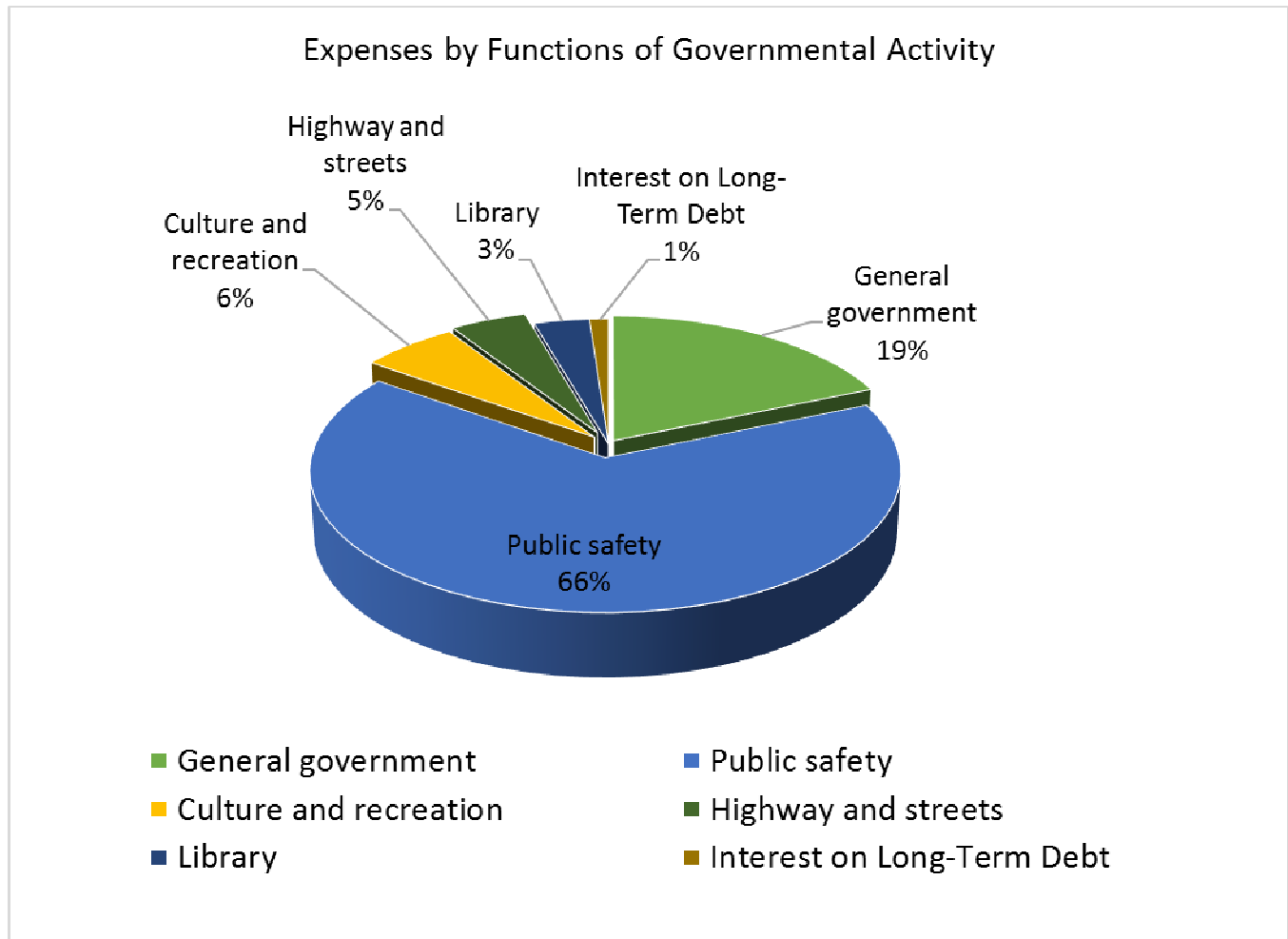
- Total Governmental Activities revenues for fiscal year 2019-2020 increased by 30%. This growth is mainly attributed to an increase in the volume of Right-of-Way recorded as contributed capital and the significant increase in valuation thereof according to the City's revised ROW valuation methodology, resulting in roughly \$24 million in added revenue within the Highway and Streets category. Other significant variances are detailed below.
- Sales tax revenue saw a decrease of 7%, or \$1.3 million, when compared to prior year. This downward trend is the first in several years and is attributed to the economic impacts of the COVID-19 restrictions on businesses and consumers and to some extent the impact on consumer confidence and discretionary spending that the pandemic has caused overall.
- Expanding on the \$24 million increase caused by Right-of-Way additions under Capital Grants and Contributions, the variables that are used to calculate this amount both had significant changes over the prior year: the amount of square footage added this year increased from roughly 89,000 sf in 2019 to just over 780,000 sf for 2020. As well, the value per square foot based on the price for the sale of vacant land on average during the fiscal year increased from \$8.08 in 2019 to \$30.87 in 2020. These two factors contributed to the significant increase in amounts over the prior fiscal year.
- Operating Grants and Contributions was also roughly 60.4% above prior year levels (or an increase of \$1.1 million. This was due mainly to several large one-time grants associated with a homelessness intervention grant from San Bernardino County (\$259,000), a land use planning grant from the Southern CA Associated Governments (\$355,000), and a cost sharing agreement between the City and the County of San Bernardino for the construction of freeway ramp improvements (\$884,000).
- Total expenses for the City decreased just slightly in fiscal year 2019-2020 by \$208,000 (or 0.24%). Despite this minor change to the total expenses, two categories saw significant fluctuations over the prior year.
 - Public Safety expenses increased by roughly \$4.5 million (or 8.6%). This was due mainly to higher amounts of overtime in the Fire Department (\$590,000), higher pension costs in the Police and Fire departments (roughly \$1.4 million), and higher full time staffing costs in the Police Department of \$914,000. Other expenses that contributed to this increase include higher amounts of depreciation and increases to additions in compensated absences payable, and pension and OPEB liabilities.
 - The Highway and Streets category saw a \$5.9 million decrease over the prior year (or 58%). This large variance was due to significant amounts of current expenditures being

reclassified as capital assets in order to be expensed over their useful life in this conversion financial statement.

Business-Type Activities

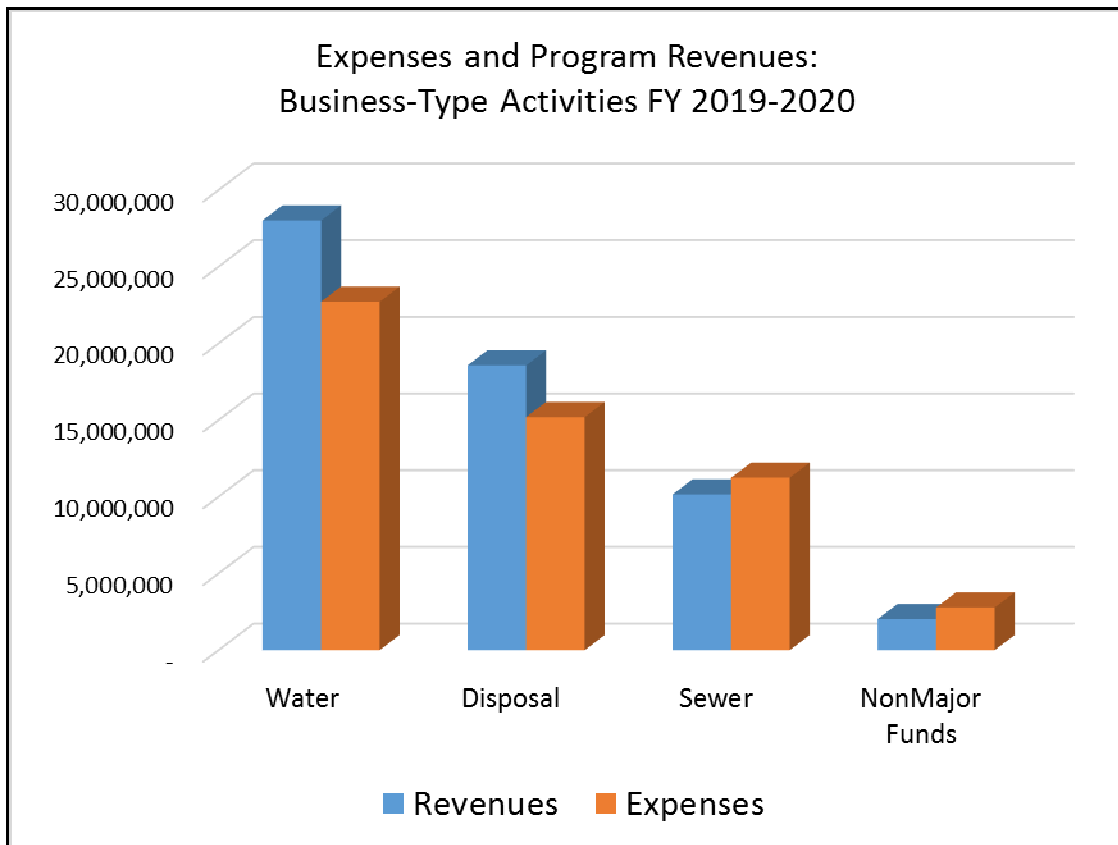
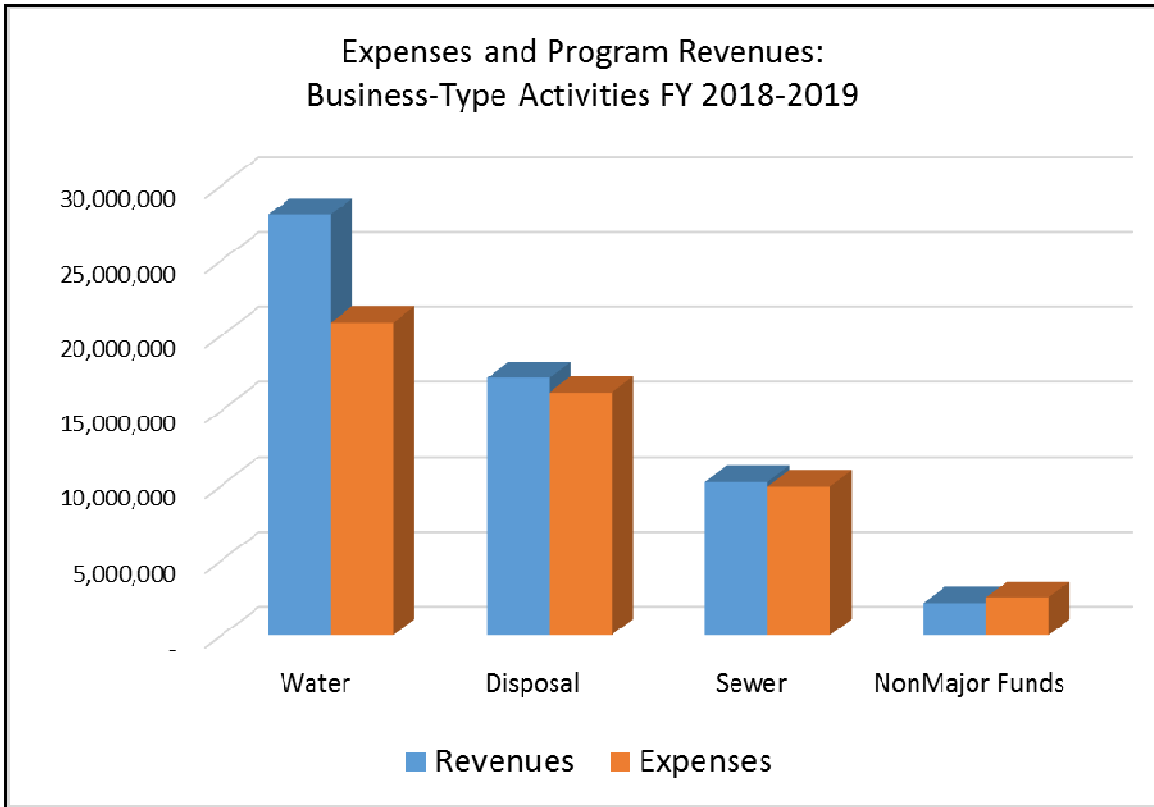
- Overall, ending net position for the business-type activities increased by \$16.4 million, or 9%.
- Comparing fiscal year 2018-2019 and fiscal year 2019-2020, total revenues increased by \$2.84 million overall, or 4.2%. The increase in revenues is mainly due to:
 - An increase in capital contributions within the Water Fund due to the addition of \$1.2 million for new water meter installation as well as significant additions to infrastructure from private development.
 - An increase in Solid Waste rates under Charges for Service that amounted to \$1.4 million in added revenues over the prior fiscal year.
 - There were offsetting decreases in the “Other” category attributed to a one-time property sale that occurred in the prior year.
- Expenses overall increased from fiscal year 2018-2019 levels by \$2.5 million, or 5%. The programs with the largest increase in expenses were the Water, Solid Waste, and Wastewater funds. Over the prior year:
 - In the Water Fund, expenses increased by \$1.8 million or roughly 8.9%. This increase was mainly tied to higher expenses in the categories of staff salaries, retiree health expenses, professional services and supplies, among other cost increases.
 - In the Disposal Fund, expenses decreased by \$968,000 or roughly 6%. These decreases were attributed to a significant decrease in the landfill closure cost assessed in the current year (decreasing roughly \$1.6 million over the prior year). This large variance is due to a one-time change in methodology implemented in FY 2018-2019. Offsetting this decrease in expenses was an increase in equipment maintenance charges of \$700,000, associated with higher repair and maintenance expenses of the Fund’s rolling stock.
 - Lastly in the Sewer Fund, there was an increase of \$1.3 million in expenses, or roughly 13.2%. These increases were spread evenly throughout the operation: staff salaries, supplies, various services (including retiree health), and a large increase in professional services in the Sewer Project Fund associated with planning work being conducted for comprehensive treatment plant upgrades.

Expenses by Function of Governmental Activity



- Expenses overall for governmental activities totaled \$87.3 million. This total represents the cumulative effective of increased pension costs, the recognition of OPEB, and deferred outflows and inflows related to both. Employee compensation is also reflected in this amount.
- Expenses for general government comprise 19% of total governmental activities, or \$16.2 million. General government includes functions such as human resources, finance administration, engineering and City Council.
- Expenses for public safety represent 66% of total governmental activities in the amount of \$57.7 million. The main operations within public safety are the Police and Fire Departments. These departments are service-centric. As such, personnel costs represent the majority of costs in these departments. The effects of salary increases, pension cost increases and the recognition of OPEB liability tend to have a larger impact proportionately for public safety activities.
- Expenses for highway and streets are 5% of all governmental activities, or \$4.1 million. These expenses include spending on the City's Pavement Accelerated Rehabilitation Implementation Strategy (PARIS) program, operations and maintenance as well as other capital repairs to road infrastructure.
- Culture and recreation, Library, and interest on long-term debt comprise 6%, 3%, and 1% of general government respectively, or \$5.2 million, \$2.9 million and \$995,000.

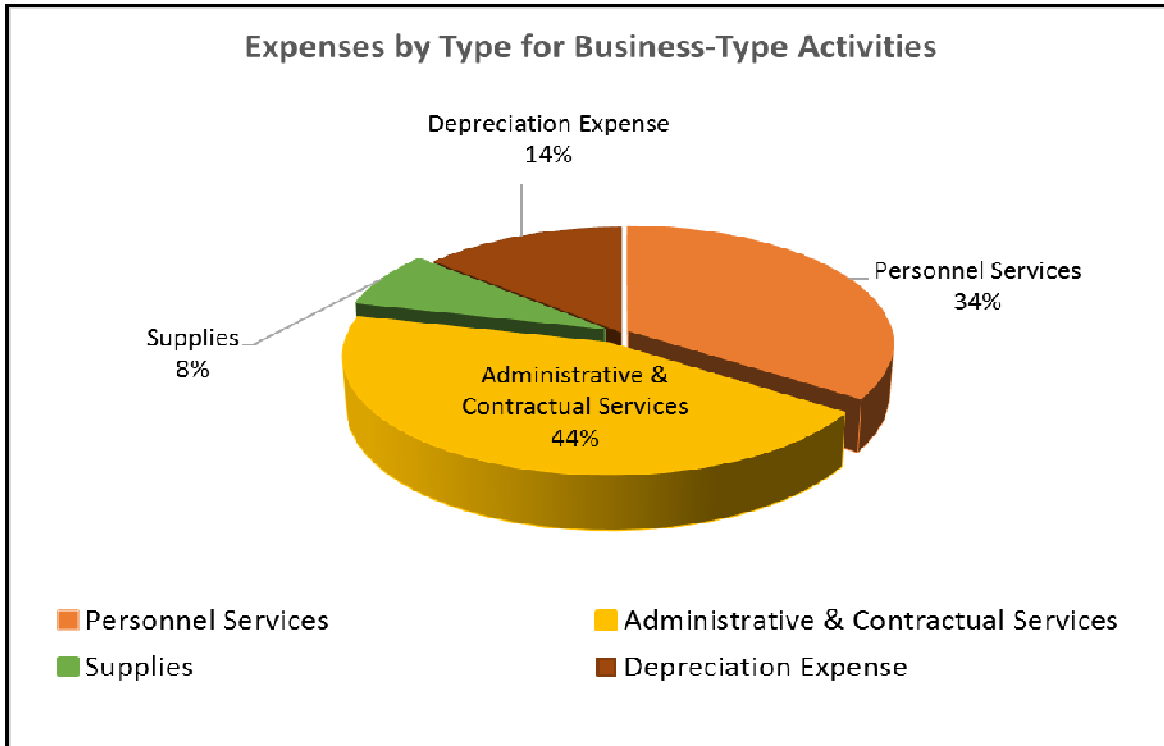
Expenses and Program Revenues : Business Type Activities Fiscal Year Comparison



Major differences between revenues and expenses for business-type activities are shown in the two charts above.

- Fiscal year 2019-2020 saw slight decrease in Water revenues of \$39,000, or 0.1%, and an increase in expenses of \$1.9 million, or 8.9%. The small decrease in revenues are likely to be attributed to the COVID-19 pandemic and the resulting Governor's Executive Order N-42-20. This executive order suspended the City's authority to disconnect water service as a means of bill collection on delinquent accounts. From March through June 2020, customer accounts were allowed to continue incurring charges, even if the accounts were in a delinquent status, for water service due to the fact that the City no longer had authority to shut off their service. Increased expenses are a result of higher costs incurred for personnel salaries, retiree health care, professional services related to capital project planning and higher spending on supplies.
- For Disposal operations, there was an increase in revenues over fiscal year 2018-2019 in the amount of \$1.4 million, or 8.2% and an increase in expenses in the amount of \$968,000, or 6%. Increased revenues are a result of a rate increase implemented in fall of 2019. Lower expenses are a result of the prior year recognition of increased post-closure costs for the current period of approximately \$1.6 million, offset by \$600,000 in higher garage charges for the repair and maintenance of the Solid Waste fleet of vehicles and equipment.
- In the Wastewater (Sewer) fund, revenues decreased slightly by \$75,000, or 0.7%, and expenses increased by \$1.3 million, or 13.2%. The small decrease in revenues are a result of the impact that Executive Order N-42-20 has had on the fund through the City's unified billing system. Increased expenses were associated with several areas of modestly increased costs, including: for personnel, retiree health, licenses and permits, special contractual services, machinery and equipment, trainings and garage charges. Other areas of more significantly increased costs included professional services and supplies related to the Membrane Bioreactor replacement project at the Wastewater Treatment Plant.
- Lastly, for nonmajor business-type funds,
 - The Groves fund experienced the most dramatic fluctuation in revenue; it decreased by roughly \$449,000 (or 48.2%). This was caused by a significant decline in grove receipts. This market for citrus fruit is notably unpredictable and this can cause the marketability of the City's citrus to vary substantially from one year to the next.
 - The Hillside Memorial Cemetery had a 66.8% increase in revenues due to higher than average cemetery lot and crypt sales that increased roughly \$360,000 over last year's revenues.
 - The Aviation fund saw a 10% increase in rental income due to slightly higher ground lease agreements that were increased over prior year levels.
 - And Non-Potable Water fund experienced a decrease in revenues of 8.3%, or \$44,000. This was caused by lower charges for usage services and frontage.
 - Expenses - increased in the Cemetery fund by \$113,000, or 12.1% due mainly to an increase in resale material costs and other services, repair and maintenance supplies, and the capital lease of 3 new dump/hoist heavy duty trucks to replace older vehicles. Operating expenses in the Groves fund decreased slightly by 0.49% (due to lower farming costs), increased in Non-Potable Water by \$133,000, or 114% because of an emergency well rehabilitation project and a new contract for recycled water compliance assistance (to help with testing, mapping infrastructure, and training key staff), and lastly, expenses increased by \$19,700, or 3.2% in Aviation (due to increased depreciation expenses and higher building and grounds maintenance costs).

Expenses by Type for Business-Type Activities



MAJOR FUNDS

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

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of June 2020, the total fund balance reported for the general fund was \$40,716,504, an increase of \$1.07 million, or 2.7%, from the prior year fund balance of \$39,647,517. As a measure of the General Fund's liquidity, it can be useful to compare the total fund balance to total fund expenditures, which indicates that fund balance is 57.7% of general fund expenditures, however only \$19,000,734 of the \$40.7 million fund balance is unassigned. The unassigned fund balance of \$19 million, together with the \$8.3 million fund balance committed to stabilization arrangement (contingencies), is the only portion of fund balance readily available for spending and represents 38.7% of general fund expenditures. Total general fund expenditures this year were \$69.9 million, which is 5.4% greater than the prior year amount of \$66.3 million, and total general fund revenues were \$73.8 million, or 7.6% greater than the prior year amount of \$68.6 million.

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

- Sales Taxes decreased by \$1.3 million, or 7% from prior year. Because of the COVID-19 pandemic and resulting closure of major segments of the economy, restriction on personal and business activities and unknown effects on consumer confidence, the City's sales tax consultant projected a 12.4% decrease in sales tax revenue over the prior year totals. A large part of this expected decrease was not realized was due to higher than expected spending in the car sales industry segment and strong online sales, whose revenue stream was bolstered by AB 147.

- Property Taxes increased again by \$1.8 million, primarily due to strong growth in the City's total assessed values, which grew by a factor of 6% for the fiscal year. Different property use categories grew at different rates. Most of this growth is due to transfers of ownership and residential home sales.
- Franchise Fees decreased by \$147,600, or 6.6%. This change is attributable to a fluctuations from year to year based on a variety of factors included in the terms of each separate franchise arrangement, including, for example, fluctuations in energy price and customer usage.
- Licenses and Permits reflect an increase of \$233,700 or 3.2%, indicating growth in revenues from business licenses and building permits, plan checks and street permits.
- Intergovernmental Revenues increased by \$367,500 or 78.7%, primarily the result of new grant funding received by the City from the San Bernardino Co. Homeless Emergency Aid Program and the Southern California Association of Governments' Transit Village Planning Grant.
- Charges for Services reflect an overall decrease of \$924,000, or 9.9% from prior year. While there are variations over and under in each revenue account, the most significant decrease was for mutual aid reimbursement in the Fire Department (a \$758,500 decrease) as well as other decreases in reimbursed expenditures across the fund.
- Use of money and property decreased by \$133,000, or 12.8% due to lower investment returns and reduced rental income, both of which were heavily influenced by the COVID-19 pandemic.
- Miscellaneous revenue increased significantly by \$1.5 million, or 158%. This increase was caused by the recording of significant property donations: two vehicles were donated to the Police Department for a combined value of roughly \$70,000 and 3.6 acres of vacant land at Sylvan Boulevard and North Lincoln Street was donated to the City. As well, the City recorded a large amount of net income from fuel sales to outside customers from its Corporate Yard.
- Lastly, Proceeds from the Sale of Property decreased by \$137,500, or 61.8% due to one-time prior year transactions, including the one-time sale of a transmission line easement to the power utility (SCE), the conveyance of a city owned parcel in exchange for a parking easement, and the sale of property to San Bernardino County Transportation Authority for their right-of-way acquisition project related to the Redlands Passenger Rail.

The **Public Facilities Development** fund accounts for the collection and related expenditure of development impact fees designated for constructing new and upgrading existing public facilities. This fund holds Advances Payable to other funds totaling \$8,475,612. The funds and amounts owed include the General Fund in the amount of \$8,273,266, the Storm Drain Construction Fund in the amount of \$74,042, and the Water Fund Administration in the amount of \$128,304. This represents a decrease from last year of \$261,344. These interfund loans were made when impact fee revenues were insufficient to cover 60% share the Public Facilities DIF portion of debt service on the 2003 Lease Revenue Refunding COPs, which matured in fiscal year 2017-2018. DIF revenue collected in these categories is now being used to repay the non-General Fund loans first per a Council directive. As such, the interfund loans owed to the Open Space Fund (227) and Park Development Fund (250) have been repaid in full, including current year interest and all outstanding principal. The decreases noted above were mostly due to repayments to the General Fund portion of the Advances Payable.

Major Enterprise Funds. The **Water Fund** has a total net position of \$131.8 million at the end of the fiscal year, \$15.6 million of which is unrestricted. The **Disposal Fund** has a total net position deficit of (\$7.75 million) at the end of the fiscal year, which marks a \$3.3 million improvement over the prior fiscal year; and its unrestricted net position is a deficit of (\$16.98 million). The **Wastewater Fund** has a total net position of \$54.1 million at the end of the fiscal year; \$9.6 million of which is unrestricted. These funds account for the respective utility services provided by the City. Other factors concerning the

finances of these funds have already been addressed in the discussion of the City’s business-type activities.

GENERAL FUND BUDGET

Differences between the final budget and fiscal year 2019-2020 activity of the General Fund can be briefly summarized as follows:

- Total Revenues - \$4,625,081 received in excess of budgeted amounts.
- General Government - \$1,014,378 decrease between the actual amount and the amount appropriated in the budget (savings).
- Public Safety - \$1,077,859 decrease between the actual amount and the amount appropriated in the budget (savings).
- Culture and Recreation - \$13,034 decrease in the actual amount over the amount set in the budget (savings).
- Highways and Streets - \$29,046 increase between the actual amount and the amount appropriated in the budget.
- Library – \$376,294 decrease between the actual amount and the amount appropriated in the budget (savings).
- Transfers - \$379,595 decrease over the amount set in the budget (savings).
- Capital Outlay - \$1,661,855 decrease between the actual amount and the amount appropriated in the budget (savings).
- Debt Service - \$23,500 increase between the actual amount and the amount appropriated in the budget.

Major deviations between the final budget of the General Fund and its actual operating results were as follows. (Note: budget savings are listed as positive figures.)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>+ (-) Variance</u>
REVENUES			
Taxes	\$ 48,396,618	\$ 54,137,004	\$ 5,740,386
License & Permits	6,948,933	7,524,057	575,124
Intergovernmental	1,760,580	834,173	(926,407)
Charges for Service	8,514,049	8,451,185	(62,864)
Use of Money & Property	500,559	905,044	404,485
Miscellaneous	2,993,703	1,962,594	(1,031,109)
Transfers in	2,639,913	2,568,806	(71,107)
Proceeds from Sale of Property	88,266	84,839	(3,427)
Total Revenues	<u>71,842,621</u>	<u>76,467,702</u>	<u>4,625,081</u>
EXPENDITURES*			
General Government	15,169,174	14,154,796	1,014,378
Public Safety	44,469,272	43,391,413	1,077,859
Culture & Recreation	2,967,789	2,954,755	13,034
Highways & Streets	5,275,837	5,304,883	(29,046)
Library	2,840,757	2,464,463	376,294
Transfers	5,856,691	5,477,096	379,595
Capital Outlay	3,097,687	1,435,832	1,661,855
Debt Service	191,977	215,477	(23,500)
Total Expenditures	<u>\$ 79,869,184</u>	<u>\$ 75,398,715</u>	<u>\$ 4,470,469</u>

There are significant variations in Fiscal Year 2019-2020 revenues between the final adopted budget and the actual receipts recorded. This is due entirely to the uncharted territory that the City, that State and the Nation finds itself in as government, as a whole, attempts to navigate the choppy waters of the COVID-19 pandemic, the resulting public health crisis, and the uncertain fiscal forecasts that lie ahead.

Actual revenues were over the amended budget estimates by \$4,625,081, or 6.4%. The largest increase was in the Taxes category at \$5,740,386. This was mainly attributed to Sales Tax revenues that exceed even the City's optimistic projections above that of its consultant's forecasts, by 23% or \$3.2 million. Property tax also exceeded projections by 6%, or \$1.75 million, mainly due to higher assessed valuations and a lower tax delinquency rate that predicted. Surprisingly, the City's transient (hotel) occupancy tax was unaffected – despite the Governor's stay-at-home orders and the cancellation of virtually all special events within the City and actually saw an increase over pre-COVID-19 budget projections of 4%. Licenses and permits performed better than expected, at roughly \$575,000, or 8.3%, above forecasts. This was mainly due to increased receipts in general engineering permits and business licenses. Intergovernmental revenue was lower than expected by approximately \$926,400, or 52.6%. This is due mainly to the timing of grant revenue receipts, as the reimbursement process can lag by 60 to 90 days after the City's expenditure of the related funds. Charges for service decreased slightly by \$62,900, or 0.7%, due to small fluctuations across many categories. Use of money and property was \$404,500, or 80.8% higher than budget projections due mainly to higher than anticipated investment income. Transfers in were slightly less than budgeted by 2.7% as a result the carryover of capital projects for which other funds were transferring into the General Fund to offset the expense. Proceeds from the sale of property were relatively in line with the budget at only \$3,427 less than projected.

Total General Fund expenditures ended the year under budget by 5.6%, or \$4.5 million. It should be noted that a large portion of these unspent appropriations (\$2.5 million) were approved for continuance as a result of City Council approval to "carry forward" certain amounts related to projects and ongoing purchases into the FY 2020-2021 budget.

General Government expenditures ended the year under budget by 6.7%. Part of this is attributed to unspent grant which will be carried forward to the following fiscal year. There was also significant savings on expenditures related to retiree health.

Public Safety expenditures were under budget by \$1.1 million, or 2.4%. Much of this savings is due to overtime salary savings in the Police and Fire departments. Other savings were related to carryovers for projects budgeted in the Fire Department.

Culture and Recreation was under budget by roughly \$13,000, or 0.4%, this was attributable to savings on services and salaries.

Highways and Streets expenditures were over budget by \$29,000, or 0.6%. This overage was caused by higher expenditures related to repair and maintenance supplies and special contractual services.

Library expenditures were significantly under budget by \$376,294, or 13.2% at year-end. This is representative of the various impacts of the COVID-19 pandemic. As a result of mandated closures, the Library was forced to close operations for a significant duration towards the end of fiscal year 2019-2020. This amount represents the salary savings associated with this closure.

Actual capital outlay was significantly below budgeted levels, at a savings of 53.6% under budget. This is due mainly to the timing of each improvement or project. As noted above, most of these appropriations were continued into the following fiscal year.

Debt service expenditures were slightly above budget by \$23,500, or 12.2% at year-end. This was due to the unbudgeted accrual of the first amortization amount on a capital lease for a small telescopic aerial articulating (boom) truck for the Electrical Division.

The overall favorable variance of \$4,470,469, or 5.6%, resulted from vacancies, overtime savings, active monitoring of expenditures by all departments, as well as the longer timeframe required by certain capital projects and purchases. With the uncertain economic conditions that have presented themselves as a result of the COVID-19 pandemic, budget monitoring will continue to be more critical than ever before, requiring the cooperative efforts of management and staff at every level.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2020, amounted to \$661.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, water stock, rights of way and construction in progress.

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

In fiscal year 2018-19, the City revised its methodology for estimating the value of right-of-way assets owned by the City. Previously, with the implementation of GASB 34 in 2003 & 2004, the City valued land at the then-current market value. Since then, as additions and deletions have occurred, the cost per square foot was adjusted based on the annual average CPI applicable to our area. The CPI, as well as additions, have caused the ROW to increase year-over-year. As a part of periodically revisiting significant estimates, the City evaluated alternative methods of assessing the value of its right-of-way and revised estimates to be based on the estimated acquisition cost per square foot multiplied by the total square footage acquired for current year additions. The City applied this estimate back for additions from the year of the initial GASB 34 valuation of right of way to the current year. The City applied this methodology again and the resulting increase in right-of-way was significant for two reasons: the amount of right-of-way added increased from roughly 89,000 square feet in fiscal year 2018-19 to 781,000 square feet added in fiscal year 2019-2020; and the value per square foot based on calendar year sales of vacant land increased from \$8.80/sf in fiscal year 2018-2019 to \$30.87/sf in fiscal year 2019-2020. This triggered the addition of roughly \$24.1 million in right-of-way values for Governmental Activities.

The City recognized a net increase in infrastructure totaling \$21.7 million across both governmental and business type activities. This significant increase is the result of the completion of several private development projects within the City, including the development of the WoodSpring Suites Hotel and several single family residential developments, among several others. For governmental activities, these projects contributed approximately \$7 million in total road system improvements citywide. For business type activities, several large water and sewer pipeline replacement projects were completed adding roughly \$10 million in infrastructure value, including the 2019 CIP Water Pipeline Project, which replaced or added roughly 10.8 miles of new pipeline to the City's water system. As well, the 2019 Sewer Pipeline Replacement Project achieved the removal and replacement of roughly 1.23 miles of sewer lines. Private development projects also contributed roughly \$2.8 million in infrastructure additions to business type activities.

Construction in progress saw notable increases across both Governmental and Business Type Activities as a result of several large construction projects underway. Within Governmental Activities, construction in progress increased by roughly \$3.7 million (or 632% over the prior year). The majority of this increase is attributed to outstanding construction related to the City's PARIS street resurfacing program and the ongoing I-10 & Alabama Freeway Interchange cooperative agreement. Within Business Type Activities, new construction in progress amounts increased by \$5.2 million (or 1,326%). This significant increase is related to several large, multi-year capital projects in progress: the Landfill Phase 4 Expansion in the Disposal Fund (\$2.7 million in progress) and the Membrane Bioreactor System replacement in the Wastewater Fund (\$2.6 million in progress).

Overall, for primary government the City's net capital assets increased by \$44.6 million for the fiscal year ended June 30, 2020, or 7.2% over prior year. This is higher than the previous year increases of 0.84%, which was unusually low due to the revised right-of-way methodology being implemented causing a large negative restatement of ROW fixed assets.

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

	Governmental Activities		Business-Type Activities		Total		Inc./ (Dec.)
	2020	2019	2020	2019	2020	2019	% of Change
Land	\$ 34,226,435	\$ 34,310,743	\$ 28,129,879	\$ 27,273,269	\$ 62,356,314	\$ 61,584,012	1.3%
Buildings & Improvements	34,809,364	34,416,872	104,808,445	104,284,135	139,617,809	138,701,007	0.7%
Machinery/Equip./Vehicles	20,111,428	18,842,048	19,726,463	19,209,338	39,837,891	38,051,386	4.7%
Infrastructure	243,650,243	236,349,199	192,891,895	178,511,865	436,542,138	414,861,064	5.2%
Water Stock/Rights	408,125	408,125	9,881,460	9,881,460	10,289,585	10,289,585	0.0%
Right of Way	272,144,325	248,029,987	-	-	272,144,325	248,029,987	9.7%
Construction in Progress	4,342,156	592,895	5,585,187	391,602	9,927,343	984,497	908.4%
Accumulated Depreciation	(134,500,512)	(127,365,057)	(174,539,635)	(168,090,797)	(309,040,147)	(295,455,854)	4.6%
Total	\$ 475,191,564	\$ 445,584,812	\$ 186,483,694	\$ 171,460,872	\$ 661,675,258	\$ 617,045,684	7.2%

Internal Service Fund capital assets, net of accumulated depreciation, are included in Governmental Activities.

Additional information on the City's Capital Assets can be found in Note 4 of the section titled *Notes to the Basic Financial Statements*.

Long-Term Liabilities

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

- At the beginning in fiscal year 2017-2018, GASB 75 was implemented and replaced GASB 45. This change marked a shift in the way OPEB liability is measured and introduced new terminology.
- An increase to total OPEB liability was incurred and represents an increase over fiscal year 2018-2019 of \$5.2 million, or 4%, for the Total Primary Government.
- The City's pension liability grew by \$7.3 million, or 6.1%, which is significantly higher than the prior year increase of \$885,000. This is due to the changes in assumptions and valuation data provided to the City by CalPERS.
- Capital lease obligations increased by roughly \$474,000, or 27.5%, due to the initiation of several new leases for capital equipment within the Parks and Street divisions.

- Notes payable, taxable pension bond, revenue bond and notes payable all experienced decreases as a result of annual debt service and no new additions to such debt.
- Claims payable decreased by \$882,000, or 7.7% due to the variance year-to-year in claims filed against the City.
- Lastly, there was a significant increase in compensated absences of \$977,700, or 10.1%. This was due mainly to an increased volume of leave time not taken as well as the effects of the last year of salary increases to all employees outside of public safety.

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

	Governmental Activities		Business-Type Activities		Total		Inc./ (Dec.)
	2020	2019	2020	2019	2020	2019	% of Change
Capital Lease Obligations	\$ 805,563	\$ 631,571	\$ -	\$ -	\$ 805,563	\$ 631,571	27.55%
Taxable Pension Bonds	8,869,341	10,015,991	-	-	8,869,341	10,015,991	-11.45%
Certificates of Participation	-	-	-	-	-	-	
Add: Insurance Premium	-	-	-	-	-	-	
Revenue Bonds	-	-	6,170,000	7,530,000	6,170,000	7,530,000	-18.06%
Add: Unamortized Premium	-	-	534,343	717,335	534,343	717,335	-25.51%
Notes Payable	-	-	16,784,165	18,129,060	16,784,165	18,129,060	-7.42%
Leases Payable	1,343,084	1,402,163	-	-	1,343,084	1,402,163	-4.21%
Claims Payable	10,528,510	11,410,348	-	-	10,528,510	11,410,348	-7.73%
Compensated Absences	9,276,148	8,523,674	1,404,387	1,179,130	10,680,535	9,702,804	10.08%
Landfill Closure Liability	-	-	10,433,803	10,105,974	10,433,803	10,105,974	3.24%
Total OPEB Liability	94,405,261	90,539,229	39,579,329	38,252,951	133,984,590	128,792,180	4.03%
Net Pension Liability	105,543,044	98,885,737	20,947,153	20,271,999	126,490,197	119,157,736	6.15%
Total	\$ 230,770,951	\$ 221,408,713	\$ 95,853,180	\$ 96,186,449	\$ 326,624,131	\$ 317,595,162	2.84%

Additional information on the City's long-term liabilities can be found in Notes 5, 6, 8, 9 and 12 of the Notes to the Basic Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be sent to the Management Services Department at CAFR@cityofredlands.org or to Management Services / Finance Director, 35 Cajon Street, Suite 222, Redlands, CA 92373.

This financial report is also available in electronic format on the City's website at <http://cityofredlands.org/finance/annualreport>. Additional information intended for the business community is available on the Economic Development web page also located on the City's website listed above at <http://www.cityofredlands.org/ED>.

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City of Redlands, California
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 72,547,125	\$ 102,813,207	\$ 175,360,332
Cash and investments with fiscal agent	1,418,085	1,978,778	3,396,863
Receivables			
Accounts	428,794	8,414,689	8,843,483
Taxes	6,100,263	-	6,100,263
Internal balances	(128,304)	128,304	-
Prepaid costs	202,517	8,604	211,121
Due from other governments	665,596	30,000	695,596
Inventory	92,508	-	92,508
Capital assets not being depreciated	311,121,041	43,596,526	354,717,567
Capital assets, net of depreciation	164,070,523	142,887,168	306,957,691
Total assets	556,518,148	299,857,276	856,375,424
Deferred Outflows of Resources			
Deferred amount related to pensions	21,005,218	2,893,179	23,898,397
Deferred amount related to OPEB	6,476,237	2,288,055	8,764,292
Total deferred outflows of resources	27,481,455	5,181,234	32,662,689
Liabilities			
Accounts payable	4,105,772	4,074,034	8,179,806
Accrued liabilities	2,844,795	335,178	3,179,973
Accrued interest	212,024	169,512	381,536
Unearned revenue	591,662	19,379	611,041
Deposits payable	1,388,028	2,534,035	3,922,063
Noncurrent liabilities			
Due within one year	11,494,287	3,511,898	15,006,185
Due in more than one year	19,828,294	31,814,800	51,643,094
Net pension liability	105,543,044	20,947,153	126,490,197
Total OPEB liability	94,405,261	39,579,329	133,984,590
Total liabilities	240,413,167	102,985,318	343,398,485
Deferred Inflows of Resources			
Deferred amount related to pensions	3,465,916	568,421	4,034,337
Deferred amount related to OPEB	3,888,058	1,335,362	5,223,420
Total deferred inflows of resources	7,353,974	1,903,783	9,257,757
Net Position			
Net investment in capital assets	473,042,917	165,453,760	638,496,677
Restricted for			
Quality of life	512,925	-	512,925
PEG fees	545,615	-	545,615
Public safety	2,293,042	-	2,293,042
Highway and streets	10,098,779	-	10,098,779
Capital projects	1,975,112	23,766,655	25,741,767
Debt service	1,519,990	462,600	1,982,590
Endowment - nonexpendable	30,200	-	30,200
Endowment - expendable	30,257	-	30,257
CFD assessment	332,128	-	332,128
Unrestricted	(154,148,503)	10,466,394	(143,682,109)
Total net position	\$ 336,232,462	\$ 200,149,409	\$ 536,381,871

City of Redlands, California

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ (16,211,056)	\$ 11,482,417	\$ 1,015,913	\$ 239,534
Public safety	(57,656,302)	1,769,514	1,182,008	221,181
Culture and recreation	(5,227,381)	291,801	136,543	441,281
Highway and streets	(4,275,091)	2,311,254	18,896	31,159,586
Library	(2,921,245)	120,623	-	42,926
Interest on long-term debt	(994,894)	-	-	-
Total governmental activities	<u>(87,285,969)</u>	<u>15,975,609</u>	<u>2,353,360</u>	<u>32,104,508</u>
Business-Type Activities				
Water	(22,719,142)	28,014,723	-	4,122,414
Disposal	(15,194,462)	18,566,965	11,595	318,520
Wastewater	(11,242,914)	10,154,451	-	2,317,959
Groves	(845,498)	481,632	-	856,610
Non-potable water	(249,911)	484,262	-	41,148
Cemetery	(1,049,876)	926,398	-	-
Aviation	(637,012)	133,262	43,776	-
Total business-type activities	<u>(51,938,815)</u>	<u>58,761,693</u>	<u>55,371</u>	<u>7,656,651</u>
Total primary government	<u>\$ (139,224,784)</u>	<u>\$ 74,737,302</u>	<u>\$ 2,408,731</u>	<u>\$ 39,761,159</u>
General revenues				
Taxes				
Property taxes, levied for general purpose				
Sales taxes				
Franchise taxes				
Other taxes				
Use of money and property				
Other				
Intergovernmental (unrestricted)				
Transfers				
Total general revenues and transfers				
Change in net position				
Net Position at Beginning of Year				
Net position at End of Year				

City of Redlands, California
Statement of Activities
Year Ended June 30, 2020

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,473,192)	\$ -	\$ (3,473,192)
(54,483,599)	-	(54,483,599)
(4,357,756)	-	(4,357,756)
29,214,645	-	29,214,645
(2,757,696)	-	(2,757,696)
(994,894)	-	(994,894)
<u>(36,852,492)</u>	<u>-</u>	<u>(36,852,492)</u>
-	9,417,995	9,417,995
-	3,702,618	3,702,618
-	1,229,496	1,229,496
-	492,744	492,744
-	275,499	275,499
-	(123,478)	(123,478)
-	(459,974)	(459,974)
<u>-</u>	<u>14,534,900</u>	<u>14,534,900</u>
<u>(36,852,492)</u>	<u>14,534,900</u>	<u>(22,317,592)</u>
33,743,135	81,098	33,824,233
17,510,274	-	17,510,274
2,369,348	-	2,369,348
2,031,015	-	2,031,015
1,869,008	3,214,540	5,083,548
1,865,686	1,327,610	3,193,296
167,157	-	167,157
2,713,105	(2,713,105)	-
<u>62,268,728</u>	<u>1,910,143</u>	<u>64,178,871</u>
25,416,236	16,445,043	41,861,279
<u>310,816,226</u>	<u>183,704,366</u>	<u>494,520,592</u>
<u>\$ 336,232,462</u>	<u>\$ 200,149,409</u>	<u>\$ 536,381,871</u>

City of Redlands, California
Balance Sheet – Governmental Funds
June 30, 2020

	General	Special Revenue	Other Governmental Funds	Total Governmental Funds
		Fund Public Facilities Development		
Assets				
Cash and investments	\$ 30,882,729	\$ 932,506	\$ 29,923,171	\$ 61,738,406
Cash and investments with fiscal agent	-	-	1,418,085	1,418,085
Receivables				
Accounts	317,276	-	11,889	329,165
Taxes	4,952,822	-	453,468	5,406,290
Prepaid costs	196,500	-	-	196,500
Due from other governments	359,064	-	306,532	665,596
Due from other funds	163,702	-	-	163,702
Advances to other funds	8,273,266	-	74,042	8,347,308
Total assets	\$ 45,145,359	\$ 932,506	\$ 32,187,187	\$ 78,265,052
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 1,101,336	\$ -	\$ 2,213,973	\$ 3,315,309
Accrued payroll	816,729	-	99,421	916,150
Unearned revenues	141,246	-	450,416	591,662
Deposits payable	999,306	-	388,722	1,388,028
Due to other funds	-	-	163,702	163,702
Advances from other funds	-	8,475,612	-	8,475,612
Total liabilities	3,058,617	8,475,612	3,316,234	14,850,463
Deferred Inflows of Resources				
Unavailable revenue	1,370,238	-	185,924	1,556,162
Fund Balance				
Nonspendable	8,469,766	-	104,242	8,574,008
Restricted	1,058,540	-	16,249,308	17,307,848
Committed	8,285,676	-	11,048,266	19,333,942
Assigned	3,901,788	-	1,480,251	5,382,039
Unassigned	19,000,734	(7,543,106)	(197,038)	11,260,590
Total fund balance	40,716,504	(7,543,106)	28,685,029	61,858,427
Total liabilities, deferred inflows of resources and fund balance	\$ 45,145,359	\$ 932,506	\$ 32,187,187	\$ 78,265,052

City of Redlands, California
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position – Governmental Funds
June 30, 2020

Fund Balances of Governmental Funds		\$ 61,858,427
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as current financial resources in governmental fund activity.		474,196,693
Long-term liabilities, net pension liability, total OPEB liability, and compensated absences have not been included in the governmental fund activity		
Capital leases payable	\$ (805,563)	
Taxable pension funding bonds	(8,869,341)	
I-Bank Sports Park lease	(1,343,084)	
Net pension liability	(100,833,148)	
Total OPEB liability	(86,328,046)	
Compensated absences	<u>(9,276,148)</u>	(207,455,330)
Deferred outflows of resources related to OPEB		6,022,067
Deferred inflows of resources related to OPEB		(3,618,915)
Deferred outflows of resources related to pensions		20,389,679
Deferred inflows of resources related to pensions		(3,402,112)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(212,024)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the intergovernmental revenues in the governmental fund activity.		1,556,162
Internal service funds are used by management to charge the costs of certain of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>(13,102,185)</u>
Net Position of Governmental Activities		<u><u>\$ 336,232,462</u></u>

City of Redlands, California
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
		Public Facilities Development		
Revenues				
Taxes	\$ 54,137,004	\$ -	\$ 2,943,364	\$ 57,080,368
Licenses and permits	7,524,057	497,965	1,764,681	9,786,703
Intergovernmental	834,173	-	4,218,137	5,052,310
Charges for services	8,451,185	-	1,208,333	9,659,518
Use of money and property	905,044	-	754,696	1,659,740
Miscellaneous	1,962,594	-	241,688	2,204,282
Total revenues	73,814,057	497,965	11,130,899	85,442,921
Expenditures				
Current				
General government	14,154,796	-	687,969	14,842,765
Public safety	43,391,413	-	5,163,257	48,554,670
Culture and recreation	2,954,755	-	289,677	3,244,432
Highway and streets	5,304,883	9,961	1,683,996	6,998,840
Library	2,464,463	-	-	2,464,463
Capital outlay	1,435,832	-	3,597,844	5,033,676
Debt service				
Principal retirement	198,109	-	1,279,079	1,477,188
Interest and fiscal charges	17,368	10,440	520,664	548,472
Total expenditures	69,921,619	20,401	13,222,486	83,164,506
Excess (Deficiency) of Revenues over (Under) Expenditures	3,892,438	477,564	(2,091,587)	2,278,415
Other Financing Sources (Uses)				
Transfers in	2,568,806	-	9,989,074	12,557,880
Transfers out	(5,477,096)	(108,467)	(4,464,555)	(10,050,118)
Proceeds from sale of property	84,839	-	4,818	89,657
Total other financing sources (uses)	(2,823,451)	(108,467)	5,529,337	2,597,419
Net Change in Fund Balances	1,068,987	369,097	3,437,750	4,875,834
Fund Balances, Beginning of Year	39,647,517	(7,912,203)	25,247,279	56,982,593
Fund Balances, End of Year	\$ 40,716,504	\$ (7,543,106)	\$ 28,685,029	\$ 61,858,427

City of Redlands, California
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities – Governmental Funds
 June 30, 2020

Net Change in Fund Balances - Total Governmental Funds		\$ 4,875,834
<p>Amounts reported for governmental activities in the statement of activities are different because</p> <p>Governmental funds report capital projects (outlays) as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay	\$ 5,033,676	
Expenditures classified in various functions are reclassified as capital additions	7,086,799	
Revenue related to contributions of right of way is recognized	24,114,338	
Depreciation expense	<u>(7,135,456)</u>	29,099,357
<p>The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal repayments on capital leases	(173,992)	
Principal repayment of I-Bank Sports Park lease	59,079	
Principal repayments on taxable pension obligation bonds	1,220,000	
Accreted interest on taxable pension obligation bonds	<u>(73,350)</u>	1,031,737
<p>Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.</p>		
		22,796
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		(1,021,267)
<p>OPEB contributions are expenditures in the governmental funds, however OPEB expense is measured as the change in the total OPEB liability and related deferred outflows/inflows of resources.</p>		
		(2,828,310)
<p>Pension contributions are expenditures in the governmental funds, however pension expense is measured as the change in the net pension liability and amortization of deferred inflows and outflows in the statement of activities. This amount represents the net change in pension related amounts.</p>		
		(7,845,843)
<p>Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities.</p>		
		132,915
<p>Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.</p>		
		<u>1,949,017</u>
Change in Net Position of Governmental Activities		<u><u>\$ 25,416,236</u></u>

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City of Redlands, California
Statement of Net Position – Proprietary Funds
June 30, 2020

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Enterprise Funds Totals	Governmental Activities - Internal Service Funds
	Water	Disposal	Wastewater	Other Enterprise Funds		
Assets						
Current						
Cash and investments	\$ 46,513,770	\$ 17,533,902	\$ 31,223,837	\$ 7,541,698	\$ 102,813,207	\$ 10,808,719
Receivables						
Accounts	4,378,256	2,439,352	1,310,100	286,981	8,414,689	99,629
Taxes	-	-	-	-	-	693,973
Prepaid costs	3,804	-	4,800	-	8,604	6,017
Due from other governments	-	-	-	30,000	30,000	-
Inventory	-	-	-	-	-	92,508
Total current assets	50,895,830	19,973,254	32,538,737	7,858,679	111,266,500	11,700,846
Noncurrent						
Advances to other funds	1,152,673	879,327	-	-	2,032,000	-
Capital assets - net of accumulated depreciation	120,714,644	9,358,661	37,276,678	19,133,711	186,483,694	994,871
Cash and investments with fiscal agent	682,769	1,296,009	-	-	1,978,778	-
Total noncurrent assets	122,550,086	11,533,997	37,276,678	19,133,711	190,494,472	994,871
Total assets	173,445,916	31,507,251	69,815,415	26,992,390	301,760,972	12,695,717
Deferred Outflows of Resources						
Deferred outflows related to pensions	1,382,503	791,102	636,255	83,319	2,893,179	615,539
Deferred outflows related to OPEB	1,188,370	585,317	425,685	88,683	2,288,055	454,170
Total deferred outflows of resources	2,570,873	1,376,419	1,061,940	172,002	5,181,234	1,069,709
Total assets and deferred outflows of resources	\$ 176,016,789	\$ 32,883,670	\$ 70,877,355	\$ 27,164,392	\$ 306,942,206	\$ 13,765,426

City of Redlands, California
Statement of Net Position – Proprietary Funds
June 30, 2020

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Enterprise Funds Totals	Governmental Activities - Internal Service Funds
	Water	Disposal	Wastewater	Other Enterprise Funds		
Liabilities, Deferred Inflows of Resources, and Net Position						
Liabilities						
Current						
Accounts payable	\$ 2,000,303	\$ 978,333	\$ 886,316	\$ 209,082	\$ 4,074,034	\$ 790,463
Accrued payroll	156,279	94,581	69,693	14,625	335,178	1,928,645
Interest payable	-	169,512	-	-	169,512	-
Unearned revenues	-	10,674	-	8,705	19,379	-
Deposits payable	1,431,219	36,115	11,740	1,054,961	2,534,035	-
Due to other funds	-	-	-	-	-	-
Accrued compensated absences	321,477	177,150	179,626	23,941	702,194	-
Accrued claims and judgments	-	-	-	-	-	5,264,255
Bonds, notes, and capital leases	795,816	1,691,247	322,641	-	2,809,704	-
Total current liabilities	<u>4,705,094</u>	<u>3,157,612</u>	<u>1,470,016</u>	<u>1,311,314</u>	<u>10,644,036</u>	<u>7,983,363</u>
Noncurrent						
Advances from other funds	-	-	-	1,903,696	1,903,696	-
Accrued compensated absences	321,476	177,150	179,626	23,941	702,193	499,935
Accrued claims and judgments	-	-	-	-	-	5,264,255
Bonds, notes, and capital leases	9,179,549	10,125,988	1,373,267	-	20,678,804	-
Total OPEB liability	19,697,589	10,204,904	8,382,904	1,293,932	39,579,329	8,077,215
Net pension liability	9,307,391	6,095,436	4,902,347	641,979	20,947,153	4,709,896
Landfill closure	-	10,433,803	-	-	10,433,803	-
Total noncurrent liabilities	<u>38,506,005</u>	<u>37,037,281</u>	<u>14,838,144</u>	<u>3,863,548</u>	<u>94,244,978</u>	<u>18,551,301</u>
Total liabilities	<u>43,211,099</u>	<u>40,194,893</u>	<u>16,308,160</u>	<u>5,174,862</u>	<u>104,889,014</u>	<u>26,534,664</u>
Deferred Inflows of Resources						
Deferred inflows related to pensions	274,567	97,283	171,860	24,711	568,421	63,804
Deferred inflows related to OPEB	693,560	341,604	248,440	51,758	1,335,362	269,143
Total deferred inflows of resources	<u>968,127</u>	<u>438,887</u>	<u>420,300</u>	<u>76,469</u>	<u>1,903,783</u>	<u>332,947</u>
Net Position						
Net investment in capital assets	110,739,279	-	35,580,770	19,133,711	165,453,760	994,871
Restricted for capital projects	5,000,000	9,225,309	8,995,517	545,829	23,766,655	-
Restricted for debt service	462,600	-	-	-	462,600	-
Unrestricted	15,635,684	(16,975,419)	9,572,608	2,233,521	10,466,394	(14,097,056)
Total net position	<u>131,837,563</u>	<u>(7,750,110)</u>	<u>54,148,895</u>	<u>21,913,061</u>	<u>200,149,409</u>	<u>(13,102,185)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 176,016,789</u>	<u>\$ 32,883,670</u>	<u>\$ 70,877,355</u>	<u>\$ 27,164,392</u>	<u>\$ 306,942,206</u>	<u>\$ 13,765,426</u>

City of Redlands, California
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Enterprise Funds Totals	Governmental Activities - Internal Service Funds
	Water	Disposal	Wastewater	Other Enterprise Funds		
Operating Revenues						
Sales and service charges	\$ 28,014,723	\$ 18,566,965	\$ 10,154,451	\$ 2,025,554	\$ 58,761,693	\$ 15,345,872
Miscellaneous	121,099	525,889	81,758	419,621	1,148,367	456,332
Total operating revenues	28,135,822	19,092,854	10,236,209	2,445,175	59,910,060	15,802,204
Operating Expenses						
Personnel services	7,247,541	5,490,141	4,168,652	682,696	17,589,030	4,348,705
Administrative and contractual services	9,108,890	7,576,623	4,348,092	1,637,868	22,671,473	5,714,313
Supplies	2,048,635	572,880	1,140,451	132,941	3,894,907	3,022,745
Premiums paid out	-	-	-	-	-	1,070,394
Depreciation expense	4,053,854	1,074,297	1,585,719	288,341	7,002,211	87,875
Total operating expenses	22,458,920	14,713,941	11,242,914	2,741,846	51,157,621	14,244,032
Operating income (loss)	5,676,902	4,378,913	(1,006,705)	(296,671)	8,752,439	1,558,172
Nonoperating Revenues (Expenses)						
Interest revenue	1,374,712	725,109	898,725	215,994	3,214,540	209,269
Interest expense	(260,042)	(480,521)	-	(40,451)	(781,014)	(23,767)
Miscellaneous income	154,868	3,620	-	20,755	179,243	-
Miscellaneous expense	(180)	-	-	-	(180)	-
Property taxes	-	-	-	81,098	81,098	-
Grants	-	11,595	-	43,776	55,371	-
Total nonoperating revenues (expenses)	1,269,358	259,803	898,725	321,172	2,749,058	185,502
Income (loss) before transfers and contributions	6,946,260	4,638,716	(107,980)	24,501	11,501,497	1,743,674
Transfers in	53,589	-	2,000	-	55,589	1,984,943
Transfers out	(748,298)	(1,683,274)	(240,650)	(96,472)	(2,768,694)	(1,779,600)
Contributions	4,122,414	318,520	2,317,959	897,758	7,656,651	-
Change in Net Position	10,373,965	3,273,962	1,971,329	825,787	16,445,043	1,949,017
Net Position/(Deficit), Beginning of Year	121,463,598	(11,024,072)	52,177,566	21,087,274	183,704,366	(15,051,202)
Net Position/(Deficit), End of Year	\$ 131,837,563	\$ (7,750,110)	\$ 54,148,895	\$ 21,913,061	\$ 200,149,409	\$ (13,102,185)

City of Redlands, California
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds			
	Water	Disposal	Wastewater	Other Enterprise Funds
Operating Activities				
Cash received from customers and users	\$ 28,260,810	\$ 19,001,315	\$ 10,292,182	\$ 2,410,208
Cash paid to suppliers for goods and services	(9,784,383)	(8,189,098)	(5,256,643)	(1,711,400)
Cash payments for claims	-	-	-	-
Cash paid to employees for services	(5,713,697)	(4,578,405)	(3,469,279)	(569,957)
Net Cash Provided (Used) by Operating Activities	<u>12,762,730</u>	<u>6,233,812</u>	<u>1,566,260</u>	<u>128,851</u>
Non-Capital Financing Activities				
Cash transfers in	53,589	-	2,000	-
Cash transfers out	(748,297)	(1,683,274)	(240,650)	(96,472)
Advances to other funds	48,686	29,283	-	-
Advances from other funds	-	-	-	(59,949)
Intergovernmental	-	-	-	81,098
Grants received	-	11,595	-	55,030
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(646,022)</u>	<u>(1,642,396)</u>	<u>(238,650)</u>	<u>(20,293)</u>
Capital and Related Financing Activities				
Acquisition and construction of capital assets	(13,054,204)	(2,732,452)	(5,235,927)	(1,002,451)
Principal paid on long term debt	(776,792)	(1,796,327)	(314,772)	-
Interest paid on debt	(260,043)	(506,485)	-	(40,451)
Cash contributions received from developers	4,122,414	318,520	2,317,959	897,758
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(9,968,625)</u>	<u>(4,716,744)</u>	<u>(3,232,740)</u>	<u>(145,144)</u>
Investing Activities				
Interest received	1,374,712	725,109	898,725	215,994
Net Increase (Decrease) in Cash and Cash Equivalents	3,522,795	599,781	(1,006,405)	179,408
Cash and Cash Equivalents at Beginning of Year	<u>43,673,743</u>	<u>18,230,132</u>	<u>32,230,242</u>	<u>7,362,290</u>
Cash and Cash Equivalents at End of Year	<u>\$ 47,196,538</u>	<u>\$ 18,829,913</u>	<u>\$ 31,223,837</u>	<u>\$ 7,541,698</u>

City of Redlands, California
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds Totals	Governmental Activities - Internal Service Funds
Operating Activities		
Cash received from customers and users	\$ 59,964,515	\$ 15,364,241
Cash paid to suppliers for goods and services	(24,941,524)	(9,094,555)
Cash payments for claims	-	(1,641,728)
Cash paid to employees for services	(14,331,338)	(3,624,329)
Net Cash Provided (Used) by Operating Activities	20,691,653	1,003,629
Non-Capital Financing Activities		
Cash transfers in	55,589	1,984,943
Cash transfers out	(2,768,693)	(1,779,600)
Advances to other funds	77,969	-
Advances from other funds	(59,949)	-
Intergovernmental	81,098	-
Grants received	66,625	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(2,547,361)	205,343
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(22,025,034)	(595,269)
Principal paid on long term debt	(2,887,891)	-
Interest paid on debt	(806,979)	(23,767)
Cash contributions received from developers	7,656,651	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(18,063,253)	(619,036)
Investing Activities		
Interest received	3,214,540	209,269
Net Increase (Decrease) in Cash and Cash Equivalents	3,295,579	799,205
Cash and Cash Equivalents at Beginning of Year	101,496,407	10,009,514
Cash and Cash Equivalents at End of Year	\$ 104,791,986	\$ 10,808,719

City of Redlands, California
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds			
	Water	Disposal	Sewer	Other Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 5,676,902	\$ 4,378,913	\$ (1,006,705)	\$ (296,671)
Adjustments to Reconcile Operating Income (Loss)				
Net Cash Provided (used) by Operating Activities				
Depreciation	4,053,854	1,074,297	1,585,719	288,341
(Increase) decrease in accounts receivable	262,804	(50,940)	57,493	(122,154)
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expense	(3,804)	2,885	(4,800)	-
(Increase) decrease in deferred outflows	(64,232)	49,229	60,916	(7,608)
Increase (decrease) in deferred inflows	487,616	-	186,937	35,978
Increase (decrease) in accounts payable	1,376,946	(370,309)	236,700	59,208
Increase (decrease) in accrued payroll	49,678	23,450	7,242	4,897
Increase (decrease) in deposits payable	(137,816)	(1,735)	(1,520)	88,683
Increase (decrease) in unearned revenue	-	(38,864)	-	(1,295)
Increase (decrease) in net pension liability	299,989	448,454	158,009	20,692
Increase (decrease) in total OPEB liability	688,894	339,306	246,768	51,410
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	71,899	51,297	39,501	7,370
Increase (decrease) in landfill closure liability	-	327,829	-	-
Total adjustments	7,085,828	1,854,899	2,572,965	425,522
Net Cash Provided (Used) by Operating Activities	\$ 12,762,730	\$ 6,233,812	\$ 1,566,260	\$ 128,851
Non-Cash Investing, Capital, and Financing Activities				
Amortization of premiums on debt	\$ -	\$ 182,994	\$ -	\$ -

City of Redlands, California
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds Totals	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Operating income (loss)	\$ 8,752,439	\$ 1,558,172
Adjustments to Reconcile Operating Income (Loss)		
Net Cash Provided (used) by Operating Activities		
Depreciation	7,002,211	87,875
(Increase) decrease in accounts receivable	147,203	(652,488)
(Increase) decrease in inventory	-	1,935
(Increase) decrease in prepaid expense	(5,719)	7,043
(Increase) decrease in deferred outflows	38,305	33,833
Increase (decrease) in deferred inflows	710,531	197,813
Increase (decrease) in accounts payable	1,302,545	(55,951)
Increase (decrease) in accrued payroll	85,267	241,407
Increase (decrease) in deposits payable	(52,388)	-
Increase (decrease) in unearned revenue	(40,159)	-
Increase (decrease) in net pension liability	927,144	151,805
Increase (decrease) in total OPEB liability	1,326,378	267,332
Increase (decrease) in claims and judgments	-	(873,619)
Increase (decrease) in compensated absences	170,067	38,472
Increase (decrease) in landfill closure liability	327,829	-
Total adjustments	11,939,214	(554,543)
Net Cash Provided (Used) by Operating Activities	\$ 20,691,653	\$ 1,003,629
Non-Cash Investing, Capital, and Financing Activities		
Amortization of premiums on debt	\$ 182,994	\$ -

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City of Redlands, California
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2020

	Agency Funds	Private-Purpose Trust Fund Successor Agency of the Former RDA
Assets		
Cash and investments	\$ 4,625,233	\$ 1,828,894
Cash and investments with fiscal agents	2,932,651	1,585
Interest receivable	956,486	-
Total assets	\$ 8,514,370	1,830,479
Deferred Outflows of Resources		
Deferred charge on refunding		188,540
Liabilities		
Accounts payable	\$ 938,768	-
Accrued payroll	-	289
Accrued interest	-	112,130
Deposits payable	7,575,602	-
Long-term liabilities		
Due within one year	-	2,330,000
Due in more than one year	-	5,315,081
Total liabilities	\$ 8,514,370	7,757,500
Net Position		
Held in trust for other purposes		\$ (5,738,481)

City of Redlands, California
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
Year Ended June 30, 2020

	Private-Purpose Trust Fund <u>Successor Agency of the Former RDA</u>
Additions	
Taxes	\$ 1,066,306
Interest and change in fair value of investments	233,751
Miscellaneous	<u>5,550</u>
Total additions	<u>1,305,607</u>
Deductions	
Administrative expenses	17,435
Contractual services	8,292
Interest expense	<u>366,366</u>
Total deductions	<u>392,093</u>
Change in Net Position	913,514
Net Position/(Deficit), Beginning of Year	<u>(6,651,995)</u>
Net Position/(Deficit), End of Year	<u><u>\$ (5,738,481)</u></u>

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

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

Blended Component Units

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

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

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

Related Organizations

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

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

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

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

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including the blended component units). Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City. Interfund services provided and used are not eliminated in the process of consolidation.

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

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

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

Fund Financial Statements

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

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

Governmental Funds

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

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

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

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

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

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

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

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

Proprietary and Fiduciary Funds

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for 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 noncapital revenues and expenses.

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

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

C. Fund Classification

The City utilizes the following broad categories of funds:

Major Funds

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

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

General Fund

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

Public Facilities Development

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

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

Water Fund

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

Disposal Fund

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

Wastewater Fund

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

Additionally, the government reports the following fund types:

Special Revenue

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Project

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

Debt Service Funds

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

Internal Service Funds

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

Permanent Fund

Permanent funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the fund's designated programs.

Agency Funds

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

Private-Purpose Trust Fund

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

D. Investments

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

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

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

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

E. Cash and Cash Equivalents

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

F. Capital Assets

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

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

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

Structures	10-40 years
Equipment	3-25 years
Infrastructure	20-75 years

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions, which are reported in Note 8, and OPEB, which are reported in Note 9.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to pensions and OPEB on the Statement of Net Position and unavailable revenues reported on the governmental funds balance sheet. The deferred inflows related to pensions are described in Note 8. The deferred inflows related to OPEB are described in Note 9. In the governmental funds balance sheet, the unavailable revenue category arises only under a modified accrual basis of accounting. When amounts have been earned, but have not been received within the availability period, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. Encumbrances

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

I. Fund Equity

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

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

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

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

Assigned includes amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Pursuant to Resolution 7346, assignments may be made by the City Council or its designee, the Finance Director. Unlike commitments, assignments generally only exist temporarily. Thus, additional action does not normally have to be taken for the removal of an assignment.

Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes. This includes the residual General Fund balance and residual fund deficits of other governmental funds.

Fund Balance Flow Assumptions

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

Net Position Flow Assumption

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

Stabilization Arrangement

As described in Chapter 3.06 of the Municipal Code, the City has established a stabilization arrangement committing a minimum of 12 percent of the sum of the General Fund's operating expenses and operating transfers out. The balance at June 30, 2020, is \$8,285,676 and is included in committed fund balance. These funds may be used only when the City is faced with an unforeseen or uncontrollable event which includes but is not limited to:

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

J. Inventory

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

K. Compensated Absences

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

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

L. Cash and Investments with Fiscal Agent

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

M. Property Taxes

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

N. Bond Premiums and Discounts

Bond premiums and discounts for government-wide, proprietary, and fiduciary financial statements are deferred and amortized over the term of the bond using the bonds-outstanding method, which approximates the effective interest method. Bond premiums and discounts are presented as an adjustment to the face amount of the bonds payable.

O. Use of Estimates

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

P. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees Retirement System (CalPERS) plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. New Accounting Standards

Effective in Current Fiscal Years

GASB Statement No. 95— In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately as they delayed the effective dates of several GASB Statements. The effective dates listed in the Future Governmental Accounting Standards Board (GASB) Pronouncement section have been updated to reflect the postponed effective dates.

Effective in Future Fiscal Years

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2019, or FY 2020/2021. The City has not determined the effect on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after June 15, 2021, or FY 2021/2022. The City has not determined the effect on the financial statements.

GASB Statement No. 89 – In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement is effective for reporting periods beginning after December 15, 2020, or FY 2021/2022. The City has not determined the effect on the financial statements.

GASB Statement No. 90 – In September 2018, the GASB issued Statement No. 90, *Majority Equity Interests, An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2019, or FY 2020/2021. The City has not determined the effect on the financial statements.

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issues and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2021, or FY 2022/2023. The City has not determined the effect on the financial statements.

GASB Statement No. 92 – In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practices issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for reporting periods beginning after June 15, 2021, or FY 2021/2022. The City has not determined the effect on the financial statements.

GASB Statement No. 93– In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. The Statement is effective for reporting periods beginning after June 15, 2021, or FY 2021/2022. The City has not determined the effect on the financial statements.

GASB Statement No. 94– In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement is effective for reporting periods beginning after June 15, 2022, or FY 2022/2023. The City has not determined the effect on the financial statements.

GASB Statement No. 96– In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022, or FY 2022/2023. The City has not determined the effect on the financial statements.

GASB Statement No. 97– In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84 and A Supersession of GASB Statement No.32*. The objective of this Statement is (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement is effective for reporting periods beginning after June 15, 2021, or FY 2021/2022. The City has not determined the effect on the financial statements.

Note 2 - Cash and Investments

Cash and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and investments	\$ 175,360,332
Cash and investments with fiscal agent	3,396,863
Fiduciary funds	
Cash and investments	6,454,127
Cash and investments with fiscal agent	2,934,236
Total cash and investments	\$ 188,145,558

Cash and investments as of June 30, 2020, consists of the following:

Cash on hand	\$ 2,216,551
Investments	185,929,007
Total cash and investments	\$ 188,145,558

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

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

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

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

** Limit set by LAIF governing Board not California Government Code

In accordance with the City's investment policy, a maximum of 25% of the City's investment portfolio may be invested for more than 5 years, not to exceed 10 years.

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>				
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 36 Months</u>	<u>37 to 48 Months</u>	<u>49 to 60 Months</u>
Federal Agency Securities	\$ 47,060,532	\$ 6,040,540	\$ 6,418,297	\$ 8,003,140	\$ 3,002,940	\$23,595,615
U.S. Treasury Notes	6,204,890	1,009,840	2,055,440	2,101,910	1,037,700	-
Corporate Bonds	24,215,236	7,939,450	10,358,268	4,872,828	-	1,044,690
Certificates of Deposit	15,758,037	3,015,139	3,799,594	3,383,028	3,200,825	2,359,451
Municipal Bonds	2,032,555	-	-	500,885	-	1,531,670
Mutual Funds	581,537	581,537	-	-	-	-
Money Market Funds	8,513,469	8,513,469	-	-	-	-
LAIF	72,745,708	72,745,708	-	-	-	-
Held by Fiscal Agent						
U.S. Treasury Notes	1,362,535	884,096	8,167	470,272	-	-
Corporate Bonds	1,783,425	-	-	1,783,425	-	-
Money Market Funds	5,671,083	5,671,083	-	-	-	-
Total	\$185,929,007	\$106,400,862	\$ 22,639,766	\$21,115,488	\$ 7,241,465	\$28,531,426

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rate of Year End								
				Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	
Federal Agency Securities	\$ 47,060,532	N/A	\$ -	\$44,670,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Notes	6,204,890	N/A	6,204,890	-	-	-	-	-	-	-	-	-
Corporate Bonds	24,215,236	A	-	1,032,160	4,216,010	-	3,860,507	2,054,221	5,837,717	5,137,291	1,076,530	-
Certificates of Deposit	15,758,037	N/A	-	-	-	-	-	-	-	-	-	-
Municipal Bonds	2,032,555	A	-	-	500,885	507,100	1,024,570	-	-	-	-	-
Mutual Funds	581,537	N/A	581,537	-	-	-	-	-	-	-	-	-
Money Market Funds	8,513,469	N/A	-	8,513,469	-	-	-	-	-	-	-	-
LAI	72,745,708	N/A	-	-	-	-	-	-	-	-	-	-
Held by Fiscal Agent												
U.S. Treasury Notes	1,362,535	N/A	1,362,535	-	-	-	-	-	-	-	-	-
Corporate Bonds	1,783,425	A	-	1,783,425	-	-	-	-	-	-	-	-
Money Market Funds	5,671,083	N/A	-	5,671,083	-	-	-	-	-	-	-	-
Total	\$185,929,007		\$ 8,148,962	\$61,670,292	\$ 4,716,895	\$ 507,100	\$ 4,885,077	\$ 2,054,221	\$ 5,837,717	\$ 5,137,291	\$ 1,076,530	

As of June 30, 2020, the City held a corporate bond investment with a rating below the allowable minimum legal rating per government code and the City's investment policy. The investment was sold subsequent to year end.

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation (FHLMC)	Federal agency securities	\$29,576,405

Custodial Credit Risk

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

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its Investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. For investments identified herein as held by fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the City.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. LAIF is not registered with the Securities Exchange Commission and is not rated. Deposits and withdrawals from LAIF are made on the basis of \$1 and not fair value. Accordingly, under the fair value hierarchy, the measurement of the City's participation in LAIF is based on uncategorized inputs not defined as Level 1, Level 2, or Level 3.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset as follows:

- Level 1: Investments reflect prices quoted for identical assets in active markets;
- Level 2: Investments reflect prices that are based on a similar observable inputs;
- Level 3: Investments reflect prices based on unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Totals	Level	
		1	2
Federal Agency Securities	\$ 47,060,532	\$ -	\$47,060,532
U.S. Treasury Notes	7,567,425	7,567,425	-
Corporate Bonds	25,998,661	-	25,998,661
Certificates of Deposit	15,758,037	-	15,758,037
Municipal Bonds	2,032,555	-	2,032,555
Mutual Funds	581,537	581,537	-
Total leveled investments		<u>\$ 8,148,962</u>	<u>\$90,849,785</u>
Uncategorized investments			
LAIF	72,745,708		
Money Market Funds	14,184,552		
Total investments	<u>\$185,929,007</u>		

Note 3 - Interfund Receivables, Payables and Transfers

A. Due To/From Other Funds

At June 30, 2020, the City reported a short term cash flow borrowing of \$163,702 between the General Fund and Non-major governmental funds.

B. Advances To/From Other Funds

As of June 30, 2020, advances to/from other funds were as follows:

Funds	Advances from other funds		Total
	Public Facilities Fund	Nonmajor Proprietary Funds	
Advances to other funds			
General fund	\$ 8,273,266	\$ -	\$ 8,273,266
Nonmajor governmental funds	74,042	-	74,042
Water fund	128,304	1,024,369	1,152,673
Disposal fund	-	879,327	879,327
Total	<u>\$ 8,475,612</u>	<u>\$ 1,903,696</u>	<u>\$ 10,379,308</u>

The General Fund has advanced the Public Facilities Development Fund \$8,273,266 to provide funding for capital expenditures and debt service for capital facilities. The balance will be repaid through future development impact fee collections. Additional advances were made to the Public Facilities Fund to assist in debt service payments on the COP's. At June 30, 2020, these advances were from the Storm Drain Construction Fund for \$74,042, and the Water Fund for \$128,304.

The Water Fund and Disposal Fund advanced the Cemetery and Aviation Funds a total of \$1,903,696 to provide funding for capital expenditures.

C. Transfers In/Out:

Transfers in and out for the year ended June 30, 2020, were as follows:

Funds	Transfers Out								Total
	General Fund	Public Facilities Development	Nonmajor Governmental Funds	Water	Disposal	Wastewater	Nonmajor Enterprise Funds	Internal Service Funds	
Transfers In									
General Fund	\$ -	\$ 108,467	\$ 1,789,441	\$ 445,886	\$ 104,978	\$ 23,562	\$ 96,472	\$ -	\$ 2,568,806
Nonmajor Governmental Funds	3,940,153	-	2,621,525	102,412	1,528,296	17,088	-	1,779,600	9,989,074
Water Fund	-	-	53,589	-	-	-	-	-	53,589
Wastewater Fund	2,000	-	-	-	-	-	-	-	2,000
Internal Service Funds	1,534,943	-	-	200,000	50,000	200,000	-	-	1,984,943
Total	\$ 5,477,096	\$ 108,467	\$ 4,464,555	\$ 748,298	\$ 1,683,274	\$ 240,650	\$ 96,472	\$ 1,779,600	\$ 14,598,412

Interfund transfers were used for operations, road improvements, capital asset transfers and debt payments.

Note 4 - Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Government activities				
Capital assets not being depreciated				
Land	\$ 34,310,743	\$ 642,198	\$ (726,506)	\$ 34,226,435
Water rights	408,125	-	-	408,125
Right of way	248,029,987	24,114,338	-	272,144,325
Construction in progress	592,895	3,910,235	(160,974)	4,342,156
Total capital assets not being depreciated	<u>283,341,750</u>	<u>28,666,771</u>	<u>(887,480)</u>	<u>311,121,041</u>
Capital assets being depreciated				
Infrastructure	236,349,199	7,555,392	(254,348)	243,650,243
Buildings and improvements	34,416,872	392,492	-	34,809,364
Machinery, equipment and vehicles	18,842,048	1,517,921	(248,541)	20,111,428
Total capital assets being depreciated	<u>289,608,119</u>	<u>9,465,805</u>	<u>(502,889)</u>	<u>298,571,035</u>
Less accumulated depreciation				
Infrastructure	(94,809,489)	(4,780,412)	207,631	(99,382,270)
Buildings and improvements	(16,804,656)	(1,699,023)	-	(18,503,679)
Machinery, equipment and vehicles	(15,750,912)	(1,112,192)	248,541	(16,614,563)
Total accumulated depreciation	<u>(127,365,057)</u>	<u>(7,591,627)</u>	<u>456,172</u>	<u>(134,500,512)</u>
Total capital assets being depreciated, net	<u>162,243,062</u>	<u>1,874,178</u>	<u>(46,717)</u>	<u>164,070,523</u>
Governmental activities: Capital assets, net	<u>\$ 445,584,812</u>	<u>\$ 30,540,949</u>	<u>\$ (934,197)</u>	<u>\$ 475,191,564</u>

City of Redlands, California

Notes to Financial Statements

June 30, 2020

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 27,273,269	\$ 856,610	\$ -	\$ 28,129,879
Water rights	9,881,460	-	-	9,881,460
Construction in progress	391,602	5,585,187	(391,602)	5,585,187
Total capital assets not being depreciated	<u>37,546,331</u>	<u>6,441,797</u>	<u>(391,602)</u>	<u>43,596,526</u>
Capital assets being depreciated				
Infrastructure	178,511,865	14,995,003	(614,973)	192,891,895
Buildings and improvements	104,284,135	524,310	-	104,808,445
Machinery, equipment and vehicles	19,209,338	584,861	(67,736)	19,726,463
Total capital assets being depreciated	<u>302,005,338</u>	<u>16,104,174</u>	<u>(682,709)</u>	<u>317,426,803</u>
Less accumulated depreciation				
Infrastructure	(80,173,822)	(3,752,010)	485,638	(83,440,194)
Buildings and improvements	(71,904,544)	(2,200,144)	-	(74,104,688)
Machinery, equipment and vehicles	(16,012,431)	(1,050,058)	67,736	(16,994,753)
Total accumulated depreciation	<u>(168,090,797)</u>	<u>(7,002,212)</u>	<u>553,374</u>	<u>(174,539,635)</u>
Total capital assets being depreciated, net	<u>133,914,541</u>	<u>9,101,962</u>	<u>(129,335)</u>	<u>142,887,168</u>
Business-type activities				
Capital assets, net	<u>\$ 171,460,872</u>	<u>\$ 15,543,759</u>	<u>\$ (520,937)</u>	<u>\$ 186,483,694</u>

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

	Governmental Activities	Business-Type Activities
General government	\$ 219,192	\$ -
Public safety	967,291	-
Highway and streets	5,052,826	-
Culture and recreation	1,264,443	-
Water	-	4,053,854
Disposal	-	1,074,297
Wastewater	-	1,585,719
Nonmajor proprietary funds	-	288,341
Internal service	87,875	-
Total	<u>\$ 7,591,627</u>	<u>\$ 7,002,211</u>

Note 5 - Long-Term Liabilities

Governmental Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Amount Due within One year
Compensated absences	\$ 8,708,127	\$ 4,759,237	\$ 4,191,216	\$ 9,276,148	\$ 4,638,074
Claims payable	11,410,348	(27,116)	854,722	10,528,510	5,264,255
2007 Series Taxable Pension					
Funding Bonds	10,435,000	-	1,220,000	9,215,000	1,345,000
Less: (accrued interest)	(419,011)	-	(73,352)	(345,659)	-
Capital leases payable	631,571	372,101	198,109	805,563	186,018
I-Bank Sports Park Lease	1,402,163	-	59,079	1,343,084	60,940
Total Governmental Activities Long-term Liabilities	\$ 32,168,198	\$ 5,104,222	\$ 6,449,774	\$ 30,822,646	\$ 11,494,287

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities of the internal service funds are included in governmental activities in the statement of net position. At year end, the value of compensated absences of \$9,276,148 is included in governmental activities. For the governmental activities, compensated absences are generally liquidated by the General Fund.

Capital Leases Payable

The City has entered into lease agreements for various equipment purchases. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The assets acquired under capital leases are classified as machinery, equipment and vehicles. The total cost was \$1,555,132. The outstanding balance at June 30, 2020, is \$805,563.

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

<u>Year Ending June 30,</u>	
2021	\$ 215,477
2022	215,477
2023	215,477
2024	215,477
2025	23,609
Total minimum lease payments	885,517
Less: amount representing interest	(79,954)
Total minimum lease payments	<u>\$ 805,563</u>

On February 4, 2020, the City entered into a capital lease with Holman Capital Corporation for the purchase of equipment in the amount of \$360,879. The equipment was not available for use by the City as of June 30, 2020. No lease payments were made and no liability has been recorded as of June 30, 2020.

2007 Taxable Pension Funding Bonds

On August 1, 2007, the City issued \$25,862,392 of 2007 Taxable Pension Funding Bonds to refund the City's obligation to PERS, reimburse the City for its payment of a portion of its fiscal year ended 2008 unfunded liability and pay the costs of issuance of the bonds. Interest is payable February 1 and August 1 of each year commencing on February 1, 2008. Interest rate is 5.233 percent with annual principal payments plus accreted value commencing February 1, 2008. The amount outstanding at June 30, 2020, is \$9,215,000.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	2007 Taxable Pension Funding Bonds	
	Principal	Interest
2021	\$ 1,345,000	\$ 406,058
2022	1,480,000	331,692
2023	1,620,000	250,097
2024	185,000	207,455
2025	200,000	207,455
2026-2030	1,245,000	1,020,898
2031-2035	2,010,000	654,828
2036-2037	1,130,000	68,168
	9,215,000	
Less unaccreted interest	(345,659)	
Totals	\$ 8,869,341	\$ 3,146,651

I-Bank Sports Park Lease Payable

On December 1, 2006, the City entered into this agreement for the purpose of obtaining additional funds to complete the Sports Park project. The City has agreed to pay the amount over thirty years commencing on the date of the lease, which carries an annual interest rate of 3.15 percent with principal and interest payments due every six months starting August 1, 2007, and the final payment to be made on August 1, 2036. The City pledged the Community Center to obtain this loan with I-Bank. At June 30, 2020, the outstanding balance of the I-Bank Sports Park lease payable balance was \$1,343,084.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 60,940
2022	62,859
2023	64,839
2024	66,882
2025	68,988
2026-2030	378,941
2031-2035	442,504
2036-2037	<u>197,131</u>
 Total	 <u><u>\$ 1,343,084</u></u>

Business-Type Activities

The following is a summary of changes in business-type long-term liabilities for the year ended June 30, 2020:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>	<u>Amount Due within One year</u>
Compensated absences	\$ 1,234,320	\$ 1,424,963	\$ 1,254,896	\$ 1,404,387	\$ 702,194
Landfill closure	10,105,974	327,829	-	10,433,803	-
Revenue Bonds					
2013A Solid Waste Revenue	7,530,000	-	1,360,000	6,170,000	1,430,000
Add: unamortized premium	717,337	-	182,994	534,343	-
Total	<u>19,587,631</u>	<u>1,752,792</u>	<u>2,797,890</u>	<u>18,542,533</u>	<u>2,132,194</u>
Notes payable:					
California Recycled Water Project	2,010,680	-	314,772	1,695,908	322,641
Safe Drinking Water Project	2,625,477	-	324,168	2,301,309	331,798
I-Bank Solid Waste	2,575,536	-	127,674	2,447,862	131,517
I-Bank City Streets	2,790,689	-	125,659	2,665,030	129,730
Hinckley Water Treatment Plant Upgrade	8,126,680	-	452,624	7,674,056	464,018
Total notes payable	<u>18,129,062</u>	<u>-</u>	<u>1,344,897</u>	<u>16,784,165</u>	<u>1,379,704</u>
Total business-type activities long-term liabilities	<u><u>\$ 37,716,693</u></u>	<u><u>\$ 1,752,792</u></u>	<u><u>\$ 4,142,787</u></u>	<u><u>\$ 35,326,698</u></u>	<u><u>\$ 3,511,898</u></u>

2013A Solid Waste Revenue Bonds

The \$13,500,000 of Solid Waste Revenue Bonds, issue of 2013, Series A, consists of serial bonds with varying interest rates from 3 percent to 5 percent. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually September 1, 2014 through September 1, 2023. The revenues of the Disposal Fund are pledged as security toward the payment of this debt. The proceeds were used to finance a portion of the cost of acquisition and construction of street improvements within the City of Redlands. The amount outstanding at June 30, 2020, was \$6,170,000 with an unamortized premium of \$534,343.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>2013A Solid Waste Revenue Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,430,000	\$ 272,750
2022	1,500,000	199,500
2023	1,580,000	122,500
2024	<u>1,660,000</u>	<u>41,500</u>
Totals	<u>\$ 6,170,000</u>	<u>\$ 636,250</u>

Pledged Revenues

The City has pledged future solid waste revenues, net of specified operating expenses to repay revenue bonds. Net revenues are defined in the 2013A (Solid Waste) bond document as operating income, less specified operating expenses, plus specified non-operating income. The 2013A bonds are payable through 2025. The anticipated percentage of net revenues, current year net revenues, annual debt service requirements, and total remaining debt service follows:

<u>Bond Issuance</u>	<u>Anticipated Net Revenue %</u>	<u>Annual Net Revenues</u>	<u>Annual Debt Service Requirements</u>	<u>Ratio of Net Revenue to Annual Debt Service</u>	<u>Remaining Debt Service Requirements</u>
2013A Solid Waste	125%	\$ 4,393,157	\$ 1,702,500	258%	\$ 6,806,250

Notes Payable

California Recycled Water Project

On September 2, 2003, the City entered into a loan agreement with the California Water Resources Control Board in the amount of \$7,918,234 to assist in financing the construction of advanced wastewater treatment facilities at the existing wastewater treatment plant. The note carries an annual interest rate of 2.5 percent with principal and interest payments due annually starting November 30, 2005. The amount outstanding at June 30, 2020, was \$1,695,908.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>California Recycled Water Project</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 322,641	\$ 42,398
2022	330,707	34,332
2023	338,975	26,064
2024	347,449	17,590
2025	356,136	8,903
Totals	<u>\$ 1,695,908</u>	<u>\$ 129,287</u>

Safe Drinking Water Project

On January 30, 2004, the City entered into a loan agreement with the State of California, Department of Water Resources in the amount of \$1,664,876 to assist in financing construction of a project which will enable the City to meet safe drinking water standards. As of June 30, 2006, the loan had been increased to \$6,100,844. The note carries an annual interest rate of 2.34 percent with principal and interest payments due every six months starting January 1, 2006. At June 30, 2020, the City has \$2,301,309 in outstanding principal.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>Safe Drinking Water Project</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 331,798	\$ 51,921
2022	339,607	44,111
2023	347,600	36,118
2024	355,782	27,937
2025	926,522	32,773
Totals	<u>\$ 2,301,309</u>	<u>\$ 192,860</u>

Hinckley Water Treatment Plant Upgrade

On June 21, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Hinckley water treatment plant upgrade. The City may borrow up to \$13,663,033 or the eligible costs of the project, whichever is less. The loan has an interest rate of 2.5017 percent with maturities through 2034. Principal and interest is due every six months starting January 1, 2011. The outstanding balance at June 30, 2020, is \$7,674,054.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	Hinckley Water Treatment Plant Upgrade	
	Principal	Interest
2021	\$ 464,018	\$ 189,098
2022	475,699	177,417
2023	487,674	165,442
2024	499,951	153,165
2025	512,536	140,580
2026-3030	2,762,836	502,745
2031-2034	2,471,340	141,125
Totals	\$ 7,674,054	\$ 1,469,571

I-Bank Solid Waste

On March 2, 2015, the City entered into an agreement for the purpose of obtaining additional funds to complete the Solid Waste project. The City has agreed to pay the amount over twenty years commencing on the date of the loan, which carries an annual interest rate of 3.01 percent with principal and interest payments due every six months starting August 1, 2015. At June 30, 2020, the outstanding balance of the loan was \$2,447,862.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	I-Bank Solid Waste	
	Principal	Interest
2021	\$ 131,517	\$ 71,701
2022	135,475	67,683
2023	139,553	63,544
2024	143,754	59,280
2025	148,081	54,888
2026-2030	810,007	203,790
2031-2035	939,475	72,372
Totals	\$ 2,447,862	\$ 593,258

I-Bank City Streets

On July 1, 2016, the City entered into an agreement for the purpose of obtaining funds for the City Streets project. The City has agreed to pay the amount over twenty years commencing on the date of the loan, which carries an annual interest rate of 3.24 percent with principal and interest payments due every six months starting August 1, 2018. At June 30, 2020, the outstanding balance of the loan was \$2,665,030.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>I-Bank City Streets</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 129,730	\$ 84,245
2022	133,933	79,974
2023	138,273	75,564
2024	142,753	71,012
2025	147,378	66,312
2026-2030	811,686	255,550
2031-2035	951,981	112,983
2036	209,296	3,391
Totals	<u>\$ 2,665,030</u>	<u>\$ 749,031</u>

Note 6 - Claims Payable

On June 30, 2020, and throughout 2018-2019, the City was self-insured for the first \$1,000,000 per occurrence for commercial general liability and automobile liability. The City purchased excess liability insurance to provide additional coverage of \$10,000,000 per occurrence with a \$10,000,000 aggregate. The City also purchased airport liability insurance including commercial general liability, personal & advertising injury, products completed, and hanger keepers limit in a single limit liability amount of \$10,000,000 per occurrence. For workers' compensation and employer's liability, the City was self-insured for \$1,000,000 per occurrence with excess coverage of \$25,000,000 for worker's compensation per occurrence with a \$25,000,000 aggregate, and \$1,000,000 for employer's liability per occurrence.

At June 30, 2020, \$1,969,244 and \$8,559,266 have been accrued for general liability and workers' compensation claims, respectively. All funds of the City participate in the worker's compensation program and make payments to the Workers' Compensation Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims. The Liability Insurance Internal Service Fund receives an annual operating transfer from the General Fund to cover operating costs including payment of claims. The liability for unpaid claims for general liability and workers' compensation is discounted to reflect anticipated future investment earnings, assuming a five percent interest rate. Settled claims have not exceeded the commercial coverage in the past three years.

The accruals indicated above represent estimates of amounts to be paid for reported claims and incurred but not reported claims based upon past experience, modified for current trends and information. While the ultimate amounts of losses incurred through June 30, 2020, are dependent on future developments, based upon information provided from the City Attorney, outside counsel and others involved with the administration of the programs, the City's management believes that the aggregate accrual is adequate to cover such losses.

Reconciliation of the changes in the City's aggregate liabilities for the year ended June 30, 2020, is as follows:

2019-2020	Beginning of Year	Claims and Changes in Estimate	Claim Payments	End of Year
Liability claims	\$ 2,266,000	\$ 447,740	\$ (744,496)	\$ 1,969,244
Workers' compensation	9,144,348	(474,856)	(110,226)	8,559,266
Total	<u>\$ 11,410,348</u>	<u>\$ (27,116)</u>	<u>\$ (854,722)</u>	<u>\$ 10,528,510</u>
2018-2019	Beginning of Year	Claims and Changes in Estimate	Claim Payments	End of Year
Liability claims	\$ 1,872,000	\$ 879,149	\$ (485,149)	\$ 2,266,000
Workers' compensation	8,844,466	1,229,113	(929,231)	9,144,348
Total	<u>\$ 10,716,466</u>	<u>\$ 2,108,262</u>	<u>\$ (1,414,380)</u>	<u>\$ 11,410,348</u>

Note 7 - Fund Balance and Net Position

A. Fund Balance Classifications

At June 30, 2020, the City reports the following fund balance classifications:

	General	Public Facilities Development	Other Governmental Funds	Total Governmental Funds
Fund Balances				
Nonspendable				
Prepaid costs	\$ 196,500	\$ -	\$ -	\$ 196,500
Endowment - non-expendable	-	-	30,200	30,200
Advances to other funds	8,273,266	-	74,042	8,347,308
Restricted				
Donations	512,925	-	-	512,925
PEG fees	545,615	-	-	545,615
Public safety	-	-	839,146	839,146
Police programs and equipment	-	-	1,453,896	1,453,896
Street reconstruction/improvement projects	-	-	10,098,779	10,098,779
Debt service	-	-	1,519,990	1,519,990
Storm drain improvements	-	-	1,975,112	1,975,112
Endowment	-	-	30,257	30,257
CFD assessment	-	-	332,128	332,128
Committed				
Stabilization agreement	8,285,676	-	-	8,285,676
Park and open space acquisition/improvement	-	-	2,231,633	2,231,633
Street reconstruction/improvement projects	-	-	8,816,633	8,816,633
Assigned				
Public works	845,334	-	-	845,334
Capital projects	3,056,454	-	1,463,122	4,519,576
Public art	-	-	17,129	17,129
Unassigned	19,000,734	(7,543,106)	(197,038)	11,260,590
Total fund balances	\$ 40,716,504	\$ (7,543,106)	\$ 28,685,029	\$ 61,858,427

A net deficit of \$7,543,106 exists in the Public Facilities Development fund due to unpaid advances owed to the General Fund for debt service payments made on the Public Facilities Development fund's behalf. Future revenues will be used to repay this advance and reduce the fund deficit.

B. Fund Balance/Net Position Deficits

Refer to Note 1 I for further discussion on fund balance classifications.

At June 30, 2020, the following funds reported deficits:

	<u>Deficit Amount</u>
Special Revenue Funds	
General Capital Improvement	\$ 51,553
Community Development Block Grant	45,551
Transportation Development Act Fund	99,934
Enterprise Fund	
Disposal	7,750,112
Internal Service Funds	
Liability Self-Insurance	1,716,190
Information Technology	2,297,873
Workers' Compensation Self-Insurance	6,438,259
Equipment Maintenance	180,523
Utility Billing	2,542,241

Special Revenue Funds

A net deficit of \$51,553 exists in the General Capital Improvement Fund. This fund deficit is a result of expenditures that have not been submitted for grant reimbursement. This net deficit will be eliminated when the grant funds are received in future years.

A net deficit of \$45,551 exists in the Community Development Block Grant Fund. This fund deficit is a result of expenditures that have not been submitted for grant reimbursement and reimbursements that have not been received. This net deficit will be eliminated when the grant funds are received in future years.

A net deficit of \$99,934 exists in the Transportation Development Act Fund. This fund deficit is a result of grant expenditures in excess of reimbursement. This net deficit will be eliminated during the upcoming fiscal year.

Enterprise Funds

A net deficit of \$7,750,112 exists in the Disposal Fund as a result of the City's implementation of GASB Statements No. 68 and 75, which required the reporting of the fund's proportionate share of the City's net pension liability and other post-employment benefits liability, respectively. Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through cost containment measures and continued pension contributions towards its unfunded liability.

Internal Service Funds

A net deficit of \$1,716,190 exists in the Liability Self-Insurance Fund due to new and existing claims. Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through increased transfers from other funds for cost recovery and instituting cost containment measures.

A net deficit of \$2,297,873 exists in the Information Technology Fund. This fund deficit is a result of the City's implementation of GASB Statements No. 68 and 75, which required reporting of the fund's proportionate share of the City's net pension liability and other post-employment benefits, respectively. This net pension liability and other post-employment benefits created the corresponding net deficit, these will be reduced by continued pension contributions in future years.

A net deficit of \$6,438,259 exists in the Workers' Compensation Self-Insurance Fund due to new and existing claims. Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through increased cost recovery charges, instituting cost containment measures.

A net deficit of \$180,523 exists in the Equipment Maintenance Fund. This fund deficit is a result of the City's implementation of GASB Statement No. 68 and 75 which required reporting of the fund's proportionate share of the City's net pension liability and other post-employment benefits, respectively. This net pension liability and other post-employment benefits created the corresponding net deficit, these will be reduced by continued pension contributions in future years.

A net deficit of \$2,542,241 exists in the Utility Billing Fund. This fund deficit is a result of the City's implementation of GASB Statement No. 68 and 75 which required reporting of the fund's proportionate share of the City's net pension liability and other post-employment benefits, respectively. This net pension liability and other post-employment benefits created the corresponding net deficit, these will be reduced by continued pension contributions in future years.

Note 8 - Defined Benefit Pension Plan

The City of Redlands participates in the California Public Employees Retirement System (CalPERS), a pension plan available to all qualified employees. The Safety Plan is a cost-sharing multiple employer defined benefit pension plan. The Miscellaneous Plan is an agent multiple employer defined benefit pension plan. A summary of pension amounts for the City's plans at June 30, 2020, is presented below:

	Safety Plan	Miscellaneous Plan	Total
Deferred outflows - pensions	\$ 17,968,830	\$ 5,929,567	\$ 23,898,397
Net pension liability	80,975,102	45,515,095	126,490,197
Deferred inflows - pensions	3,076,990	957,347	4,034,337
Pension expense	14,691,199	9,488,984	24,180,183

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City’s Safety (Police and Fire) Employee Pension Plan (Safety Plan), a cost sharing multiple employer defined benefit pension plan, or the City’s Miscellaneous Plan, an agent-multiple-employer defined benefit pension plan, both administered by CalPERS. The CalPERS Safety Plan consists of safety pools (referred to as “risk pools”), which are comprised of individual employer safety rate plans. The risk pools are included within the Public Employees’ Retirement Fund C (PERF C). For the Miscellaneous Plan, CalPERS acts as a common investment and administrative agent for its participating member employers and are included within Public Employees’ Retirement Fund A (PERF A). Benefit provisions under the Plans are established by State statute and may be amended by City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information. These reports can be found on the CalPERS website.

Benefits Provided

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

The Plans’ provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
	Tier 1	PEPRA
Hire Date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.000% - 2.500%
Required employee contribution rates	50 yrs - 63+ yrs, 7.000%	52 yrs - 67+ yrs, 7.000%
Required employer contribution rates	\$3,221,277 plus 9.056%	9.056%

	Safety Cost-Sharing Rate Plans			
	Safety Fire	Safety Police	PEPRA Fire	PEPRA Police
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013	January 1, 2013 and after	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 50	2.7% @ 57	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	3.000%, 50+ yrs	2.000% - 2.700% 50 yrs - 57+ yrs,	2.000% - 2.700% 50 yrs - 57+ yrs,
Required employee contribution rates	9.000%	9.000%	12.250%	12.250%
Required employer contribution rates	\$2,546,205 plus 23.654%	\$3,105,945 plus 23.654%	\$313 plus 13.786%	\$617 plus 13.786%

Employees Covered

As of the valuation date of June 30, 2018, the most recent valuation date, the following employees were covered by the benefit terms of the Miscellaneous Plan:

	Miscellaneous
Active members	326
Transferred members	143
Terminated members	159
Retired members and beneficiaries	490
Total	1,118

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers to be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plans totaled \$8,703,374 for the Safety Plan and \$5,159,972 for the Miscellaneous Plan during the fiscal year.

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

Proportionate Share of the Net Pension Liability – Safety Plan

As of June 30, 2020, the City reported a net pension liability for its proportionate share of the collective net pension liability of the Safety Plan of \$80,975,102.

The City's net pension liability for the Plan was measured as the proportionate share of the collective net pension liability of the cost-sharing plan. The net pension liability of the Plan was measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers. The City's proportionate share of the collective net pension liability of the Plan as of June 30, 2018, and 2019, were as follows:

	Safety
Proportion - June 30, 2018	0.77945%
Proportion - June 30, 2019	0.79023%
Change - Increase/(Decrease)	0.01078%

Actuarial Assumptions

The total pension liabilities in the June 30, 2018, actuarial valuations were determined using the following assumptions for both Plans:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.375% ⁽¹⁾
Mortality	Derived using CalPERS' membership data for all funds

⁽¹⁾ Net of pension plan investment expenses, including inflation.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation was based on the results of an experience study for the period of 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for each plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City’s contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected 7.15 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the pension funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to the account for assumed administrative expenses.

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

Asset Class ⁽¹⁾	Target Allocation	Real Return Years 1 - 10 ⁽²⁾	Real Return Years 11+ ⁽³⁾
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(1) In the System's CAFR, Fixed Income is included in Global Deb Securities; Liquidity is included in Short-Term Investment; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

(2) An expected inflation of 2.0 percent used for this period

(3) An expected inflation of 2.92 percent used for this period

Changes in the Net Pension Liability – Miscellaneous Plan

The City’s net pension liability for the Miscellaneous Plan was measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Miscellaneous Plan was measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019. A summary of principal assumptions and methods used to determine the net pension liability is shown under the section Actuarial Assumptions within this note.

The Net Pension Liability for the City’s Miscellaneous as of June 30, 2020, was \$45,515,095. The changes in the Net Pension Liability for the Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2018	\$165,738,916	\$ 121,690,831	\$ 44,048,085
Changes Recognized for the Measurement Period			
Service Cost	3,334,799	-	3,334,799
Interest on the Total Pension Liability	11,680,277	-	11,680,277
Differences between Expected and Actual Experience	419,589	-	419,589
Contributions - Employer	-	4,543,195	(4,543,195)
Contributions - Employees	-	1,587,404	(1,587,404)
Net Investment Income	-	7,923,614	(7,923,614)
Benefit Payments	(8,930,778)	(8,930,778)	-
Other Miscellaneous Income/(Expense)	-	(86,841)	86,841
Administrative Expense	-	283	(283)
Net changes	<u>6,503,887</u>	<u>5,036,877</u>	<u>1,467,010</u>
Balance at June 30, 2019	<u>\$ 172,242,803</u>	<u>\$ 126,727,708</u>	<u>\$ 45,515,095</u>

Pension Expense and Deferred Outflows and Inflows of Resources

Safety Plan:

For the year ended June 30, 2020, the City recognized pension expense of \$14,691,199 for the Safety Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 8,703,374	\$ -
Changes in assumptions	2,671,323	-
Differences between expected and actual experience	5,286,944	1,113,950
Changes in proportion and difference between City's contributions and proportionate share of contributions	1,307,189	1,963,040
Total	\$ 17,968,830	\$ 3,076,990

\$8,703,374 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 5,437,947
2022	(348,258)
2023	882,037
2024	216,740
Total	\$ 6,188,466

Miscellaneous Plan:

For the year ended June 30, 2020, the City recognized pension expense of \$9,488,984 for the Miscellaneous Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 5,159,972	\$ -
Changes of assumptions	277,428	327,984
Differences between expected and actual experience	492,167	-
Net difference between projected and actual earnings on pension plan investments	-	629,363
Total	\$ 5,929,567	\$ 957,347

\$5,159,972 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 797,206
2022	(940,362)
2023	(175,976)
2024	131,380
Total	\$ (187,752)

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

The following presents the net pension liability of each of the Plans calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Miscellaneous Plan	\$ 67,447,346	\$ 45,515,095	\$ 27,322,298
Safety Plan's proportionate share of collective net pension liability	118,846,604	80,975,102	49,926,404

Pension Plan Fiduciary Net Position

Detailed information about each pension plans’ fiduciary net position is available in the separately issued CalPERS financial reports.

Note 9 - Other Post-Employment Benefits (OPEB)

In addition to the pension benefits, the City’s defined benefit OPEB plan (Plan) provides medical insurance benefits to eligible retirees and their spouses in accordance with applicable Memoranda of Understanding and the California Government Code to all employees who retire from the City. A summary of the OPEB amounts for the City’s plans is shown below:

	Total
Total OPEB liability	\$ 133,984,590
Deferred outflows related to OPEB	8,764,292
Deferred inflows related to OPEB	5,223,420
OPEB expense	8,963,487

Plan Description

The City’s administers a defined benefit OPEB plan (Plan), which provides medical insurance benefits to eligible retirees and their spouses in accordance with applicable Memoranda of Understanding and the California Government Code to all employees who retire from the City. The Plan is an agent multiple-employer defined benefit OPEB plan administered by the City and is governed by the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

City’s Funding Policy

The contribution requirements of plan members and the City are established, and may be amended, by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you go basis (i.e., as medical insurance premiums become due). The City allows retirees to participate in the same medical plan as active employees at the same premium rates. Because the rate is a “blended rate”, payments for the active employees include an implied subsidy of what would normally be a higher rate for retirees if the retirees were in a stand-alone health plan.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits.

Benefits Provided

After age 65, the City contributes a flat monthly rate of \$397 for those employees who retire under the PERS retirement system, subscribe to the PERS Health Insurance System, and have at least five years of CalPERS service, in accordance with Government Code. This is a perpetual benefit which is available to all PERS retirees including eligible dependents of deceased retirees. Annual increases in the monthly rate are limited to \$20 and based upon the annual increase in PERS family premiums. In addition, the City also contributes the entire monthly premium for health insurance for all employees who retire with the City and have a minimum of 15 or 20 years of cumulative service with the City, depending on the particular bargaining units. A summary of benefits provided is shown below:

Employee Group Service	Medical	Dental	Vision
Police (RPOA Members)			
Employees hired on or after November 4, 2014 with at least 5 years of CalPERS service.	\$397 per month maximum	None	None
Employees hired prior to November 4, 2014 with at least 15 years of City service.	100% of premium & Medicare Part B for lifetime retiree and spouse	100% of premium for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse
Firefighters (RPFA and RAFME Members)			
Employees hires on or after October 16, 2012 with at least 5 years of CalPERS service.	\$397 per month maximum	None	None
Employees hired prior to October 16, 2012 with at least 15 years (20 years for RPFA members) of City service.	100% of premium & Medicare Part B for lifetime retiree and spouse	100% of premium for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse
Miscellaneous (GEAR, RCSEA, RAMME, and RAME Members)			
Employees hired on or after March 11, 2010 with at least 5 years of CalPERS service.	\$397 per month maximum	None	None
Employees hired prior to March 11, 2010, with at least 20 years (15 years for RAME members) of City service.	100% of premium & Medicare Part B for lifetime retiree and spouse	100% of premium for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse
Miscellaneous (RASME Members)			
Employees hired on or after June 2, 2015 with at least 5 years of CalPERS service.	\$397 per month maximum	None	None
Employees hired prior to June 2, 2015 with at least 15 years of City service.	100% of premium & Medicare Part B for lifetime retiree and spouse	100% of premium for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse
Miscellaneous (RADD Members)			
Employees hired on or after January 1, 2009 with at least 5 years of CalPERS service.	\$397 per month maximum	None	None
Employees hired prior to January 1, 2009 with at least 15 years of City service.	100% of premium & Medicare Part B for lifetime retiree and spouse	100% of premium for lifetime of retiree and spouse	100% of premium for lifetime of retiree and spouse

Some retirees are eligible for a medical bridge program, in which the City contributes the amount of the maximum of lowest cost single premium rate (\$356.5 in 2019) and \$397. This amount is reduced back to \$397 after the retiree reaches age 65 if the lowest cost single premium rate is greater than \$397. Eligibility for the medical bridge program is as follows:

RADD	3 years of service
RAME	10 years of service
RPOA, RAFME, RASME	15 years of service
RAMME, RCSEA, Teamsters	20 years of service

Employees Covered by Benefit Terms

At June 30, 2020, the most recent valuation date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	470
Inactive employees or beneficiaries currently receiving benefits	<u>534</u>
Total	<u><u>1,004</u></u>

Total OPEB Liability

The City's total OPEB liability of \$133,984,590 was measured and actuarially valued as of June 30, 2020. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.750%
Discount rate	3.13%
Healthcare cost trend rate	7.00% in the first year, trending down to 3.84% over 56 years.

The discount rate used to measure the total OPEB liability is 3.13%, which is based on the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

Mortality rates were based on the 2018 CalPERS actuarial experience study, which assumed future mortality improvements using Society of Actuaries (SOA) Scale BB. The Experience Study report can be obtained on the CalPERS website under Forms and Publications.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	<u>\$ 128,792,181</u>
Changes in the year:	
Service cost	4,540,301
Interest on the total OPEB liability	4,744,702
Changes in assumptions	(4,153,914)
Differences between expected and actual experience	4,588,085
Benefit payments, including refunds of employee contributions	(3,751,661)
Implicit Rate Subsidy Fulfilled	(775,104)
Net changes	<u>5,192,409</u>
Balance at June 30, 2020	<u><u>\$ 133,984,590</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.13%)	Discount Rate (3.13%)	1% Increase (4.13%)
Total OPEB Liability	\$ 155,486,888	\$ 133,984,590	\$ 116,684,864

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00 percent decreasing to 2.84%) or 1-percentage-point higher (8.00 percent decreasing to 4.84 percent) than the current healthcare cost trend rates:

	1% Decrease (6.00% Decreasing to 2.84%)	Healthcare Cost Trend Rate (7.00% Decreasing to 3.84%)	1% Increase (8.00% Decreasing to 4.84%)
Total OPEB Liability	\$ 117,056,812	\$ 133,984,590	\$ 155,592,550

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$8,963,487. At June 30, 2020, the City reported deferred outflows/inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 4,882,065	\$ -
Differences between actual and expected experience	3,882,227	-
Changes of assumptions	-	5,223,420
Total	\$ 8,764,292	\$ 5,223,420

\$4,882,065 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as OPEB expense as follows:

Year ended June 30,	Amortization
2021	\$ (321,516)
2022	(321,515)
2023	(321,514)
2024	(321,513)
2025	(88,528)
Thereafter	33,393
Total	\$ (1,341,193)

Note 10 - Contingencies

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

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

Note 11 - Construction Contracts and Other Commitments

The following material construction commitments existed at June 30, 2020:

Project Name	Contract Amount	Expenditures to date as of June 30, 2020	Remaining Commitments
PARIS Program	\$ 10,675,000	\$ 2,777,280	\$ 7,897,720
Zenon Filter Replacement	5,142,192	2,571,096	2,571,096
Wastewater Treatment Plant Design Consulting Services	2,867,552	1,032,880	1,834,672
Two Front loader Trucks	726,657	-	726,657
Landfill Expansion Project	3,112,125	2,465,135	646,990
HSIP Cycle 7 Project	324,743	-	324,743
Enterprise Resource Planning System	1,092,299	800,393	291,906
Landfill Expansion Project	369,684	137,573	232,111
Design and Integration Services	416,089	214,558	201,531
Manhole Replacement Project	275,000	77,867	197,133
Waste Water Membrane Replacement	196,820	18,640	178,180
PD Comprehensive Data Center & Security Upgrade	346,208	201,260	144,948
Traffic Cabinets	136,800	-	136,800
Meter Exchange Project	129,705	-	129,705
Redlands - Highland Regional Connector Project	141,115	40,072	101,043
Brookside Median Project and Redlands Ford Street Project	68,823	8,000	60,823
Park Lighting Improvements	44,010	-	44,010

Note 12 - Solid Waste Landfill

State and federal laws and regulations require the City to provide financial assurance for closure and post closure costs of the California Street Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for fifteen years after closure. Although closure and post closure activities will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$10,433,803 reported as landfill closure and post closure liability at June 30, 2020, represents the cumulative amount reported to date based on the use of 65.91 percent of the total estimated capacity of the landfill including final covering. The City will recognize the remaining estimated costs of closure and post closure care of \$5,395,609 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform closure and post closure activities in 2020 dollars. The City expects to close the landfill in the year 2042. Actual costs may differ due to inflation, changes in technology or changes in regulations.

The City is required by state and federal laws and regulations to maintain adequate funds to provide financial assurance for closure and post closure costs through one of a combination of alternative mechanisms. For closure costs, the City has established an enterprise fund mechanism with a separate fund, the California Street Landfill Closure fund. For post closure costs, the City has entered into a Pledge of Revenue Agreement with the California Integrated Waste Management Board. The City is in compliance with these requirements. At June 30, 2020, \$6,985,347 is held for landfill closure. The City expects that future inflation costs will be paid from future annual operating revenues in the enterprise fund. Post closure costs are agreed to be covered by revenue from solid waste customer billings which is deposited directly into the Disposal enterprise fund.

Note 13 - Debt Without Government Commitment

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

In September 2001, the City issued for and on behalf of the Community Facilities District No. 2001-1 (Northwest Development Project) \$9,255,000 aggregate principal amount of 2001 Special Tax Bonds to finance the acquisition of certain public improvements with appurtenant work and incidental expenses within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2002 to 2015 are serial bonds payable in annual installments of \$170,000 to \$355,000 while bonds maturing in the year 2022 in the amount of \$3,175,000 and bonds maturing in the year 2026 in the amount of \$2,535,000 are term bonds. The interest rates on the bonds range from 3.75 percent to 6.45 percent. The outstanding balance at June 30, 2020, was \$4,065,000.

In February 2004, the City issued for and on behalf of the Community Facilities District No. 2003-1 (Redlands Business Center) \$9,545,000 aggregate principal amount of 2004 Special Tax Bonds to finance the acquisition and construction of certain street improvements, sewers, storm drains, water distribution facilities, and other public improvements within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2006 to 2021 are serial bonds payable in annual installments of \$20,000 to \$270,000, while bonds maturing in the year 2027 in the amount of \$2,255,000 and bonds maturing in the year 2033 in the amount of \$5,280,000 are term bonds. The interest rates on the bonds range from 2.5 percent to 5.9 percent. The outstanding balance at June 30, 2020, was \$7,795,000.

Note 14 - Successor Agency Trust for Assets of the Former Redevelopment Agency

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

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

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

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

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

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

A. Cash and Investments

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

Cash and investments pooled with the City	\$ 1,828,894
Cash and investments with fiscal agent	<u>1,585</u>
	<u><u>\$ 1,830,479</u></u>

B. Long-Term Debt

The following is a summary of changes in the long-term liabilities of the Successor Agency as of June 30, 2020:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due within</u> <u>One year</u>
Fiduciary Activities					
2016 Refunding Series A	\$ 7,920,000	\$ -	\$ 1,860,000	\$ 6,060,000	\$ 1,945,000
Add: unamortized premium	602,813	-	195,506	407,307	-
2016 Refunding Series B	1,565,000	-	380,000	1,185,000	385,000
Less: unamortized discount	<u>(10,693)</u>	-	<u>(3,467)</u>	<u>(7,226)</u>	-
Total	<u><u>\$10,077,120</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,432,039</u></u>	<u><u>\$ 7,645,081</u></u>	<u><u>\$ 2,330,000</u></u>

2016A & B Tax Allocation Bonds

In March of 2016, the Agency issued \$16,610,000 in 2016 Tax Allocation Bonds, Series A and B, with interest rates ranging from 1.00 percent to 4.00 percent. The proceeds of the bonds were used to refund the 1998A, 2003A and 2007A Tax Allocation Bond, to fund a deposit to a debt service reserve account, and to pay costs incurred in connection with the issuance, sale and delivery of the Series 2016A & B bonds. Interest is payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2016. Principal is payable on August 1 each year, commencing August 1, 2016. As of June 30, 2020, the outstanding principal balance on the bonds is \$7,245,000.

The annual debt service requirements are as follows:

	<u>2016A & B Tax Allocation Bonds</u>	
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,330,000	\$ 226,363
2022	2,415,000	138,769
2023	<u>2,500,000</u>	<u>46,963</u>
Totals	<u><u>\$ 7,245,000</u></u>	<u><u>\$ 412,095</u></u>

Note 15 - Tax Abatements – Economic Development Incentives

GASB Statement No. 77, defines tax abatements as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefits the government or its citizens. According to GASB No. 77, the substance of these agreements meet the definition of “tax abatements” as the revenues received were not available for general municipal services purposes, but rather used to effectively reduce the net tax liability of certain taxpayers per the conditions of an agreement.

The City offers an economic development incentive program to the entities that propose to locate or expand already established businesses within the City. This incentive program is expected to provide a stimulus to the City’s economy, increase the tax base and create jobs. Each of the agreements entered into by the City, provides for a rebate of taxes paid to the City according to formulas contained in the agreements. These limited term agreements provide for a sharing of the taxes (percentage rebates) above certain amounts with a maximum rebate not to exceed the cost of a business’ improvements and/or development impact fees. The City generally expects to receive increased revenue as a result of these agreements. These incentive agreements require approval by the City Council.

The City currently has six of these agreements in effect. For the fiscal year ended June 30, 2020, under this program the City had abatements of sales tax totaling \$132,619. Pursuant to the Sales and Use Tax law (chapter 8 – Article 1 – section 7056), in order to protect the confidential information of sales taxes collected and abatements provided to each of the specific agencies, the City has presented the aggregate amount abated during the current fiscal year.

Note 16 - Endowments

Simonds Endowment

The amount of net appreciation available for expenditure in the Simonds Endowment Fund is \$27,996. This available amount is reflected as fund balance. The endowment corpus is \$10,000 and is reflected as restricted fund balance. In California, Endowments are subject to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), specifically Cal. Probate Code §18504. State law governing the City’s ability to spend the net appreciation provides that the City may appropriate “so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established [...]”. The City’s policy for authorizing and spending the investment income is governed by City Council authorization and appropriation authority, as well as the agreement of Endowment of the Simonds Parkway, dated December 14, 1985. Provisions of that agreement include, among other things, that interest generated on a per annum basis may be expended for providing maintenance, materials, and equipment solely at the Simonds Parkway.

Pauline Stancliff Memorial Trust

The amount of net appreciation available for expenditure in the Pauline Stancliff Memorial Trust Fund is \$2,261. This available amount is reflected as fund balance. The endowment corpus is \$20,200 and is reflected as restricted fund balance. In California, Endowments are subject to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), specifically Cal. Probate Code §18504. State law governing the City's ability to spend the net appreciation provides that the City may appropriate "so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established [...]". The City's policy for authorizing and spending the investment income is governed by City Council authorization and appropriation authority, as well as a minute motion on July 26, 2012 establishing a memorial trust fund in the name of Pauline Stancliff to be used for creating programs which focus on the goal of improving the quality of life for seniors who attend the Joslyn Senior Center.

Note 17 - Subsequent Events

During 2020, the world-wide coronavirus pandemic impacted national and global economies. The City Council and Management are closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the exact current and full future impact to the City is not known.

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Required Supplementary Information

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City of Redlands, California
 Budgetary Comparison Schedules by Department
 General Fund
 Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 39,647,517	\$ 39,647,517	\$ 39,647,517	\$ -
Resources (Inflows)				
Taxes	53,324,553	48,396,618	54,137,004	5,740,386
Licenses and permits	7,075,330	6,948,933	7,524,057	575,124
Intergovernmental	878,391	1,760,580	834,173	(926,407)
Charges for services	8,908,074	8,514,049	8,451,185	(62,864)
Use of money and property	397,000	500,559	905,044	404,485
Miscellaneous	1,705,076	2,351,505	1,962,594	(388,911)
Transfers in	2,497,484	2,639,913	2,568,806	(71,107)
Proceeds from sale of property	369,119	88,266	84,839	(3,427)
Amounts available for appropriations	<u>114,802,544</u>	<u>110,847,940</u>	<u>116,115,219</u>	<u>5,267,279</u>
Charges to Appropriations (Outflow)				
General government				
City council	382,034	343,759	316,418	27,341
City clerk	310,081	376,560	330,569	45,991
City manager	5,715,023	6,411,123	5,506,082	905,041
Finance	2,182,469	2,162,788	2,188,702	(25,914)
City attorney	681,891	837,859	835,445	2,414
Building maintenance	1,359,443	1,449,387	1,597,362	(147,975)
Development services	3,100,503	3,587,698	3,380,218	207,480
Public safety				
Police	30,497,946	30,162,106	29,552,553	609,553
Fire	14,147,894	14,307,166	13,838,860	468,306
Culture and recreation				
Community services	1,188,776	1,022,065	1,003,367	18,698
Parks	2,001,842	1,945,724	1,951,388	(5,664)
Highway and streets				
Quality of life	4,102,044	3,964,598	4,115,138	(150,540)
Engineering	1,358,549	1,311,239	1,189,745	121,494
Library	2,645,178	2,840,757	2,464,463	376,294
Capital outlay	289,327	2,455,489	1,435,832	1,019,657
Debt service	136,923	191,977	215,477	(23,500)
Transfers out	5,219,570	5,856,691	5,477,096	379,595
Total charges to appropriations	<u>75,319,493</u>	<u>79,226,986</u>	<u>75,398,715</u>	<u>3,828,271</u>
Fund Balance, June 30	<u>\$ 39,483,051</u>	<u>\$ 31,620,954</u>	<u>\$ 40,716,504</u>	<u>\$ 9,095,550</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Public Facilities Development
 Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (7,912,203)	\$ (7,912,203)	\$ (7,912,203)	\$ -
Resources				
Licenses and permits	270,000	468,000	497,965	29,965
Amounts available for appropriations	(7,642,203)	(7,444,203)	(7,414,238)	29,965
Charges to Appropriations (Outflow)				
Highway and streets	-	-	9,961	(9,961)
Debt service				
Interest and fiscal charges	-	-	10,440	(10,440)
Transfers out	-	187,495	108,467	79,028
Total charges to appropriations	-	187,495	128,868	58,627
Fund Balance, June 30	\$ (7,642,203)	\$ (7,631,698)	\$ (7,543,106)	\$ 88,592

City of Redlands, California
Schedule of Changes in Net Pension Liability and Related Ratios
Miscellaneous Plan – Agent Multiple Employer Plan
As of June 30, For the Last Ten Fiscal Years (1)

	2015	2016	2017	2018	2019	2020
Total Pension Liability						
Service Cost	\$ 2,703,390	\$ 2,735,046	\$ 2,780,753	\$ 3,278,844	\$ 3,368,018	\$ 3,334,799
Interest	9,786,094	10,224,502	10,539,757	10,868,639	11,240,326	11,680,277
Difference between expected and actual experience	-	334,519	(1,148,342)	285,453	529,928	419,589
Changes in assumptions	-	(2,403,446)	-	8,600,283	(874,625)	-
Benefit payments, including refunds of employee contributions	(7,031,419)	(7,496,594)	(7,929,573)	(8,512,367)	(8,785,537)	(8,930,778)
Net Change in Total Pension Liability	5,458,065	3,394,027	4,242,595	14,520,852	5,478,110	6,503,887
Total Pension Liability - Beginning	132,645,267	138,103,332	141,497,359	145,739,954	160,260,806	165,738,916
Total Pension Liability - Ending (a)	\$ 138,103,332	\$ 141,497,359	\$ 145,739,954	\$ 160,260,806	\$ 165,738,916	\$ 172,242,803
Plan Fiduciary Net Position						
Contribution - Employer	\$ 2,614,893	\$ 2,749,274	\$ 3,297,550	\$ 3,706,235	\$ 3,856,431	\$ 4,543,195
Contribution - Employee	1,378,971	1,219,187	1,324,766	1,461,526	1,444,993	1,587,404
Net investment income	16,743,903	2,473,614	602,969	11,870,046	9,732,163	7,923,614
Benefit payments, including refunds of employee contributions	(7,031,419)	(7,496,594)	(7,929,573)	(8,512,367)	(8,785,537)	(8,930,778)
Other Miscellaneous Income/(Expense)	-	-	-	-	(343,451)	283
Administrative expense	-	(121,971)	(67,266)	(158,865)	(180,708)	(86,841)
Net Change in Fiduciary Net Position	13,706,348	(1,176,490)	(2,771,554)	8,366,575	5,723,891	5,036,877
Plan Fiduciary Net Position - Beginning	97,842,061	111,548,409	110,371,919	107,600,365	115,966,940	121,690,831
Plan Fiduciary Net Position - Ending (b)	\$ 111,548,409	\$ 110,371,919	\$ 107,600,365	\$ 115,966,940	\$ 121,690,831	\$ 126,727,708
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 26,554,923	\$ 31,125,440	\$ 38,139,589	\$ 44,293,866	\$ 44,048,085	\$ 45,515,095
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.77%	78.00%	73.83%	72.36%	73.42%	73.58%
Covered Payroll	\$ 17,019,956	\$ 17,548,793	\$ 18,953,660	\$ 20,199,995	\$ 19,836,302	\$ 22,121,385
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	156.02%	177.37%	201.23%	219.28%	222.06%	205.75%

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

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

City of Redlands, California
 Schedule of Plan Contributions
 Miscellaneous Plan – Agent Multiple Employer Plan
 As of June 30, For the Last Ten Fiscal Years (1)

	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 2,749,274	\$ 3,297,550	\$ 3,705,781	\$ 3,797,781	\$ 4,472,807	\$ 5,159,972
Contribution in Relation to the Actuarially Determined Contribution	<u>(2,749,274)</u>	<u>(3,297,550)</u>	<u>(3,705,781)</u>	<u>(3,797,781)</u>	<u>(4,472,807)</u>	<u>(5,159,972)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 17,548,793	\$ 18,953,660	\$ 20,199,995	\$ 19,836,302	\$ 22,121,385	\$ 22,631,158
Contributions as a Percentage of Covered Payroll	15.67%	17.40%	18.35%	19.15%	20.22%	22.80%

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

Note to Schedule:

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percentage of payroll, closed
Assets valuation method	Market value
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.375% net of pension plan investment and administrative expenses, including inflation.

Retirement age The probabilities of retirement are based on the 2014 CalPERS Experience Study for the Period from 1997 to 2011.

Mortality The probabilities of retirement are based on the 2014 CalPERS Experience Study for the Period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of Redlands, California
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Safety Plan – Cost Sharing Employer Plan
 As of June 30, For the Last Ten Fiscal Years (1)

	2015	2016	2017	2018	2019	2020
Proportion of the collective net pension liability	0.68953%	0.73768%	0.74868%	0.74597%	0.77945%	0.79023%
Proportionate share of the collective net pension liability	\$ 42,905,786	\$ 50,633,826	\$ 64,784,346	\$ 73,979,298	\$ 75,109,650	\$ 80,975,102
Covered payroll	\$ 14,292,490	\$ 14,342,189	\$ 14,604,289	\$ 14,827,015	\$ 14,894,900	\$ 17,236,908
Proportionate share of the collective net pension liability as a percentage of covered payroll	300.20%	353.04%	443.60%	498.95%	504.26%	469.78%
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%	75.26%	73.37%

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

City of Redlands, California
Schedule of Plan Contributions
Cost Sharing Multiple Employer Benefit Plan
As of June 30, For the Last Ten Fiscal Years (1)

	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 4,246,980	\$ 5,126,655	\$ 5,886,486	\$ 6,211,050	\$ 7,448,780	\$ 8,703,374
Contribution in Relation to the Actuarially Determined Contribution	<u>(4,246,980)</u>	<u>(5,126,655)</u>	<u>(5,886,486)</u>	<u>(6,211,050)</u>	<u>(7,448,780)</u>	<u>(8,703,374)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 14,342,189	\$ 14,604,289	\$ 14,827,015	\$ 14,894,900	\$ 17,236,908	\$ 17,522,750
Contributions as a Percentage of Covered Payroll	29.6%	35.1%	39.7%	41.7%	43.2%	49.7%

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

City of Redlands, California
Schedule of Changes in Total OPEB Liability and Related Ratios
Other Post Employment Benefit Plan
As of June 30, For the Last Ten Fiscal Years (1)

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB Liability			
Service Cost	\$ 4,517,859	\$ 4,647,747	\$ 4,540,301
Interest on the total OPEB liability	4,351,611	4,497,267	4,744,702
Difference between expected and actual experience	-	-	4,588,085
Changes in assumptions	-	(2,485,196)	(4,153,914)
Benefit payments, including refunds of employee contributions	(3,361,882)	(3,812,849)	(3,751,661)
Implicit rate subsidy fulfilled	(688,731)	(712,837)	(775,104)
Net Change in Total OPEB Liability	4,818,857	2,134,132	5,192,409
Total OPEB Liability - Beginning	<u>121,839,192</u>	<u>126,658,049</u>	<u>128,792,181</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 126,658,049</u></u>	<u><u>\$ 128,792,181</u></u>	<u><u>\$ 133,984,590</u></u>
Plan fiduciary net position as a percentage of the Total OPEB Liability	0.00%	0.00%	0.00%
Covered-Employee Payroll	\$ 32,062,170	\$ 31,410,072	\$ 33,975,526
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	395.04%	410.03%	394.36%

(1) Historical information is required only for measurement for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Note 1 - Budgetary Information

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

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

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

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

Note 2 - Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2020, exceeded the appropriations of the following major funds/departments:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
General Government			
Finance	\$ 2,162,788	\$ 2,188,702	\$ (25,914)
Building maintenance	1,449,387	1,597,362	(147,975)
Community services			
Parks	1,945,724	1,951,388	(5,664)
Highway and streets			
Quality of life	3,964,598	4,115,138	(150,540)
Debt service	191,977	215,477	(23,500)
Special revenue			
Public Facility Development	-	20,401	(20,401)
Open Space	-	2,769	(2,769)
Downtown Redlands	262,080	264,844	(2,764)
Parking Authority	16,406	16,725	(319)
Arterial Street Construction	354,187	363,974	(9,787)
Transfers out	1,459,015	1,690,944	(231,929)
CFD 2004-1	264,448	339,936	(75,488)
Freeway Interchanges	-	353,961	(353,961)
Transportation Development Act	70,373	95,192	(24,819)

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Supplementary Information

City of Redlands, California
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Emergency Service	Household Hazardous Waste	State Gas Tax	Air Quality Improvement
Assets				
Cash and investments	\$ 77,008	\$ 224,611	\$ -	\$ 589,165
Cash and investments with fiscal agent	-	-	-	-
Receivables				
Accounts	-	11,889	-	-
Taxes	15,546	-	190,003	-
Due from other governments	-	-	-	22,483
Advances to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 92,554</u>	<u>\$ 236,500</u>	<u>\$ 190,003</u>	<u>\$ 611,648</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 10,995	\$ -	\$ -	\$ -
Accrued payroll	81,559	-	-	-
Unearned revenue	-	-	-	22,483
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>92,554</u>	<u>-</u>	<u>-</u>	<u>22,483</u>
Deferred Inflow of Resources				
Unavailable revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	236,500	190,003	589,165
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>-</u>	<u>236,500</u>	<u>190,003</u>	<u>589,165</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 92,554</u>	<u>\$ 236,500</u>	<u>\$ 190,003</u>	<u>\$ 611,648</u>

City of Redlands, California
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

Special Revenue Funds					
Traffic Safety	Measure I	Open Space	Downtown Redlands Business Area	Parking Authority	General Capital Improvement
\$ 500	\$ 551,766	\$ 1,622,321	\$ 25,254	\$ 13,796	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	240,236	-	-	-	-
13,640	-	-	372	-	72,965
-	-	-	-	-	-
<u>\$ 14,140</u>	<u>\$ 792,002</u>	<u>\$ 1,622,321</u>	<u>\$ 25,626</u>	<u>\$ 13,796</u>	<u>\$ 72,965</u>
\$ 2,918	\$ -	\$ -	\$ 18,918	\$ 2,484	\$ 14,116
-	-	-	1,908	-	-
-	-	-	4,740	-	34,633
-	-	-	-	11,312	-
-	-	-	-	-	40,159
<u>2,918</u>	<u>-</u>	<u>-</u>	<u>25,566</u>	<u>13,796</u>	<u>88,908</u>
-	-	-	60	-	35,610
-	-	-	-	-	-
11,222	792,002	-	-	-	-
-	-	1,622,321	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(51,553)
<u>11,222</u>	<u>792,002</u>	<u>1,622,321</u>	<u>-</u>	<u>-</u>	<u>(51,553)</u>
<u>\$ 14,140</u>	<u>\$ 792,002</u>	<u>\$ 1,622,321</u>	<u>\$ 25,626</u>	<u>\$ 13,796</u>	<u>\$ 72,965</u>

City of Redlands, California
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Community Development Block Grant	Asset Forfeiture	Police Grants	Supplemental Law Enforcement
Assets				
Cash and investments	\$ -	\$ 1,262,688	\$ 139,320	\$ 420,859
Cash and investments with fiscal agent	-	-	-	-
Receivables				
Accounts	-	-	-	-
Taxes	-	-	-	-
Due from other governments	54,372	4,961	37,712	-
Advances to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 54,372</u>	<u>\$ 1,267,649</u>	<u>\$ 177,032</u>	<u>\$ 420,859</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 34,157	\$ 18,803	\$ -	\$ -
Accrued payroll	-	-	1,522	5,169
Unearned revenue	-	-	73,956	313,704
Deposits payable	-	-	-	-
Due to other funds	25,251	-	-	-
	<u>25,251</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>59,408</u>	<u>18,803</u>	<u>75,478</u>	<u>318,873</u>
Deferred Inflow of Resources				
Unavailable revenue	40,515	-	9,712	-
	<u>40,515</u>	<u>-</u>	<u>9,712</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	1,248,846	91,842	101,986
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(45,551)	-	-	-
	<u>(45,551)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>(45,551)</u>	<u>1,248,846</u>	<u>91,842</u>	<u>101,986</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 54,372</u>	<u>\$ 1,267,649</u>	<u>\$ 177,032</u>	<u>\$ 420,859</u>

City of Redlands, California
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

Special Revenue Funds					
Park and Open Space	Arterial Street Construction	Traffic Signals	Freeway Interchanges	Street Lighting District #1	CFD 2004-1 Assessment
\$ 609,313	\$ 3,954,816	\$ 1,382,585	\$ 3,815,420	\$ 13,636	\$ 370,447
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	507	5,480
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 609,313</u>	<u>\$ 3,954,816</u>	<u>\$ 1,382,585</u>	<u>\$ 3,815,420</u>	<u>\$ 14,143</u>	<u>\$ 375,927</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	28,554	232,818	-	-	30,000
-	-	-	-	-	-
-	28,554	232,818	74,817	336	43,800
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
609,313	3,926,262	1,149,767	3,740,603	13,807	332,127
-	-	-	-	-	-
-	-	-	-	-	-
<u>609,313</u>	<u>3,926,262</u>	<u>1,149,767</u>	<u>3,740,603</u>	<u>13,807</u>	<u>332,127</u>
<u>\$ 609,313</u>	<u>\$ 3,954,816</u>	<u>\$ 1,382,585</u>	<u>\$ 3,815,420</u>	<u>\$ 14,143</u>	<u>\$ 375,927</u>

City of Redlands, California
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Landscape Maintenance District	Local Transportation	PARIS	Public Art
Assets				
Cash and investments	\$ 270	\$ 222,876	\$ 11,009,302	\$ 17,129
Cash and investments with fiscal agent	-	-	-	-
Receivables	-	-	-	-
Accounts	-	-	-	-
Taxes	257	-	-	-
Due from other governments	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	\$ 527	\$ 222,876	\$ 11,009,302	\$ 17,129
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 148	\$ 333	\$ 2,021,754	\$ -
Accrued payroll	379	-	6,702	-
Unearned revenue	-	900	-	-
Deposits payable	-	35,074	50,964	-
Due to other funds	-	-	-	-
Total liabilities	527	36,307	2,079,420	-
Deferred Inflow of Resources				
Unavailable revenue	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	186,569	8,929,882	-
Committed	-	-	-	-
Assigned	-	-	-	17,129
Unassigned	-	-	-	-
Total fund balance	-	186,569	8,929,882	17,129
Total liabilities, deferred inflows of resources, and fund balances	\$ 527	\$ 222,876	\$ 11,009,302	\$ 17,129

City of Redlands, California
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

Special Revenue Funds	Capital Projects Funds		Debt Service Fund	Permanent Funds		Total Governmental Funds
Transportation Development Act	Storm Drain	Safety Hall Replacement	General Debt Service	Simonds Endowment	Pauline Stancliff Memorial Trust	
\$ -	\$ 1,975,112	\$ 1,464,056	\$ 100,465	\$ 37,996	\$ 22,460	\$ 29,923,171
-	-	-	1,418,085	-	-	1,418,085
-	-	-	-	-	-	11,889
-	-	-	1,439	-	-	453,468
100,027	-	-	-	-	-	306,532
-	74,042	-	-	-	-	74,042
<u>\$ 100,027</u>	<u>\$ 2,049,154</u>	<u>\$ 1,464,056</u>	<u>\$ 1,519,989</u>	<u>\$ 37,996</u>	<u>\$ 22,460</u>	<u>\$ 32,187,187</u>
\$ 1,642	\$ -	\$ 934	\$ -	\$ -	\$ -	\$ 2,213,973
-	-	-	-	-	-	99,421
-	-	-	-	-	-	450,416
-	-	-	-	-	-	388,722
98,292	-	-	-	-	-	163,702
<u>99,934</u>	<u>-</u>	<u>934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,316,234</u>
<u>100,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,924</u>
-	74,042	-	-	10,000	20,200	104,242
-	1,975,112	-	1,519,989	27,996	2,260	16,249,308
-	-	-	-	-	-	11,048,266
-	-	1,463,122	-	-	-	1,480,251
(99,934)	-	-	-	-	-	(197,038)
<u>(99,934)</u>	<u>2,049,154</u>	<u>1,463,122</u>	<u>1,519,989</u>	<u>37,996</u>	<u>22,460</u>	<u>28,685,029</u>
<u>\$ 100,027</u>	<u>\$ 2,049,154</u>	<u>\$ 1,464,056</u>	<u>\$ 1,519,989</u>	<u>\$ 37,996</u>	<u>\$ 22,460</u>	<u>\$ 32,187,187</u>

City of Redlands, California
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds			
	Emergency Service	Household Hazardous Waste	State Gas Tax	Air Quality Improvement
Revenues				
Taxes	\$ 1,108,982	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	66,375	2,882,454	68,494
Charges for services	2,714	156,942	-	-
Use of money and property	-	-	-	16,002
Miscellaneous	2,800	-	-	-
Total revenues	<u>1,114,496</u>	<u>223,317</u>	<u>2,882,454</u>	<u>84,496</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	4,727,237	123,578	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	-	-	72,838
Capital outlay	225,647	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>4,952,884</u>	<u>123,578</u>	<u>-</u>	<u>72,838</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,838,388)</u>	<u>99,739</u>	<u>2,882,454</u>	<u>11,658</u>
Other Financing Sources (Uses)				
Transfers in	3,838,387	-	-	-
Transfers out	-	-	(2,925,463)	-
Proceeds from sale of property	-	-	-	-
Total other financing sources (uses)	<u>3,838,387</u>	<u>-</u>	<u>(2,925,463)</u>	<u>-</u>
Net Changes in Fund Balances	(1)	99,739	(43,009)	11,658
Fund Balances, Beginning of Year	<u>1</u>	<u>136,761</u>	<u>233,012</u>	<u>577,507</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 236,500</u>	<u>\$ 190,003</u>	<u>\$ 589,165</u>

City of Redlands, California
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2020

Special Revenue Funds					
Traffic Safety	Measure I	Open Space	Downtown Redlands Business Area	Parking Authority	General Capital Improvement
\$ -	\$ 1,426,596	\$ -	\$ -	\$ -	\$ -
224,352	-	141,400	-	-	-
-	-	-	9,770	-	402,478
-	-	-	164,720	-	-
-	40,694	44,083	97	11,092	-
-	-	-	12,535	-	-
<u>224,352</u>	<u>1,467,290</u>	<u>185,483</u>	<u>187,122</u>	<u>11,092</u>	<u>402,478</u>
-	-	-	264,844	16,725	-
-	-	-	-	-	-
-	-	71,249	-	-	-
-	15,459	-	-	-	82,885
-	-	-	-	-	24,319
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>15,459</u>	<u>71,249</u>	<u>264,844</u>	<u>16,725</u>	<u>107,204</u>
<u>224,352</u>	<u>1,451,831</u>	<u>114,234</u>	<u>(77,722)</u>	<u>(5,633)</u>	<u>295,274</u>
-	-	-	60,399	5,634	2,103
(231,993)	(1,253,510)	-	-	-	-
-	-	-	-	-	-
<u>(231,993)</u>	<u>(1,253,510)</u>	<u>-</u>	<u>60,399</u>	<u>5,634</u>	<u>2,103</u>
(7,641)	198,321	114,234	(17,323)	1	297,377
18,863	593,681	1,508,087	17,323	(1)	(348,930)
<u>\$ 11,222</u>	<u>\$ 792,002</u>	<u>\$ 1,622,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51,553)</u>

City of Redlands, California
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds			
	Community Development Block Grant	Asset Forfeiture	Police Grants	Supplemental Law Enforcement
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	312,168	-	140,235	140,286
Charges for services	-	-	-	-
Use of money and property	572	33,423	-	11,413
Miscellaneous	-	185,426	-	-
Total revenues	<u>312,740</u>	<u>218,849</u>	<u>140,235</u>	<u>151,699</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	72,209	149,946	90,287
Culture and recreation	-	-	-	-
Highway and streets	167,425	-	-	-
Capital outlay	-	47,624	-	49,999
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>167,425</u>	<u>119,833</u>	<u>149,946</u>	<u>140,286</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>145,315</u>	<u>99,016</u>	<u>(9,711)</u>	<u>11,413</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of property	-	4,818	-	-
Total other financing sources (uses)	<u>-</u>	<u>4,818</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	145,315	103,834	(9,711)	11,413
Fund Balances, Beginning of Year	<u>(190,866)</u>	<u>1,145,012</u>	<u>101,553</u>	<u>90,573</u>
Fund Balances, End of Year	<u>\$ (45,551)</u>	<u>\$ 1,248,846</u>	<u>\$ 91,842</u>	<u>\$ 101,986</u>

City of Redlands, California
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2020

Special Revenue Funds					
Park and Open Space	Arterial Street Construction	Traffic Signals	Freeway Interchanges	Street Lighting District #1	CFD 2004-1 Assessment
\$ -	\$ -	\$ -	\$ -	\$ 24,580	\$ 302,334
438,311	489,239	29,549	290,015	-	-
-	-	-	-	-	-
-	-	-	883,957	-	-
16,286	108,076	37,283	93,356	-	9,579
-	-	-	-	-	40,869
<u>454,597</u>	<u>597,315</u>	<u>66,832</u>	<u>1,267,328</u>	<u>24,580</u>	<u>352,782</u>
-	-	-	-	-	339,936
-	-	-	-	-	-
218,428	-	-	-	-	-
-	363,974	591	133,738	19,652	-
-	-	-	353,961	-	-
59,079	-	-	-	-	-
43,238	-	-	-	-	-
<u>320,745</u>	<u>363,974</u>	<u>591</u>	<u>487,699</u>	<u>19,652</u>	<u>339,936</u>
<u>133,852</u>	<u>233,341</u>	<u>66,241</u>	<u>779,629</u>	<u>4,928</u>	<u>12,846</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>133,852</u>	<u>233,341</u>	<u>66,241</u>	<u>779,629</u>	<u>4,928</u>	<u>12,846</u>
<u>475,461</u>	<u>3,692,921</u>	<u>1,083,526</u>	<u>2,960,974</u>	<u>8,879</u>	<u>319,281</u>
<u>\$ 609,313</u>	<u>\$ 3,926,262</u>	<u>\$ 1,149,767</u>	<u>\$ 3,740,603</u>	<u>\$ 13,807</u>	<u>\$ 332,127</u>

City of Redlands, California
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds			
	Landscape Maintenance District	Local Transportation	PARIS	Public Art
Revenues				
Taxes	\$ 28,663	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	10,842	-	-
Charges for services	-	-	-	-
Use of money and property	-	9,834	220,114	468
Miscellaneous	-	58	-	-
Total revenues	<u>28,663</u>	<u>20,734</u>	<u>220,114</u>	<u>468</u>
Expenditures				
Current				
General government	62,293	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	134,882	360,935	-
Capital outlay	-	-	2,803,089	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>62,293</u>	<u>134,882</u>	<u>3,164,024</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(33,630)</u>	<u>(114,148)</u>	<u>(2,943,910)</u>	<u>468</u>
Other Financing Sources (Uses)				
Transfers in	33,630	-	4,269,321	-
Transfers out	-	-	-	-
Proceeds from sale of property	-	-	-	-
Total other financing sources (uses)	<u>33,630</u>	<u>-</u>	<u>4,269,321</u>	<u>-</u>
Net Changes in Fund Balances	-	(114,148)	1,325,411	468
Fund Balances, Beginning of Year	<u>-</u>	<u>300,717</u>	<u>7,604,471</u>	<u>16,661</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 186,569</u>	<u>\$ 8,929,882</u>	<u>\$ 17,129</u>

City of Redlands, California
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2020

Special Revenue Funds	Capital Projects Funds		Debt Service Fund	Permanent Funds		Total Governmental Funds
Transportation Development Act	Storm Drain	Safety Hall Replacement	General Debt Service	Simonds Endowment	Pauline Stancliff Memorial Trust	
\$ -	\$ -	\$ -	\$ 52,209	\$ -	\$ -	\$ 2,943,364
-	151,815	-	-	-	-	1,764,681
185,035	-	-	-	-	-	4,218,137
-	-	-	-	-	-	1,208,333
-	56,869	40,846	2,958	1,037	614	754,696
-	-	-	-	-	-	241,688
<u>185,035</u>	<u>208,684</u>	<u>40,846</u>	<u>55,167</u>	<u>1,037</u>	<u>614</u>	<u>11,130,899</u>
-	-	4,171	-	-	-	687,969
-	-	-	-	-	-	5,163,257
-	-	-	-	-	-	289,677
95,192	236,425	-	-	-	-	1,683,996
93,205	-	-	-	-	-	3,597,844
-	-	-	1,220,000	-	-	1,279,079
-	-	-	477,426	-	-	520,664
<u>188,397</u>	<u>236,425</u>	<u>4,171</u>	<u>1,697,426</u>	<u>-</u>	<u>-</u>	<u>13,222,486</u>
<u>(3,362)</u>	<u>(27,741)</u>	<u>36,675</u>	<u>(1,642,259)</u>	<u>1,037</u>	<u>614</u>	<u>(2,091,587)</u>
-	-	-	1,779,600	-	-	9,989,074
-	-	(53,589)	-	-	-	(4,464,555)
-	-	-	-	-	-	4,818
<u>-</u>	<u>-</u>	<u>(53,589)</u>	<u>1,779,600</u>	<u>-</u>	<u>-</u>	<u>5,529,337</u>
<u>(3,362)</u>	<u>(27,741)</u>	<u>(16,914)</u>	<u>137,341</u>	<u>1,037</u>	<u>614</u>	<u>3,437,750</u>
<u>(96,572)</u>	<u>2,076,895</u>	<u>1,480,036</u>	<u>1,382,648</u>	<u>36,959</u>	<u>21,846</u>	<u>25,247,279</u>
<u>\$ (99,934)</u>	<u>\$ 2,049,154</u>	<u>\$ 1,463,122</u>	<u>\$ 1,519,989</u>	<u>\$ 37,996</u>	<u>\$ 22,460</u>	<u>\$ 28,685,029</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Emergency Service
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1	\$ 1	\$ 1	\$ -
Resources				
Taxes	1,100,000	1,100,000	1,108,982	8,982
Charges for services	-	3,000	2,714	(286)
Miscellaneous	-	2,800	2,800	-
Transfers in	4,022,924	4,209,273	3,838,387	(370,886)
Amounts available for appropriations	<u>5,122,925</u>	<u>5,315,074</u>	<u>4,952,884</u>	<u>(362,190)</u>
Charges to Appropriations (Outflow)				
Public safety	5,087,924	5,057,073	4,727,237	329,836
Capital outlay	35,000	258,000	225,647	32,353
Total charges to appropriations	<u>5,122,924</u>	<u>5,315,073</u>	<u>4,952,884</u>	<u>362,189</u>
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Household Hazardous Waste
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 136,761	\$ 136,761	\$ 136,761	\$ -
Resources				
Intergovernmental	5,009	2,800	66,375	63,575
Charges for services	113,000	109,900	156,942	47,042
Amounts available for appropriations	<u>254,770</u>	<u>249,461</u>	<u>360,078</u>	<u>110,617</u>
Charges to Appropriations (Outflow)				
Public safety	<u>186,629</u>	<u>168,505</u>	<u>123,578</u>	<u>44,927</u>
Total charges to appropriations	<u>186,629</u>	<u>168,505</u>	<u>123,578</u>	<u>44,927</u>
Fund Balance, June 30	<u>\$ 68,141</u>	<u>\$ 80,956</u>	<u>\$ 236,500</u>	<u>\$ 155,544</u>

City of Redlands, California
 Budgetary Comparison Schedule
 State Gas Tax
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 233,012	\$ 233,012	\$ 233,012	\$ -
Resources				
Intergovernmental	<u>3,038,058</u>	<u>2,994,640</u>	<u>2,882,454</u>	<u>(112,186)</u>
Amounts available for appropriations	<u>3,271,070</u>	<u>3,227,652</u>	<u>3,115,466</u>	<u>(112,186)</u>
Charges to Appropriations (Outflow)				
Transfers out	<u>3,038,058</u>	<u>2,994,640</u>	<u>2,925,463</u>	<u>69,177</u>
Total charges to appropriations	<u>3,038,058</u>	<u>2,994,640</u>	<u>2,925,463</u>	<u>69,177</u>
Fund Balance, June 30	<u><u>\$ 233,012</u></u>	<u><u>\$ 233,012</u></u>	<u><u>\$ 190,003</u></u>	<u><u>\$ (43,009)</u></u>

City of Redlands, California
 Budgetary Comparison Schedule
 Air Quality Improvement
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 577,507	\$ 577,507	\$ 577,507	\$ -
Resources				
Intergovernmental	89,000	89,000	68,494	(20,506)
Use of money and property	2,532	4,000	16,002	12,002
Amounts available for appropriations	<u>669,039</u>	<u>670,507</u>	<u>662,003</u>	<u>(8,504)</u>
Charges to Appropriations (Outflow)				
Highway and streets	-	87,380	72,838	14,542
Capital outlay	500,000	500,000	-	500,000
Total charges to appropriations	<u>500,000</u>	<u>587,380</u>	<u>72,838</u>	<u>514,542</u>
Fund Balance, June 30	<u>\$ 169,039</u>	<u>\$ 83,127</u>	<u>\$ 589,165</u>	<u>\$ 506,038</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Traffic Safety
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 18,863	\$ 18,863	\$ 18,863	\$ -
Resources				
Licenses and permits	200,000	186,642	224,352	37,710
Amounts available for appropriations	218,863	205,505	243,215	37,710
Charges to Appropriations (Outflow)				
Transfers out	200,000	205,506	231,993	(26,487)
Total charges to appropriations	200,000	205,506	231,993	(26,487)
Fund Balance, June 30	<u>\$ 18,863</u>	<u>\$ (1)</u>	<u>\$ 11,222</u>	<u>\$ 11,223</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Measure I (2010)
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 593,681	\$ 593,681	\$ 593,681	\$ -
Resources				
Taxes	1,228,300	1,104,336	1,426,596	322,260
Use of money and property	-	(9,147)	40,694	49,841
Amounts available for appropriations	<u>1,821,981</u>	<u>1,688,870</u>	<u>2,060,971</u>	<u>372,101</u>
Charges to Appropriations (Outflow)				
Highway and streets	15,460	15,460	15,459	1
Transfers out	<u>1,215,731</u>	<u>1,253,509</u>	<u>1,253,510</u>	<u>(1)</u>
Total charges to appropriations	<u>1,231,191</u>	<u>1,268,969</u>	<u>1,268,969</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 590,790</u>	<u>\$ 419,901</u>	<u>\$ 792,002</u>	<u>\$ 372,101</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Open Space
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,508,087	\$ 1,508,087	\$ 1,508,087	\$ -
Resources				
Licenses and permits	50,000	140,366	141,400	1,034
Use of money and property	5,000	-	44,083	44,083
Amounts available for appropriations	<u>1,563,087</u>	<u>1,648,453</u>	<u>1,693,570</u>	<u>45,117</u>
Charges to Appropriations (Outflow)				
Culture and recreation	-	68,480	71,249	(2,769)
Total charges to appropriations	<u>-</u>	<u>68,480</u>	<u>71,249</u>	<u>(2,769)</u>
Fund Balance, June 30	<u>\$ 1,563,087</u>	<u>\$ 1,579,973</u>	<u>\$ 1,622,321</u>	<u>\$ 42,348</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Downtown Redlands Business Area
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 17,323	\$ 17,323	\$ 17,323	\$ -
Resources				
Intergovernmental	5,000	6,011	9,770	3,759
Charges for services	310,000	170,000	164,720	(5,280)
Use of money and property	1,000	417	97	(320)
Miscellaneous	15,000	13,711	12,535	(1,176)
Transfers in	-	55,161	60,399	5,238
Amounts available for appropriations	<u>348,323</u>	<u>262,623</u>	<u>264,844</u>	<u>2,221</u>
Charges to Appropriations (Outflow)				
General government	<u>317,051</u>	<u>262,080</u>	<u>264,844</u>	<u>(2,764)</u>
Total charges to appropriations	<u>317,051</u>	<u>262,080</u>	<u>264,844</u>	<u>(2,764)</u>
Fund Balance, June 30	<u>\$ 31,272</u>	<u>\$ 543</u>	<u>\$ -</u>	<u>\$ (543)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Parking Authority
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (1)	\$ (1)	\$ (1)	\$ -
Resources				
Use of money and property	12,480	12,000	11,092	(908)
Transfers in	-	6,688	5,634	(1,054)
Amounts available for appropriations	12,479	18,687	16,725	(1,962)
Charges to Appropriations (Outflow)				
General government	19,406	16,406	16,725	(319)
Total charges to appropriations	19,406	16,406	16,725	(319)
Fund Balance, June 30	\$ (6,927)	\$ 2,281	\$ -	\$ (2,281)

City of Redlands, California
 Budgetary Comparison Schedule
 General Capital Improvement
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (348,930)	\$ (348,930)	\$ (348,930)	\$ -
Resources				
Intergovernmental	-	5,748,540	402,478	(5,346,062)
Transfers in	-	15,942	2,103	(13,839)
Amounts available for appropriations	(348,930)	5,415,552	55,651	(5,359,901)
Charges to Appropriations (Outflow)				
Highway and streets	-	144,249	82,885	61,364
Capital outlay	-	5,271,302	24,319	5,246,983
Total charges to appropriations	-	5,415,551	107,204	5,308,347
Fund Balance, June 30	<u>\$ (348,930)</u>	<u>\$ 1</u>	<u>\$ (51,553)</u>	<u>\$ (51,554)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Community Development Block Grant
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (190,866)	\$ (190,866)	\$ (190,866)	\$ -
Resources				
Intergovernmental	394,614	1,180,408	312,168	(868,240)
Use of money and property	-	-	572	572
Amounts available for appropriations	<u>203,748</u>	<u>989,542</u>	<u>121,874</u>	<u>(867,668)</u>
Charges to Appropriations (Outflow)				
Highway and streets	127,872	418,278	167,425	250,853
Capital outlay	<u>266,742</u>	<u>557,472</u>	<u>-</u>	<u>557,472</u>
Total charges to appropriations	<u>394,614</u>	<u>975,750</u>	<u>167,425</u>	<u>808,325</u>
Fund Balance, June 30	<u><u>\$ (190,866)</u></u>	<u><u>\$ 13,792</u></u>	<u><u>\$ (45,551)</u></u>	<u><u>\$ (59,343)</u></u>

City of Redlands, California
 Budgetary Comparison Schedule
 Asset Forfeiture
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,145,012	\$ 1,145,012	\$ 1,145,012	\$ -
Resources				
Use of money and property	-	8,938	33,423	24,485
Miscellaneous	-	177,654	185,426	7,772
Proceeds from sale of property	-	4,818	4,818	-
Amounts available for appropriations	<u>1,145,012</u>	<u>1,336,422</u>	<u>1,368,679</u>	<u>32,257</u>
Charges to Appropriations (Outflow)				
Public safety	145,558	149,349	72,209	77,140
Capital outlay	<u>50,000</u>	<u>93,834</u>	<u>47,624</u>	<u>46,210</u>
Total charges to appropriations	<u>195,558</u>	<u>243,183</u>	<u>119,833</u>	<u>123,350</u>
Fund Balance, June 30	<u>\$ 949,454</u>	<u>\$ 1,093,239</u>	<u>\$ 1,248,846</u>	<u>\$ 155,607</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Police Grants
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 101,553	\$ 101,553	\$ 101,553	\$ -
Resources				
Intergovernmental	<u>65,263</u>	<u>310,270</u>	<u>140,235</u>	<u>(170,035)</u>
Amounts available for appropriations	<u>166,816</u>	<u>411,823</u>	<u>241,788</u>	<u>(170,035)</u>
Charges to Appropriations (Outflow)				
Public safety	65,287	247,743	149,946	97,797
Capital outlay	<u>9,488</u>	<u>65,800</u>	<u>-</u>	<u>65,800</u>
Total charges to appropriations	<u>74,775</u>	<u>313,543</u>	<u>149,946</u>	<u>163,597</u>
Fund Balance, June 30	<u>\$ 92,041</u>	<u>\$ 98,280</u>	<u>\$ 91,842</u>	<u>\$ (6,438)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Supplemental Law Enforcement
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 90,573	\$ 90,573	\$ 90,573	\$ -
Resources				
Intergovernmental	135,000	169,413	140,286	(29,127)
Use of money and property	6,000	2,932	11,413	8,481
Amounts available for appropriations	<u>231,573</u>	<u>262,918</u>	<u>242,272</u>	<u>(20,646)</u>
Charges to Appropriations (Outflow)				
Public safety	131,022	98,157	90,287	7,870
Capital outlay	60,000	49,999	49,999	-
Total charges to appropriations	<u>191,022</u>	<u>148,156</u>	<u>140,286</u>	<u>7,870</u>
Fund Balance, June 30	<u>\$ 40,551</u>	<u>\$ 114,762</u>	<u>\$ 101,986</u>	<u>\$ (12,776)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Park and Open Space
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 475,461	\$ 475,461	\$ 475,461	\$ -
Resources				
Licenses and permits	150,000	367,548	438,311	70,763
Use of money and property	-	4,158	16,286	12,128
Amounts available for appropriations	<u>625,461</u>	<u>847,167</u>	<u>930,058</u>	<u>82,891</u>
Charges to Appropriations (Outflow)				
Culture and recreation	4,206	229,362	218,428	10,934
Capital outlay	-	-	-	-
Debt service				
Principal retirement	59,079	59,079	59,079	-
Interest and fiscal charges	<u>43,238</u>	<u>43,238</u>	<u>43,238</u>	<u>-</u>
Total charges to appropriations	<u>106,523</u>	<u>331,679</u>	<u>320,745</u>	<u>10,934</u>
Fund Balance, June 30	<u>\$ 518,938</u>	<u>\$ 515,488</u>	<u>\$ 609,313</u>	<u>\$ 93,825</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Arterial Street Construction
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 3,692,921	\$ 3,692,921	\$ 3,692,921	\$ -
Resources				
Licenses and permits	265,000	452,500	489,239	36,739
Use of money and property	-	53,000	108,076	55,076
Amounts available for appropriations	<u>3,957,921</u>	<u>4,198,421</u>	<u>4,290,236</u>	<u>91,815</u>
Charges to Appropriations (Outflow)				
Highway and streets	-	354,187	363,974	(9,787)
Total charges to appropriations	<u>-</u>	<u>354,187</u>	<u>363,974</u>	<u>(9,787)</u>
Fund Balance, June 30	<u><u>\$ 3,957,921</u></u>	<u><u>\$ 3,844,234</u></u>	<u><u>\$ 3,926,262</u></u>	<u><u>\$ 82,028</u></u>

City of Redlands, California
 Budgetary Comparison Schedule
 Traffic Signals
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,083,526	\$ 1,083,526	\$ 1,083,526	\$ -
Resources				
Licenses and permits	35,000	27,300	29,549	2,249
Use of money and property	-	17,500	37,283	19,783
Amounts available for appropriations	<u>1,118,526</u>	<u>1,128,326</u>	<u>1,150,358</u>	<u>22,032</u>
Charges to Appropriations (Outflow)				
Highway and streets	<u>200,000</u>	<u>360,000</u>	<u>591</u>	<u>359,409</u>
Total charges to appropriations	<u>200,000</u>	<u>360,000</u>	<u>591</u>	<u>359,409</u>
Fund Balance, June 30	<u><u>\$ 918,526</u></u>	<u><u>\$ 768,326</u></u>	<u><u>\$ 1,149,767</u></u>	<u><u>\$ 381,441</u></u>

City of Redlands, California
 Budgetary Comparison Schedule
 Freeway Interchanges
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 2,960,974	\$ 2,960,974	\$ 2,960,974	\$ -
Resources				
Licenses and permits	175,000	270,000	290,015	20,015
Charges for services	-	278,857	883,957	605,100
Use of money and property	-	42,000	93,356	51,356
Amounts available for appropriations	<u>3,135,974</u>	<u>3,551,831</u>	<u>4,228,302</u>	<u>676,471</u>
Charges to Appropriations (Outflow)				
Highway and streets	-	2,864,425	133,738	2,730,687
Capital outlay	-	-	353,961	(353,961)
Total charges to appropriations	<u>-</u>	<u>2,864,425</u>	<u>487,699</u>	<u>2,376,726</u>
Fund Balance, June 30	<u>\$ 3,135,974</u>	<u>\$ 687,406</u>	<u>\$ 3,740,603</u>	<u>\$ 3,053,197</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Street Lighting District #1
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 8,879	\$ 8,879	\$ 8,879	\$ -
Resources				
Taxes	27,500	24,300	24,580	280
Transfers in	3,700	-	-	-
Amounts available for appropriations	<u>40,079</u>	<u>33,179</u>	<u>33,459</u>	<u>280</u>
Charges to Appropriations (Outflow):				
Highway and streets	<u>31,157</u>	<u>20,126</u>	<u>19,652</u>	<u>474</u>
Total charges to appropriations	<u>31,157</u>	<u>20,126</u>	<u>19,652</u>	<u>474</u>
Fund Balance, June 30	<u>\$ 8,922</u>	<u>\$ 13,053</u>	<u>\$ 13,807</u>	<u>\$ 754</u>

City of Redlands, California
 Budgetary Comparison Schedule
 CFD 2004-1 Assessment
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 319,281	\$ 319,281	\$ 319,281	\$ -
Resources				
Taxes	200,000	292,000	302,334	10,334
Use of money and property	5,365	4,137	9,579	5,442
Miscellaneous	-	-	40,869	40,869
Amounts available for appropriations	<u>524,646</u>	<u>615,418</u>	<u>672,063</u>	<u>56,645</u>
Charges to Appropriations (Outflow)				
General government	<u>208,159</u>	<u>264,448</u>	<u>339,936</u>	<u>(75,488)</u>
Total charges to appropriations	<u>208,159</u>	<u>264,448</u>	<u>339,936</u>	<u>(75,488)</u>
Fund Balance, June 30	<u>\$ 316,487</u>	<u>\$ 350,970</u>	<u>\$ 332,127</u>	<u>\$ (18,843)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Landscape Maintenance District
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources				
Taxes	30,000	29,000	28,663	(337)
Transfers in	34,946	34,684	33,630	(1,054)
Amounts available for appropriations	<u>64,946</u>	<u>63,684</u>	<u>62,293</u>	<u>(1,391)</u>
Charges to Appropriations (Outflow)				
General government	<u>64,946</u>	<u>63,684</u>	<u>62,293</u>	<u>1,391</u>
Total charges to appropriations	<u>64,946</u>	<u>63,684</u>	<u>62,293</u>	<u>1,391</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Local Transportation
 Year Ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 300,717	\$ 300,717	\$ 300,717	\$ -
Resources				
Intergovernmental	-	281,112	10,842	(270,270)
Use of money and property	-	2,335	9,834	7,499
Miscellaneous	-	58	58	-
Amounts available for appropriations	<u>300,717</u>	<u>584,222</u>	<u>321,451</u>	<u>(262,771)</u>
Charges to Appropriations (Outflow)				
Highway and streets	29,238	255,647	134,882	120,765
Capital outlay	-	300,300	-	300,300
Total charges to appropriations	<u>29,238</u>	<u>555,947</u>	<u>134,882</u>	<u>421,065</u>
Fund Balance, June 30	<u>\$ 271,479</u>	<u>\$ 28,275</u>	<u>\$ 186,569</u>	<u>\$ 158,294</u>

City of Redlands, California
 Budgetary Comparison Schedule
 PARIS
 Year Ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 7,604,471	\$ 7,604,471	\$ 7,604,471	\$ -
Resources				
Use of money and property	-	56,095	220,114	164,019
Transfers in	4,472,225	4,305,565	4,269,321	(36,244)
Amounts available for appropriations	12,076,696	11,966,131	12,093,906	127,775
Charges to Appropriations (Outflow)				
Highway and streets	499,031	436,635	360,935	75,700
Capital outlay	3,420,731	10,030,449	2,803,089	7,227,360
Total charges to appropriations	3,919,762	10,467,084	3,164,024	7,303,060
Fund Balance, June 30	\$ 8,156,934	\$ 1,499,047	\$ 8,929,882	\$ 7,430,835

City of Redlands, California
 Budgetary Comparison Schedule
 Public Arts
 Year Ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 16,661	\$ 16,661	\$ 16,661	\$ -
Resources				
Use of money and property	-	-	468	468
Amounts available for appropriations	16,661	16,661	17,129	468
Fund Balance, June 30	<u>\$ 16,661</u>	<u>\$ 16,661</u>	<u>\$ 17,129</u>	<u>\$ 468</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Transportation Development Act
 Year Ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (96,572)	\$ (96,572)	\$ (96,572)	\$ -
Resources				
Intergovernmental	-	1,575,749	185,035	(1,390,714)
Amounts available for appropriations	(96,572)	1,479,177	88,463	(1,390,714)
Charges to Appropriations (Outflow)				
Highway and streets	-	70,373	95,192	(24,819)
Capital outlay	-	1,408,711	93,205	1,315,506
Total charges to appropriations	-	1,479,084	188,397	1,290,687
Fund Balance, June 30	<u>\$ (96,572)</u>	<u>\$ 93</u>	<u>\$ (99,934)</u>	<u>\$ (100,027)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Storm Drain
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 2,076,895	\$ 2,076,895	\$ 2,076,895	\$ -
Resources				
Licenses and permits	100,000	136,000	151,815	15,815
Use of money and property	-	27,000	56,869	29,869
Amounts available for appropriations	<u>2,176,895</u>	<u>2,239,895</u>	<u>2,285,579</u>	<u>45,684</u>
Charges to Appropriations (Outflow)				
Highway and streets	<u>4,836</u>	<u>906,078</u>	<u>236,425</u>	<u>669,653</u>
Total charges to appropriations	<u>4,836</u>	<u>906,078</u>	<u>236,425</u>	<u>669,653</u>
Fund Balance, June 30	<u><u>\$ 2,172,059</u></u>	<u><u>\$ 1,333,817</u></u>	<u><u>\$ 2,049,154</u></u>	<u><u>\$ 715,337</u></u>

City of Redlands, California
 Budgetary Comparison Schedule
 Safety Hall Replacement
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,480,036	\$ 1,480,036	\$ 1,480,036	\$ -
Resources				
Use of money and property	-	20,000	40,846	20,846
Amounts available for appropriations	1,480,036	1,500,036	1,520,882	20,846
Charges to Appropriations (Outflow)				
General government	-	12,821	4,171	8,650
Capital outlay	-	14,309	-	14,309
Transfers out	-	-	53,589	(53,589)
Total charges to appropriations	-	27,130	57,760	(30,630)
Fund Balance, June 30	<u>\$ 1,480,036</u>	<u>\$ 1,472,906</u>	<u>\$ 1,463,122</u>	<u>\$ (9,784)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 General Debt Service
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,382,648	\$ 1,382,648	\$ 1,382,648	\$ -
Resources				
Taxes	-	40,200	52,209	12,009
Use of money and property	-	1,800	2,958	1,158
Transfers in	1,630,488	1,630,488	1,779,600	149,112
Amounts available for appropriations	<u>3,013,136</u>	<u>3,055,136</u>	<u>3,217,415</u>	<u>162,279</u>
Charges to Appropriations (Outflow)				
Debt service				
Principal retirement	1,151,405	1,220,000	1,220,000	-
Interest and fiscal charges	479,083	477,428	477,426	2
Total charges to appropriations	<u>1,630,488</u>	<u>1,697,428</u>	<u>1,697,426</u>	<u>2</u>
Fund Balance, June 30	<u><u>\$ 1,382,648</u></u>	<u><u>\$ 1,357,708</u></u>	<u><u>\$ 1,519,989</u></u>	<u><u>\$ 162,281</u></u>

City of Redlands, California
 Budgetary Comparison Schedule
 Simonds Endowment
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 36,959	\$ 36,959	\$ 36,959	\$ -
Resources				
Use of money and property	<u>1,000</u>	<u>-</u>	<u>1,037</u>	<u>1,037</u>
Amounts available for appropriations	<u>37,959</u>	<u>36,959</u>	<u>37,996</u>	<u>1,037</u>
Fund Balance, June 30	<u><u>\$ 37,959</u></u>	<u><u>\$ 36,959</u></u>	<u><u>\$ 37,996</u></u>	<u><u>\$ 1,037</u></u>

City of Redlands, California
 Budgetary Comparison Schedule
 Pauline Stancliff Memorial Trust
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 21,846	\$ 21,846	\$ 21,846	\$ -
Resources				
Use of money and property	500	-	614	614
Amounts available for appropriations	22,346	21,846	22,460	614
Fund Balance, June 30	\$ 22,346	\$ 21,846	\$ 22,460	\$ 614

City of Redlands, California
Combining Statement of Net Position – Nonmajor Proprietary Funds
June 30, 2020

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Assets					
Current					
Cash and investments	\$ 461,732	\$ 4,449,577	\$ 2,430,848	\$ 199,541	\$ 7,541,698
Receivables					
Accounts	124,109	40,414	96,401	26,057	286,981
Taxes	-	-	-	-	-
Prepaid costs	-	-	-	-	-
Due from other governments	-	-	-	30,000	30,000
Total current assets	<u>585,841</u>	<u>4,489,991</u>	<u>2,527,249</u>	<u>255,598</u>	<u>7,858,679</u>
Noncurrent					
Capital assets - net of accumulated depreciation	13,718,811	-	1,201,190	4,213,710	19,133,711
Cash and investments with fiscal agent	-	-	-	-	-
Total noncurrent assets	<u>13,718,811</u>	<u>-</u>	<u>1,201,190</u>	<u>4,213,710</u>	<u>19,133,711</u>
Total assets	<u>14,304,652</u>	<u>4,489,991</u>	<u>3,728,439</u>	<u>4,469,308</u>	<u>26,992,390</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions	4,231	6,733	53,961	18,394	83,319
Deferred outflows related to OPEB	-	-	70,947	17,736	88,683
Total deferred outflows of resources	<u>4,231</u>	<u>6,733</u>	<u>124,908</u>	<u>36,130</u>	<u>172,002</u>
Total assets and deferred outflows of resources	<u>\$ 14,308,883</u>	<u>\$ 4,496,724</u>	<u>\$ 3,853,347</u>	<u>\$ 4,505,438</u>	<u>\$ 27,164,392</u>
Liabilities, Deferred Inflows of Resources, and Net Position					
Liabilities					
Current					
Accounts payable	\$ 149,973	\$ 26,660	\$ 26,679	\$ 5,770	\$ 209,082
Accrued payroll	-	5,090	7,529	2,006	14,625
Unearned revenue	-	-	-	8,705	8,705
Deposits payable	-	-	1,053,530	1,431	1,054,961
Accrued compensated absences	42	1,089	21,485	1,326	23,941
Total current liabilities	<u>150,015</u>	<u>32,839</u>	<u>1,109,223</u>	<u>19,238</u>	<u>1,311,314</u>
Noncurrent					
Advances from other funds	-	-	1,024,369	879,327	1,903,696
Accrued compensated absences	42	1,089	21,485	1,326	23,941
Total OPEB liability	-	-	1,066,388	227,544	1,293,932
Net pension liability	32,597	51,888	415,771	141,723	641,979
Total noncurrent liabilities	<u>32,639</u>	<u>52,977</u>	<u>2,528,013</u>	<u>1,249,920</u>	<u>3,863,548</u>
Total liabilities	<u>182,653</u>	<u>85,816</u>	<u>3,637,235</u>	<u>1,269,158</u>	<u>5,174,862</u>
Deferred Inflow of Resources					
Deferred inflows related to pensions	2,819	2,093	11,444	8,355	24,711
Deferred inflows related to OPEB	-	-	41,407	10,351	51,758
Total deferred inflows of resources	<u>2,819</u>	<u>2,093</u>	<u>52,851</u>	<u>18,706</u>	<u>76,469</u>
Net Position					
Non-spendable					
Net investment in capital assets	13,718,811	-	1,201,190	4,213,710	19,133,711
Restricted	435,088	-	110,741	-	545,829
Unrestricted	(30,488)	4,408,815	(1,148,670)	(996,136)	2,233,521
Total net position	<u>14,123,411</u>	<u>4,408,815</u>	<u>163,261</u>	<u>3,217,574</u>	<u>21,913,061</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 14,308,883</u>	<u>\$ 4,496,724</u>	<u>\$ 3,853,347</u>	<u>\$ 4,505,438</u>	<u>\$ 27,164,392</u>

City of Redlands, California
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position – Nonmajor Proprietary Funds
Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Operating Revenues					
Sales and services charges	\$ 481,632	\$ 484,262	\$ 926,398	\$ 133,262	\$ 2,025,554
Miscellaneous	55,478	-	178,756	185,387	419,621
Total operating revenues	<u>537,110</u>	<u>484,262</u>	<u>1,105,154</u>	<u>318,649</u>	<u>2,445,175</u>
Operating Expenses					
Personnel services	3,050	70,250	512,528	96,868	682,696
Administrative and contractual services	821,208	133,194	419,363	264,103	1,637,868
Supplies	-	46,467	77,094	9,380	132,941
Depreciation expense	21,240	-	19,157	247,944	288,341
Total operating expenses	<u>845,498</u>	<u>249,911</u>	<u>1,028,142</u>	<u>618,295</u>	<u>2,741,846</u>
Operating income (loss)	<u>(308,388)</u>	<u>234,351</u>	<u>77,012</u>	<u>(299,646)</u>	<u>(296,671)</u>
Nonoperating Revenues (Expenses)					
Interest revenue	16,602	119,892	73,409	6,091	215,994
Interest expense	-	-	(21,734)	(18,717)	(40,451)
Miscellaneous income	-	-	20,393	362	20,755
Property taxes	-	-	-	81,098	81,098
Grants	-	-	-	43,776	43,776
Total nonoperating revenue (expenses)	<u>16,602</u>	<u>119,892</u>	<u>72,068</u>	<u>112,610</u>	<u>321,172</u>
Income (loss) before transfers and Contributions	<u>(291,786)</u>	<u>354,243</u>	<u>149,080</u>	<u>(187,036)</u>	<u>24,501</u>
Transfers in	-	-	-	-	-
Transfers out	(96,472)	-	-	-	(96,472)
Contributions	856,610	41,148	-	-	897,758
Changes in Net Position	<u>468,352</u>	<u>395,391</u>	<u>149,080</u>	<u>(187,036)</u>	<u>825,787</u>
Net Position, Beginning of Year	<u>13,655,059</u>	<u>4,013,424</u>	<u>14,181</u>	<u>3,404,610</u>	<u>21,087,274</u>
Net Position, End of Year	<u>\$ 14,123,411</u>	<u>\$ 4,408,815</u>	<u>\$ 163,261</u>	<u>\$ 3,217,574</u>	<u>\$ 21,913,061</u>

City of Redlands, California
Combining Statement of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Operating Activities					
Cash received from customers	\$ 413,324	\$ 474,627	\$ 1,206,446	\$ 315,811	\$ 2,410,208
Cash paid to suppliers for goods and services	(744,399)	(159,389)	(515,544)	(292,068)	(1,711,400)
Cash paid to employees for services	-	(62,381)	(434,442)	(73,134)	(569,957)
Net Cash Provided (Used) by Operating Activities	<u>(331,075)</u>	<u>252,857</u>	<u>256,460</u>	<u>(49,391)</u>	<u>128,851</u>
Non-Capital Financing Activities					
Cash transfers in	-	-	-	-	-
Cash transfers out	(96,472)	-	-	-	(96,472)
Advances from other funds	-	-	(30,666)	(29,283)	(59,949)
Intergovernmental	-	-	-	81,098	81,098
Grants received	-	-	-	55,030	55,030
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(96,472)</u>	<u>-</u>	<u>(30,666)</u>	<u>106,845</u>	<u>(20,293)</u>
Capital and Related Financing Activities					
Acquisition and construction of capital assets	(856,610)	-	(138,087)	(7,754)	(1,002,451)
Interest paid on long-term debt	-	-	(21,734)	(18,717)	(40,451)
Cash contributions received from developers	856,610	41,148	-	-	897,758
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>41,148</u>	<u>(159,821)</u>	<u>(26,471)</u>	<u>(145,144)</u>
Investing Activities					
Interest received	16,602	119,892	73,409	6,091	215,994
Net Cash Provided (Used) by Investing Activities	<u>16,602</u>	<u>119,892</u>	<u>73,409</u>	<u>6,091</u>	<u>215,994</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(410,945)	413,897	139,382	37,074	179,408
Cash and Cash Equivalents at Beginning of Year	872,677	4,035,680	2,291,466	162,467	7,362,290
Cash and Cash Equivalents at End of Year	<u>\$ 461,732</u>	<u>\$ 4,449,577</u>	<u>\$ 2,430,848</u>	<u>\$ 199,541</u>	<u>\$ 7,541,698</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	<u>\$ (308,388)</u>	<u>\$ 234,351</u>	<u>\$ 77,012</u>	<u>\$ (299,646)</u>	<u>\$ (296,671)</u>
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	21,240	-	19,157	247,944	288,341
(Increase) decrease in accounts receivable	(123,786)	(9,635)	12,609	(1,342)	(122,154)
(Increase) decrease in deferred outflows	1,744	2,777	(11,321)	(808)	(7,608)
Increase (decrease) in deferred inflows	255	406	28,017	7,300	35,978
Increase (decrease) in accounts payable	76,809	20,272	(19,087)	(18,786)	59,208
Increase (decrease) in accrued payroll	-	2,172	1,353	1,372	4,897
Increase (decrease) in deposits payable	-	-	88,683	-	88,683
Increase (decrease) in unearned revenue	-	-	-	(1,295)	(1,295)
Increase (decrease) in net pension liability	1,051	1,672	13,401	4,568	20,692
Increase (decrease) in total OPEB liability	-	-	41,128	10,282	51,410
Increase (decrease) in compensated absences	-	842	5,508	1,020	7,370
Total Adjustments	<u>(22,687)</u>	<u>18,506</u>	<u>179,448</u>	<u>250,255</u>	<u>425,522</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (331,075)</u>	<u>\$ 252,857</u>	<u>\$ 256,460</u>	<u>\$ (49,391)</u>	<u>\$ 128,851</u>

City of Redlands, California
Combining Statement of Net Position – Internal Service Funds
June 30, 2020

	Governmental Activities - Internal Service Funds						Total
	Liability Self-Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance	Utility Billing	Payroll Clearing	
Assets							
Current							
Cash and investments	\$ 879,284	\$ 1,892,239	\$ 2,668,665	\$ 1,845,112	\$ 1,603,467	\$ 1,919,952	\$ 10,808,719
Receivables							
Accounts	-	-	61,696	34,201	3,605	127	99,629
Taxes	-	-	-	693,973	-	-	693,973
Prepaid costs	3,761	-	-	-	-	2,256	6,017
Inventory	-	-	-	92,508	-	-	92,508
Total current assets	883,045	1,892,239	2,730,361	2,665,794	1,607,072	1,922,335	11,700,846
Noncurrent							
Capital assets - net of accumulated depreciation	-	949,869	-	45,002	-	-	994,871
Total noncurrent assets	-	949,869	-	45,002	-	-	994,871
Total assets	883,045	2,842,108	2,730,361	2,710,796	1,607,072	1,922,335	12,695,717
Deferred Outflows of Resources							
Deferred outflows related to pensions	40,352	212,919	54,704	137,919	169,645	-	615,539
Deferred outflows related to OPEB	17,736	170,380	17,736	88,685	159,633	-	454,170
Total deferred outflows of resources	58,088	383,299	72,440	226,604	329,278	-	1,069,709
Total assets and deferred outflows of resources	\$ 941,133	\$ 3,225,407	\$ 2,802,801	\$ 2,937,400	\$ 1,936,350	\$ 1,922,335	\$ 13,765,426
Liabilities, Deferred Inflows of Resources and Net Position							
Liabilities							
Current							
Accounts payable	\$ 68,390	\$ 396,470	\$ 35,755	\$ 284,443	\$ 3,994	\$ 1,411	\$ 790,463
Accrued payroll	3,485	30,793	7,448	14,602	24,294	1,848,023	1,928,645
Accrued claims and judgements	1,052,851	-	4,211,404	-	-	-	5,264,255
Total current liabilities	1,124,726	427,263	4,254,607	299,045	28,288	1,849,434	7,983,363
Noncurrent							
Accrued compensated absences	5,487	212,113	15,169	83,317	183,849	-	499,935
Accrued claims and judgements	916,394	-	4,347,861	-	-	-	5,264,255
Total OPEB liability	306,599	3,117,439	216,652	1,596,312	2,840,213	-	8,077,215
Net pension liability	297,752	1,640,552	401,799	1,062,671	1,307,122	-	4,709,896
Total noncurrent liabilities	1,526,232	4,970,104	4,981,481	2,742,300	4,331,184	-	18,551,301
Total liabilities	2,650,958	5,397,367	9,236,088	3,041,345	4,359,472	1,849,434	26,534,664
Deferred Inflows of Resources							
Deferred inflows related to pensions	(3,986)	22,396	(5,379)	24,818	25,955	-	63,804
Deferred inflows related to OPEB	10,351	103,517	10,351	51,760	93,164	-	269,143
Total deferred inflows of resources	6,365	125,913	4,972	76,578	119,119	-	332,947
Net Position							
Net investment in capital assets	-	949,869	-	45,002	-	-	994,871
Unrestricted	(1,716,190)	(3,247,742)	(6,438,259)	(225,525)	(2,542,241)	72,901	(14,097,056)
Total net position	(1,716,190)	(2,297,873)	(6,438,259)	(180,523)	(2,542,241)	72,901	(13,102,185)
Total liabilities, deferred inflows of resources and net position	\$ 941,133	\$ 3,225,407	\$ 2,802,801	\$ 2,937,400	\$ 1,936,350	\$ 1,922,335	\$ 13,765,426

City of Redlands, California
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position – Internal Service Funds
Year Ended June 30, 2020

	Governmental Activities - Internal Service Funds						Total
	Liability Self-Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance	Utility Billing	Payroll Clearing	
Operating Revenues							
Sales and service charges	\$ 17,593	\$ 3,643,951	\$ 2,348,359	\$ 6,256,450	\$ 1,299,918	\$ 1,779,601	\$ 15,345,872
Miscellaneous	8,250	-	-	-	448,082	-	456,332
Total operating revenues	<u>25,843</u>	<u>3,643,951</u>	<u>2,348,359</u>	<u>6,256,450</u>	<u>1,748,000</u>	<u>1,779,601</u>	<u>15,802,204</u>
Operating Expenses							
Personnel services	217,256	1,687,587	467,604	815,335	1,160,923	-	4,348,705
Administrative and contractual services	845,714	1,743,558	600,054	1,537,268	987,719	-	5,714,313
Supplies	279	99,837	4,805	2,892,275	25,549	-	3,022,745
Premiums paid out	915,363	-	155,031	-	-	-	1,070,394
Depreciation expense	-	59,543	-	28,332	-	-	87,875
Total operating expenses	<u>1,978,612</u>	<u>3,590,525</u>	<u>1,227,494</u>	<u>5,273,210</u>	<u>2,174,191</u>	<u>-</u>	<u>14,244,032</u>
Operating income (loss)	<u>(1,952,769)</u>	<u>53,426</u>	<u>1,120,865</u>	<u>983,240</u>	<u>(426,191)</u>	<u>1,779,601</u>	<u>1,558,172</u>
Nonoperating Revenues (Expenses)							
Interest revenue	-	51,384	66,150	44,293	47,442	-	209,269
Interest expense	(23,767)	-	-	-	-	-	(23,767)
Total nonoperating revenues (expenses)	<u>(23,767)</u>	<u>51,384</u>	<u>66,150</u>	<u>44,293</u>	<u>47,442</u>	<u>-</u>	<u>185,502</u>
Income (loss) before transfers	<u>(1,976,536)</u>	<u>104,810</u>	<u>1,187,015</u>	<u>1,027,533</u>	<u>(378,749)</u>	<u>1,779,601</u>	<u>1,743,674</u>
Transfers in	1,984,943	-	-	-	-	-	1,984,943
Transfers out	-	-	-	-	-	(1,779,600)	(1,779,600)
Changes in Net Position	8,407	104,810	1,187,015	1,027,533	(378,749)	1	1,949,017
Beginning of Year	<u>(1,724,597)</u>	<u>(2,402,683)</u>	<u>(7,625,274)</u>	<u>(1,208,056)</u>	<u>(2,163,492)</u>	<u>72,900</u>	<u>(15,051,202)</u>
End of Year	<u>\$ (1,716,190)</u>	<u>\$ (2,297,873)</u>	<u>\$ (6,438,259)</u>	<u>\$ (180,523)</u>	<u>\$ (2,542,241)</u>	<u>\$ 72,901</u>	<u>\$ (13,102,185)</u>

City of Redlands, California
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2020

	Governmental Activities - Internal Service Funds						Total
	Liability Self-Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance	Utility Billing	Payroll Clearing	
Operating Activities							
Cash received from customers and users	\$ 25,843	\$ 3,643,951	\$ 2,286,663	\$ 5,592,979	\$ 1,747,743	\$ 2,067,062	\$ 15,364,241
Cash paid to suppliers for goods and services	(1,727,581)	(1,898,776)	27,558	(4,478,289)	(1,015,671)	(1,796)	(9,094,555)
Cash payments for claims	(296,755)	-	(1,344,973)	-	-	-	(1,641,728)
Cash paid to employees for services	(178,112)	(1,423,371)	(415,238)	(662,608)	(945,000)	-	(3,624,329)
Net Cash Provided (Used) by Operating Activities	(2,176,605)	321,804	554,010	452,082	(212,928)	2,065,266	1,003,629
Non-Capital Financing Activities							
Cash transfers in	1,984,943	-	-	-	-	-	1,984,943
Cash transfers out	-	-	-	-	-	(1,779,600)	(1,779,600)
Net Cash Provided (Used) by Non-Capital Financing Activities	1,984,943	-	-	-	-	(1,779,600)	205,343
Capital and Related Financing Activities							
Interest paid on long-term debt	(23,767)	-	-	-	-	-	(23,767)
Acquisition and construction of capital assets	-	(595,269)	-	-	-	-	(595,269)
Net Cash Provided (Used) by Capital and Related Financing Activities	(23,767)	(595,269)	-	-	-	-	(619,036)
Investing Activities							
Interest received	-	51,384	66,150	44,293	47,442	-	209,269
Net Increase (Decrease) in Cash and Cash Equivalents	(215,429)	(222,081)	620,160	496,375	(165,486)	285,666	799,205
Cash and Cash Equivalents at Beginning of Year	1,094,713	2,114,320	2,048,505	1,348,737	1,768,953	1,634,286	10,009,514
Cash and Cash Equivalents at End of Year	\$ 879,284	\$ 1,892,239	\$ 2,668,665	\$ 1,845,112	\$ 1,603,467	\$ 1,919,952	\$ 10,808,719
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities							
Operating Income (Loss)	\$ (1,952,769)	\$ 53,426	\$ 1,120,865	\$ 983,240	\$ (426,191)	\$ 1,779,601	\$ 1,558,172
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities							
Depreciation	-	59,543	-	28,332	-	-	87,875
(Increase) decrease in accounts receivable	-	-	(61,696)	(663,471)	(257)	72,936	(652,488)
(Increase) decrease in prepaids	(179)	9,018	-	-	-	(1,796)	7,043
(Increase) decrease in inventory	-	-	-	1,935	-	-	1,935
(Increase) decrease in deferred outflows	7,541	3,865	13,109	14,904	(5,586)	-	33,833
Increase (decrease) in deferred inflows	8,520	74,745	9,334	39,269	65,945	-	197,813
Increase (decrease) in accounts payable	33,954	(64,399)	27,558	(50,681)	(2,403)	20	(55,951)
Increase (decrease) in accrued payroll	849	10,858	2,015	4,674	8,506	214,505	241,407
Increase (decrease) in net pension liability	9,597	52,877	12,950	34,251	42,130	-	151,805
Increase (decrease) in total OPEB liability	10,282	102,820	10,282	51,410	92,538	-	267,332
Increase (decrease) in claims and judgments	(296,755)	-	(585,083)	8,219	-	-	(873,619)
Increase (decrease) in compensated absences	2,355	19,051	4,676	-	12,390	-	38,472
Total Adjustments	(223,836)	268,378	(566,855)	(531,158)	213,263	285,665	(554,543)
Net Cash Provided (Used) by Operating Activities	\$ (2,176,605)	\$ 321,804	\$ 554,010	\$ 452,082	\$ (212,928)	\$ 2,065,266	\$ 1,003,629

City of Redlands, California
Combining Balance Sheet – All Agency Funds
June 30, 2020

	Special Deposits	Community Facilities District Trust	Totals
Assets			
Cash and investments	\$ 4,625,233	\$ -	\$ 4,625,233
Cash and investments with fiscal agents	-	2,932,651	2,932,651
Interest receivable	956,486	-	956,486
Total assets	\$ 5,581,719	\$ 2,932,651	\$ 8,514,370
Liabilities			
Accounts payable	\$ 936,103	\$ 2,665	\$ 938,768
Deposits payable	4,645,616	2,929,986	7,575,602
Total liabilities	\$ 5,581,719	\$ 2,932,651	\$ 8,514,370

City of Redlands, California
Combining Statement of Changes in Assets and Liabilities – All Agency Funds
Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>Special Deposits</u>				
Assets				
Cash and investments	\$5,715,659	\$ 4,087,189	\$ 5,177,615	\$ 4,625,233
Interest receivable	672,962	968,286	684,762	956,486
Total assets	<u>\$ 6,388,621</u>	<u>\$ 5,055,475</u>	<u>\$ 5,862,377</u>	<u>\$ 5,581,719</u>
Liabilities				
Accounts payable	\$667,812	\$ 5,763,990	\$ 5,495,699	\$ 936,103
Deposits payable	5,720,809	321,217	1,396,410	4,645,616
Total liabilities	<u>\$ 6,388,621</u>	<u>\$ 6,085,207</u>	<u>\$ 6,892,109</u>	<u>\$ 5,581,719</u>
<u>Community Facilities District Trust</u>				
Assets				
Cash and investments with fiscal agents	\$ 2,889,504	\$ 4,431,772	\$ 4,388,625	\$ 2,932,651
Total assets	<u>\$ 2,889,504</u>	<u>\$ 4,431,772</u>	<u>\$ 4,388,625</u>	<u>\$ 2,932,651</u>
Liabilities				
Accounts payable	\$ -	\$ 2,665	\$ -	\$ 2,665
Deposits payable	2,889,504	1,541,742	1,501,260	2,929,986
Total liabilities	<u>\$ 2,889,504</u>	<u>\$ 1,544,407</u>	<u>\$ 1,501,260</u>	<u>\$ 2,932,651</u>
<u>Total - All Agency Funds</u>				
Assets				
Cash and investments	\$ 5,715,659	\$ 4,087,189	\$ 5,177,615	\$ 4,625,233
Cash and investments with fiscal agents	2,889,504	4,431,772	4,388,625	2,932,651
Interest receivable	672,962	968,286	684,762	956,486
Total assets	<u>\$ 9,278,125</u>	<u>\$ 9,487,247</u>	<u>\$ 10,251,002</u>	<u>\$ 8,514,370</u>
Liabilities				
Accounts payable	\$ 667,812	\$ 5,766,655	\$ 5,495,699	\$ 938,768
Deposits payable	8,610,313	1,862,959	2,897,670	7,575,602
Total liabilities	<u>\$ 9,278,125</u>	<u>\$ 7,629,614</u>	<u>\$ 8,393,369</u>	<u>\$ 8,514,370</u>

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Statistical Section

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

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Financial Trends	160
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	165
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	170
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	176
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	178
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

City of Redlands, California
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015 ¹	2016	2017	2018 ²	2019 ³	2020
Governmental activities:										
Invested in capital assets	568,588,535	592,254,886	594,654,756	609,555,372	625,683,667	622,119,006	642,109,428	655,044,577	443,551,078	473,042,917
Restricted	24,855,791	19,135,526	20,158,877	18,466,430	15,584,054	15,258,535	11,100,669	20,499,351	15,676,686	17,338,048
Unrestricted	(8,498,201)	(28,840,249)	(26,982,114)	(21,119,030)	(81,181,952)	(81,795,361)	(93,361,330)	(148,371,437)	(148,411,538)	(154,148,503)
Total governmental activities	<u>584,946,125</u>	<u>582,550,163</u>	<u>587,831,519</u>	<u>606,902,772</u>	<u>560,085,769</u>	<u>555,582,180</u>	<u>559,848,767</u>	<u>527,172,491</u>	<u>310,816,226</u>	<u>336,232,462</u>
Business-type activities:										
Invested in capital assets	130,856,115	132,535,317	146,926,486	157,413,884	154,904,203	163,565,980	149,771,777	150,228,905	150,997,528	165,453,760
Restricted	4,212,895	4,259,155	416,340	3,702,600	4,671,097	3,702,600	17,399,398	17,516,341	26,162,608	24,229,255
Unrestricted	53,408,410	61,219,702	52,104,617	41,100,249	22,953,122	13,253,120	12,757,392	117,617	6,544,230	10,466,394
Total business-type activities	<u>188,477,420</u>	<u>198,014,174</u>	<u>199,447,443</u>	<u>202,216,733</u>	<u>182,528,422</u>	<u>180,521,700</u>	<u>179,928,567</u>	<u>167,862,863</u>	<u>183,704,366</u>	<u>200,149,409</u>
Primary government:										
Invested in capital assets	699,444,650	724,790,203	741,581,242	766,969,256	780,587,870	785,684,986	791,881,205	805,273,482	594,548,606	638,496,677
Restricted	29,068,686	23,394,681	20,575,217	22,169,030	20,255,151	18,961,135	28,500,067	38,015,692	41,839,294	41,567,303
Unrestricted	44,910,209	32,379,453	25,122,503	19,981,219	(58,228,830)	(68,542,241)	(80,603,938)	(148,253,820)	(141,867,308)	(143,682,109)
Total primary government	<u>773,423,545</u>	<u>780,564,337</u>	<u>787,278,962</u>	<u>809,119,505</u>	<u>742,614,191</u>	<u>736,103,880</u>	<u>739,777,334</u>	<u>695,035,354</u>	<u>494,520,592</u>	<u>536,381,871</u>

NOTE:

- (1) The City of Redlands implemented GASB 68 for the fiscal year ended June 30, 2015.
The Unrestricted Fund Balance was affected adversely by this Statement in order to reflect net pension liability.
- (2) The City of Redlands implemented GASB 75 for the fiscal year ended June 30, 2018.
The Unrestricted Fund Balance was affected adversely by this Statement in order to reflect unamortized OPEB Liability.
It is anticipated that GASB 75 will expose this fund balance category to more fluctuations in the future as a result of immediate recognition of certain items (e.g. plan changes).
- (3) Beginning in FY 2019, the City changed its methodology to account for Right of Way. This adversely affected net position, causing a restatement of assets. More information is provided on page 20 in Management's Discussion and Analysis.
- (4) The significant variance in the change in net position for Governmental Activities is due to a large decrease in the prior year to account for a revised right-of-way valuation methodology that had an adverse effect on net position, followed by a significant increase in right-of-way value added in FY 2020. More information is available in Management's Discussion and Analysis.

City of Redlands, California
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015 ¹	2016	2017	2018 ²	2019 ³	2020 ⁴
Expenses:										
Governmental activities:										
General government	11,803,705	9,468,848	9,883,877	10,423,298	10,229,535	16,235,478	14,391,456	12,394,000	16,210,304	16,211,056
Public safety	38,587,942	39,036,010	40,027,122	40,235,772	40,920,668	42,097,211	43,263,363	32,240,549	53,095,381	57,656,302
Culture and recreation	3,349,080	2,810,345	2,997,558	3,041,620	3,554,720	3,542,242	4,086,880	4,748,841	4,783,803	5,227,381
Highway and streets	9,380,254	8,465,455	6,839,184	4,002,946	12,043,276	15,594,075	11,271,259	12,854,490	10,183,231	4,275,091
Library	1,964,269	1,820,554	1,968,343	1,913,756	1,929,752	2,023,972	2,304,552	2,000,613	2,537,698	2,921,245
Interest and fiscal charges	3,456,262	2,120,151	1,589,928	1,447,056	1,297,837	1,123,871	936,132	834,297	683,446	994,894
Total governmental activities expenses	<u>68,541,512</u>	<u>63,721,363</u>	<u>63,306,012</u>	<u>61,064,448</u>	<u>69,975,788</u>	<u>80,616,849</u>	<u>76,253,642</u>	<u>65,072,790</u>	<u>87,493,863</u>	<u>87,285,969</u>
Business-type activities:										
Water	16,211,193	15,328,398	20,139,662	19,437,970	19,556,198	21,635,151	20,514,340	20,369,100	20,857,656	22,719,142
Disposal	9,217,359	8,925,740	10,313,939	11,131,004	12,201,957	12,172,640	12,274,583	12,877,703	16,162,875	15,194,462
Wastewater	7,882,670	7,643,531	8,080,035	8,505,197	8,030,897	8,956,871	8,979,254	8,851,848	9,926,236	11,242,914
Aviation	287,854	335,501	317,970	421,012	333,061	609,088	785,348	466,972	617,285	637,012
Cemetery	503,445	522,711	555,402	493,616	681,223	1,304,891	75,761	861,109	936,535	1,049,876
Groves	656,608	941,578	12,006,971	630,488	689,839	841,529	742,740	788,554	849,678	845,498
NP Water	142,541	203,890	197,393	81,897	73,383	81,152	434,912	125,323	116,759	249,911
Total business-type activities expenses	<u>34,901,670</u>	<u>33,901,349</u>	<u>51,611,372</u>	<u>40,701,184</u>	<u>41,566,558</u>	<u>45,601,322</u>	<u>43,806,938</u>	<u>44,340,609</u>	<u>49,467,024</u>	<u>51,938,815</u>
Total primary government expenses	<u>103,443,182</u>	<u>97,622,712</u>	<u>114,917,384</u>	<u>101,765,632</u>	<u>111,542,346</u>	<u>126,218,171</u>	<u>120,060,580</u>	<u>109,413,399</u>	<u>136,960,887</u>	<u>139,224,784</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	8,562,031	8,654,843	9,181,388	10,286,376	10,625,356	9,270,657	10,144,231	10,811,937	11,151,187	11,482,417
Public safety	1,711,440	1,394,932	1,407,921	1,916,750	1,975,667	3,403,559	2,696,810	3,076,343	2,711,769	1,769,514
Culture and recreation	293,028	220,020	343,620	296,386	295,199	286,315	719,642	303,222	310,780	291,801
Highway and streets	909,511	1,123,342	1,169,364	1,716,965	1,681,146	1,205,141	1,361,187	1,895,996	2,322,468	2,311,254
Library	34,456	35,086	34,312	35,200	33,270	33,098	125,052	131,408	131,338	120,623
Operating grants and contributions	5,883,602	6,160,827	4,032,286	7,195,092	8,607,394	5,596,864	2,911,259	4,469,962	1,867,228	2,995,658
Capital grants and contributions	8,488,204	1,146,004	987,916	2,117,482	4,666,849	1,346,021	2,257,370	4,533,292	7,083,735	31,462,210
Total governmental activities program revenues	<u>25,882,272</u>	<u>18,735,054</u>	<u>17,156,807</u>	<u>23,564,251</u>	<u>27,884,881</u>	<u>21,141,655</u>	<u>20,215,551</u>	<u>25,222,160</u>	<u>25,578,505</u>	<u>50,433,477</u>
Business-type activities:										
Charges for services:										
Water	18,666,325	20,319,999	22,350,078	23,453,512	22,217,588	18,873,106	22,479,655	27,030,979	28,053,989	28,014,723
Disposal	10,013,969	10,079,232	10,669,471	11,623,769	12,887,067	13,504,267	13,657,953	15,110,821	17,159,911	18,566,965
Sewer	8,200,777	8,653,651	9,092,431	9,576,740	9,688,884	9,531,484	9,340,274	9,611,197	10,229,449	10,154,451
Aviation	21,015	11,721	18,592	16,704	16,472	15,214	575,846	127,233	120,087	133,262
Cemetery	360,923	311,420	341,950	371,968	349,472	461,997	514,015	745,347	555,256	926,398
Groves	432,136	778,378	471,150	740,707	798,577	507,914	700,334	741,397	930,738	481,632
NP Water	570,107	474,349	513,722	554,914	499,211	508,556	83,905	638,313	528,296	484,262
Operating grants and contributions	871,940	1,301	24,285	180,000	180,000	-	-	-	56,555	55,371
Capital grants and contributions	531,096	1,821,907	2,233,877	3,433,586	4,593,429	392,189	816,777	347,871	5,450,817	7,656,651
Total business-type activities program revenues	<u>39,668,288</u>	<u>42,451,958</u>	<u>45,715,556</u>	<u>49,951,900</u>	<u>51,230,700</u>	<u>43,794,727</u>	<u>48,168,759</u>	<u>54,353,158</u>	<u>63,085,098</u>	<u>66,473,715</u>
Total primary government program revenues	<u>65,550,560</u>	<u>61,187,012</u>	<u>62,872,363</u>	<u>73,516,151</u>	<u>79,115,581</u>	<u>64,936,382</u>	<u>68,384,310</u>	<u>79,575,318</u>	<u>88,663,603</u>	<u>116,907,192</u>

City of Redlands, California
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015 ¹	2016	2017	2018 ²	2019 ³	2020 ⁴
Net revenues (expenses):										
Governmental activities	(42,659,240)	(44,986,309)	(46,149,205)	(37,500,197)	(42,090,907)	(59,475,194)	(56,038,091)	(39,850,630)	(61,915,358)	(36,852,492)
Business-type activities	4,766,618	8,550,609	(5,895,816)	9,250,716	9,664,142	(1,806,595)	4,361,821	10,012,549	13,618,074	14,534,900
Total net revenues (expenses)	(37,892,622)	(36,435,700)	(52,045,021)	(28,249,481)	(32,426,765)	(61,281,789)	(51,676,270)	(29,838,081)	(48,297,284)	(22,317,592)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	30,098,303	26,741,406	23,536,133	24,650,592	25,157,824	26,424,395	28,173,741	30,067,473	31,833,632	33,743,135
Sales taxes	12,090,894	12,903,249	15,049,517	15,219,210	16,040,049	18,344,596	16,843,090	17,177,492	18,838,445	17,510,274
Franchise taxes	3,227,606	2,826,459	2,853,021	3,235,114	3,735,682	3,079,571	3,035,317	3,224,053	2,221,789	2,369,348
Other taxes	1,065,671	1,198,772	1,313,022	1,473,576	1,681,618	1,792,527	1,977,985	1,907,344	2,061,674	2,031,015
Use of money & property	647,310	665,553	58,972	517,169	467,427	800,889	212,991	206,304	2,421,036	1,869,008
Intergovernmental (unrestricted)	480,868	165,876	153,836	165,974	424,385	234,787	196,602	195,866	187,586	167,157
Other	642,842	273,246	2,496,060	689,160	1,035,134	1,105,258	7,331,734	1,689,135	1,498,562	1,865,686
Extraordinary gain/(loss) on dissolution of Redevelopment agency (Note 18)	-	21,444,268	-	-	-	-	-	-	-	-
Transfers	573,115	856,972	5,841,908	10,654,350	16,113,690	4,486,199	2,500,914	8,243,110	2,943,934	2,713,105
Total governmental activities	48,826,609	67,075,801	51,453,585	56,605,145	64,655,809	56,268,222	60,272,374	62,710,777	62,006,658	62,268,728
Business-type activities:										
Property taxes	68,098	37,808	41,673	34,597	35,225	38,109	40,199	66,263	85,928	81,098
Use of money & property	610,787	757,749	185,475	1,053,356	921,859	1,335,997	500,783	509,882	3,310,733	3,214,540
Other	922,642	914,887	3,686,367	1,032,469	1,152,177	2,911,966	4,627,943	2,457,912	1,770,702	1,327,610
Gain on sale of capital assets	516,500	34,949	9,736,268	28,334	4,840	-	-	-	-	-
Extraordinary gain	-	-	-	2,024,168	-	-	-	-	-	-
Transfers	(573,115)	(856,972)	(5,841,908)	(10,654,350)	(16,113,690)	(4,486,199)	(2,500,914)	(8,243,110)	(2,943,934)	(2,713,105)
Total business-type activities	1,544,912	888,421	7,807,875	(6,481,426)	(13,999,589)	(200,127)	2,668,011	(5,209,053)	2,223,429	1,910,143
Total primary government	50,371,521	67,964,222	59,261,460	50,123,719	50,656,220	56,068,095	62,940,385	57,501,724	64,230,087	64,178,871
Changes in net position										
Governmental activities	6,167,369	22,089,492	5,304,380	19,104,948	22,564,902	(3,206,972)	4,234,283	22,860,147	91,300	25,416,236
Business-type activities	6,311,530	9,439,030	1,912,059	2,769,290	(4,335,447)	(2,006,722)	7,029,832	4,803,496	15,841,503	16,445,043
Total primary government	12,478,899	31,528,522	7,216,439	21,874,238	18,229,455	(5,213,694)	11,264,115	27,663,643	15,932,803	41,861,279

NOTE:

(1) The City of Redlands implemented GASB 68 for the fiscal year ended June 30, 2015.

The Unrestricted Fund Balance was affected adversely by this Statement in order to reflect net pension liability.

(2) The City of Redlands implemented GASB 75 for the fiscal year ended June 30, 2018.

The Unrestricted Fund Balance was affected adversely by this Statement in order to reflect unamortized OPEB Liability.

It is anticipated that GASB 75 will expose this fund balance category to more fluctuations in the future as a result of immediate recognition of certain items (e.g. plan changes).

(3) Beginning in FY 2019, the City changed its methodology to account for Right of Way. This adversely affected net position, causing a restatement of assets. More information is provided on page 20 in Management's Discussion and Analysis.

(4) The significant variance in the change in net position for Governmental Activities is due to a large decrease in the prior year to account for a revised right-of-way valuation methodology that had an adverse affect on net position, followed by a significant

City of Redlands, California
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011 ¹	2012	2013	2014	2015 ²	2016	2017	2018	2019	2020
General fund:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	6,046,174	6,598,127	7,717,839	7,857,633	7,481,159	8,324,472	8,517,994	8,734,646	8,707,654	8,469,766
Restricted	-	-	-	-	-	-	-	1,057,918	1,104,848	1,058,540
Committed	6,605,311	6,855,311	7,644,141	7,903,654	7,935,152	8,122,332	8,122,332	8,285,676	8,285,676	8,285,676
Assigned	-	-	-	-	1,883,794	2,267,840	2,130,916	4,063,636	3,894,566	3,901,788
Unassigned	<u>8,767,650</u>	<u>9,773,767</u>	<u>10,116,118</u>	<u>12,586,391</u>	<u>14,510,450</u>	<u>13,454,147</u>	<u>13,927,733</u>	<u>13,592,754</u>	<u>17,654,773</u>	<u>19,000,734</u>
Total general fund	<u>21,419,135</u>	<u>23,227,205</u>	<u>25,478,098</u>	<u>28,347,678</u>	<u>31,810,555</u>	<u>32,168,791</u>	<u>32,698,975</u>	<u>35,734,630</u>	<u>39,647,517</u>	<u>40,716,504</u>
All other governmental funds:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Nonspendable	548,166	361,351	384,997	384,873	327,340	-	2,539,567	123,661	123,682	104,242
Restricted	19,604,935	19,035,151	20,058,201	18,365,510	15,584,054	15,258,535	9,563,703	19,321,372	14,541,638	16,249,308
Committed	6,193,677	5,609,361	5,921,050	6,816,041	6,698,593	7,212,199	8,013,248	8,441,919	9,738,292	11,048,266
Assigned	-	-	-	-	-	-	3,419,978	1,204,854	1,480,036	1,480,251
Unassigned	<u>(1,399,875)</u>	<u>(7,711,358)</u>	<u>(8,801,461)</u>	<u>(8,787,268)</u>	<u>(7,849,278)</u>	<u>(9,553,680)</u>	<u>(10,470,797)</u>	<u>(8,761,721)</u>	<u>(8,548,572)</u>	<u>(7,740,144)</u>
Total all other governmental funds	<u>24,946,903</u>	<u>17,294,505</u>	<u>17,562,787</u>	<u>16,779,156</u>	<u>14,760,709</u>	<u>12,917,054</u>	<u>13,065,699</u>	<u>20,330,085</u>	<u>17,335,076</u>	<u>21,141,923</u>

NOTE:

- (1) The City of Redlands implemented GASB 54 in 2011 which changes the reporting of fund balance.
- (2) The City of Redlands implemented GASB 68 for the fiscal year ended June 30, 2015.

Beginning in FY 2019, the City changed its methodology to account for Right of Way. This adversely affected net position, causing a restatement of assets. More information is provided on page 20 in Management's Discussion and Analysis.

City of Redlands, California
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	46,974,366	43,669,886	42,751,693	44,578,492	46,615,173	49,641,089	51,196,332	53,608,771	56,188,843	57,080,368
Licenses and permits	4,760,789	5,628,860	6,090,892	8,668,245	11,582,473	7,321,567	8,482,996	8,249,522	9,363,446	9,786,703
Intergovernmental	7,030,818	5,947,380	4,455,718	6,305,374	5,602,252	3,637,854	4,266,267	4,029,164	4,290,382	5,052,310
Charges for services	7,043,801	6,934,677	6,711,043	7,186,570	7,283,095	7,469,738	7,484,890	8,100,020	9,912,278	9,659,518
Use of money and property	647,310	626,072	52,596	491,377	431,301	717,504	191,541	185,610	1,823,854	1,659,740
Other/Miscellaneous	1,226,613	632,943	2,974,531	1,472,348	1,900,979	3,785,796	3,958,621	4,866,979	1,930,916	2,204,282
Total revenues	67,683,697	63,439,818	63,036,473	68,702,406	73,415,273	72,573,548	75,580,647	79,040,066	83,509,719	85,442,921
Expenditures										
Current:										
General government	11,506,994	9,788,982	10,080,042	10,562,420	11,041,353	12,915,590	12,351,772	12,830,680	14,702,684	14,842,765
Public safety	34,796,584	35,502,542	36,619,437	37,633,605	37,891,668	40,337,356	42,755,811	45,246,205	45,514,084	48,554,670
Highway and streets	4,651,164	4,250,686	4,122,692	5,913,207	6,107,137	5,034,090	5,695,084	7,033,817	6,565,573	6,998,840
Culture and recreation	2,701,864	2,121,891	2,400,303	2,631,892	2,791,661	2,481,223	2,611,210	2,870,721	3,286,739	3,244,432
Library	1,853,094	1,722,370	1,762,796	1,762,608	1,824,593	1,909,442	1,942,607	1,989,717	2,158,580	2,464,463
SERAF Obligation	491,892	-	-	-	-	-	-	-	-	-
Other pass-through payments	777,095	524,481	-	-	-	-	-	-	-	-
Capital outlay	5,403,411	3,176,270	7,470,985	13,431,527	23,146,625	11,481,823	15,476,158	6,132,826	10,307,277	5,033,676
Debt service:										
Principal	5,400,124	5,636,144	3,771,848	3,948,940	3,701,474	3,947,223	3,115,653	3,043,767	2,688,630	1,477,188
Interest and fiscal charges	3,783,017	2,717,604	1,672,907	1,489,466	1,343,002	1,158,384	976,711	812,002	665,241	548,472
Total expenditures	71,365,239	65,440,970	67,901,010	77,373,665	87,847,513	79,265,131	84,925,006	79,959,735	85,888,808	83,164,506
Excess (deficiency) of revenues over (under) expenditures	(3,681,542)	(2,001,152)	(4,864,537)	(8,671,259)	(14,432,240)	(6,691,583)	(9,344,359)	(919,669)	(2,379,089)	2,278,415
Other financing sources (uses):										
Transfers in	14,749,386	13,566,661	18,682,589	20,792,923	29,941,931	15,911,839	15,430,085	19,326,814	16,569,439	12,557,880
Transfers out	(13,065,366)	(10,990,445)	(11,307,814)	(10,187,645)	(13,980,425)	(9,720,247)	(11,558,209)	(9,788,204)	(13,525,085)	(10,050,118)
Proceeds from sale of capital assets of Redevelopment agency (Note 18)	-	-	350	185,625	16,083	311,189	6,272,810	1,975,203	252,613	89,657
Restatements	-	(30,841)	8,587	(33,695)	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-	-	-	-
Contributions to other Governments	-	-	-	-	(100,919)	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,684,020	(2,908,077)	7,383,712	10,757,208	15,876,670	6,502,781	10,144,686	11,513,813	3,296,967	2,597,419
Net change in fund balances	(1,997,522)	(4,909,229)	2,519,175	2,085,949	1,444,430	(188,802)	800,327	10,594,144	917,878	4,875,834
Debt service as a percentage of noncapital expenditures ¹	14.1%	13.5%	9.3%	9.5%	8.1%	7.5%	5.9%	5.2%	4.4%	2.6%

NOTE:

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

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

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

Fiscal Year Ended June 30	City				Redevelopment Agency				Total	Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Taxable Assessed Value	
2011	6,348,706	200,425	(80,197)	6,468,934	704,031	99,220	(5,168)	798,083	7,267,017	0.28110
2012	6,214,264	189,324	(79,239)	6,324,349	702,581	98,928	(5,052)	796,457	7,120,806	0.28343
2013	7,127,034	301,158	(78,056)	7,350,136	-	-	-	-	7,350,136	0.28450
2014	7,311,929	313,408	(76,552)	7,548,785	-	-	-	-	7,548,785	0.22927
2015	7,725,648	316,364	(75,033)	7,966,979	-	-	-	-	7,966,979	0.21913
2016	8,112,897	337,359	(74,030)	8,376,226	-	-	-	-	8,376,226	0.21877
2017	8,616,414	309,224	(76,808)	8,848,830	-	-	-	-	8,848,830	0.21877
2018	9,090,915	328,121	(76,265)	9,342,771	-	-	-	-	9,342,771	0.21877
2019	9,564,308	387,527	(74,744)	9,877,091	-	-	-	-	9,877,091	0.21877
2020	10,187,750	361,653	(74,204)	10,475,199	-	-	-	-	10,475,199	0.21877

NOTE:

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

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

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

City of Redlands, California
Assessed Value and Estimated Actual Value of Taxable Property by Major Type
Last Ten Fiscal Years
(in thousands of dollars)

Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential	4,344,036	4,375,904	4,603,792	4,781,493	5,102,276	5,355,614	5,643,230	5,935,215	6,246,593	6,708,893
Commercial	939,004	909,737	919,179	920,337	941,128	959,063	988,145	1,040,344	1,085,468	1,176,203
Industrial	751,264	649,237	641,987	675,107	774,960	790,087	1,035,053	1,160,879	1,201,011	1,253,275
Government	470	2,499	488	498	1,478	505	513	522	548	576
Institutional	13,898	13,890	14,083	15,906	15,809	16,172	16,293	17,188	18,463	18,506
Irrigated	30,874	26,967	27,292	41,179	30,844	26,691	26,750	26,471	26,136	28,199
Miscellaneous	14,718	16,123	19,068	20,217	22,390	23,785	26,495	27,016	39,302	33,513
Recreational	32,472	32,453	34,762	31,852	31,962	32,520	32,808	49,678	49,887	50,098
Vacant Land	269,144	249,102	249,220	234,071	231,763	277,305	209,375	200,329	199,973	232,018
SBE Nonunitary	647,926	629,042	610,154	591,269	573,038	631,155	637,752	633,273	696,927	686,469
Unsecured	308,576	297,334	301,158	313,408	316,364	337,359	309,224	328,121	387,527	361,653
Unknown	-	2,809	7,009	-	-	-	-	-	-	-
Total Assessed Value	<u>7,352,382</u>	<u>7,205,097</u>	<u>7,428,192</u>	<u>7,625,337</u>	<u>8,042,012</u>	<u>8,450,256</u>	<u>8,925,638</u>	<u>9,419,036</u>	<u>9,951,835</u>	<u>10,549,403</u>
Less: Exemptions	(85,365)	(84,291)	(78,056)	(76,552)	(75,033)	(74,030)	(76,808)	(76,265)	(74,744)	(74,204)
Taxable Assessed Value	<u>7,267,017</u>	<u>7,120,806</u>	<u>7,350,136</u>	<u>7,548,785</u>	<u>7,966,979</u>	<u>8,376,226</u>	<u>8,848,830</u>	<u>9,342,771</u>	<u>9,877,091</u>	<u>10,475,199</u>
Total Direct Rate	0.28110	0.28343	0.28450	0.22927	0.21913	0.21877	0.21877	0.21877	0.21877	0.21874

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

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

City of Redlands, California
 Direct and Overlapping Property Tax Rates
 (Rate per \$100 of assessed value)
 Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City Share of Basic Levy ⁽¹⁾	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878
Overlapping Rates: ⁽²⁾										
County General Fund	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600
County Superintendent	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750
Inland Empire Joint Resource Conservation District	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050
Educational Revenue Augmentation Fund	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110
Flood Control Zone 3	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560
Flood Control Zone 8	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088
Redlands Unified	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160
San Bernardino Community College	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130
San Bernardino Valley Municipal Water	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630
San Bernardino Valley Water Conservation District	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044
Total Proposition 13 Rate	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>
Redlands Debt Service	0.01080	0.01110	0.01090	0.01050	-	-	-	-	-	-
Redlands Unified	0.06170	0.05820	0.06410	0.06290	0.05940	0.05670	0.05240	0.04940	0.03240	0.03390
San Bernardino Community College	0.04670	0.03730	0.04590	0.04190	0.03930	0.04030	0.03500	0.03760	0.04070	0.05620
San Bernardino Unified	0.08840	0.09780	0.09980	0.13500	0.10810	0.11820	0.07950	0.10070	0.11260	0.09690
San Bernardino Valley Municipal Water	0.16500	0.16500	0.16250	0.16250	0.16250	0.16250	0.16250	0.15250	0.15250	0.14250
Total Voter Approved Rate	<u>0.37260</u>	<u>0.36940</u>	<u>0.38320</u>	<u>0.41280</u>	<u>0.36930</u>	<u>0.37770</u>	<u>0.32940</u>	<u>0.34020</u>	<u>0.33820</u>	<u>0.32950</u>
Total Direct and Overlapping Rate	<u>1.37260</u>	<u>1.36940</u>	<u>1.38320</u>	<u>1.41280</u>	<u>1.36930</u>	<u>1.37770</u>	<u>1.32940</u>	<u>1.34020</u>	<u>1.33820</u>	<u>1.32950</u>
City Share of 1% Levy Per Prop 13 ⁽³⁾	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878
Redlands Debt Service	0.01080	0.01110	0.01090	0.01050	-	-	-	-	-	-
RDA Incremental Rate ⁽⁴⁾	1.17580	1.17610	-	-	-	-	-	-	-	-
City Direct Rate ⁽⁵⁾	0.28110	0.28343	0.28450	0.22927	0.21913	0.21877	0.21877	0.21877	0.21877	0.21874

NOTES:

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

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

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

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

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

City of Redlands, California
Principal Property Tax Payers (Secured & Unsecured)
Current Year and Nine Years Ago
In \$1,000

Taxpayer	2020		2011	
	Total Net Taxable Assessed Value	Percentage of Total City Net Taxable Assessed Value	Total Net Taxable Assessed Value	Percentage of Total City Net Taxable Assessed Value
Southern California Edison Company	\$ 684,337	6.53%	647,694	8.81%
Prologis LP*	198,894	1.90%	83,560	1.14%
PVT Apartments SPE	130,600	1.25%	-	-
Ashley Furniture Industries Inc	115,578	1.10%	-	-
NYS New LLC	102,085	0.97%	60,973	0.83%
AMB Institutional Alliance Fund III	90,044	0.86%	72,670	0.99%
BRE California Redlands LLC	86,082	0.82%	-	-
Teachers Insurance and Annuity Assoc**	85,209	0.81%	-	-
BCI-OEF Redlands DC LP	65,789	0.63%	-	-
2301 W. San Bernardino Ave Invest Group	60,729	0.58%	52,481	0.71%
Redlands Business Center LLC			46,626	0.63%
MEF Realty LLC**			45,473	0.62%
US Industrial REIT II**			38,818	0.53%
Evans Withycombe Residential			37,143	0.51%
PACGWL LLC			36,713	0.50%
Top Ten Total	\$ 1,619,347	15.46%	\$ 1,122,151	15.26%
City Total Net Taxable Assessed Value	\$ 10,475,199		\$ 7,352,381	

* Formerly known as Prologis-A4 CA IILP

** Pending appeals on parcels

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

City of Redlands, California
Property Tax Levies and Collections¹
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Subsequent Years Collections of Prior Years	Total Collections to Date ²	
		Fiscal Year of Levy ² Amount	Percent of Levy		Amount	Percent of Levy
2011	29,341,082	27,744,927	94.56%	1,437,741	29,182,668	99.46%
2012	28,198,322	26,757,388	94.89%	722,821	27,480,209	97.45%
2013	29,365,178	28,237,555	96.16%	725,114	28,962,669	98.63%
2014	29,697,798	29,620,584	99.74%	834,306	30,454,890	102.55%
2015	30,236,660	30,224,565	99.96%	618,909	30,843,474	102.01%
2016	31,245,233	31,220,237	99.92%	593,784	31,814,021	101.82%
2017	33,814,971	33,547,833	99.21%	561,371	34,109,204	100.87%
2018	35,648,742	35,417,025	99.35%	585,973	36,002,998	100.99%
2019	41,184,840	40,950,087	99.43%	571,918	41,522,005	100.82%
2020	42,472,462	42,173,456	99.30%	524,343	42,697,799	100.53%

NOTE:

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

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

Source: City of Redlands, San Bernardino County Auditor-Controller/Treasurer/Tax Collector

City of Redlands, California
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities						Business-type Activities						Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Loans / Capital Lease Obligations	Total Governmental Activities	Water Revenue Bonds	Wastewater Revenue Bonds	Solid Waste Revenue Bonds	Certificates of Participation	Loans / Capital Lease Obligations	Total Business-type Activities			
2011	1,680,000	23,789,186	32,210,000	10,021,030	2,884,385	70,584,601	9,145,000	8,645,000	-	-	9,922,740	27,712,740	98,297,341	4.47%	1,367
2012	1,145,000	22,667,969	-	8,448,026	2,548,241	34,809,236	7,485,000	7,580,000	-	-	10,347,274	25,412,274	60,221,510	2.78%	867
2013	585,000	21,400,395	-	6,800,022	2,266,391	31,051,808	3,579,945	4,959,409	-	-	14,909,475	23,448,829	54,500,637	2.42%	781
2014	-	19,966,684	-	5,077,018	2,077,451	27,121,153	2,402,890	4,001,754	15,132,303	-	17,496,799	39,033,746	66,154,899	2.92%	947
2015	-	18,367,081	-	3,299,014	2,959,007	24,625,102	1,195,000	3,024,098	13,834,309	-	16,429,544	34,482,951	59,108,053	2.63%	847
2016	-	16,581,841	-	1,466,010	2,656,784	20,704,635	-	2,021,443	12,506,313	-	18,819,314	33,347,070	54,051,705	2.41%	774
2017	-	14,596,411	-	643,006	2,376,131	17,615,548	-	990,000	11,138,322	-	20,929,311	33,057,633	50,673,181	2.31%	732
2018	-	12,452,070	-	-	2,207,364	14,659,434	-	-	9,720,331	-	19,440,040	29,160,371	43,819,805	1.76%	618
2019	-	10,015,991	-	-	2,033,734	12,049,725	-	-	8,247,337	-	18,129,060	26,376,397	38,426,122	1.54%	542
2020	-	8,869,341	-	-	2,148,647	11,017,988	-	-	6,704,343	-	16,784,165	23,488,508	34,506,496	1.20%	486

NOTE:

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

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

As of 6/30/2020, that indebtedness has been reduced to \$7,245,000.

Source: City of Redlands

City of Redlands, California
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt					Percent of Assessed Value ¹	Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Total		
2011	1,680	23,789	32,210	10,021	67,700	0.92%	941
2012	1,145	22,668	-	8,448	32,261	0.45%	464
2013	585	21,400	-	6,800	28,785	0.39%	412
2014	-	19,967	-	5,077	25,044	0.33%	358
2015	-	18,367	-	3,299	21,666	0.27%	310
2016	-	16,582	-	1,466	18,048	0.21%	265
2017	-	14,596	-	643	15,239	0.17%	220
2018	-	12,452	-	-	12,452	0.13%	176
2019	-	10,016	-	-	10,016	0.10%	141
2020	-	8,869	-	-	8,869	0.08%	125

NOTE:

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

As a result of the dissolution of the redevelopment agency in 2012, the outstanding \$30,150,000 indebtedness of the former redevelopment agency was transferred to the Successor Agency. As of 6/30/2020, that indebtedness has been reduced to \$7,245,000.

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

City of Redlands, California
Direct and Overlapping Debt
June 30, 2020

Net Taxable 2019-2020 Assessed Valuation	\$ 10,453,348,776		Estimated Share of Overlapping Debt
	Percentage Applicable ¹	Outstanding Debt 06/30/20	
Overlapping Tax and Assessment Debt:			
San Bernardino Community College District	13.816%	\$ 738,367,480	\$ 102,012,851
Redlands Unified School District	56.802%	67,818,512	38,522,271
San Bernardino City Unified School District	0.026%	230,457,341	59,919
City of Redlands Community Facilities District No. 2001-1	100.000%	4,065,000	4,065,000
City of Redlands Community Facilities District No. 2003-1	100.000%	7,795,000	7,795,000
Total Overlapping Tax and Assessment Debt		1,048,503,333	152,455,041
Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	4.410%	\$ 239,140,000	\$ 10,546,074
San Bernardino County Pension Obligations	4.410%	237,212,638	10,461,077
San Bernardino County Flood Control District General Fund Obligations	4.410%	57,155,000	2,520,536
Redlands Unified School District Certificates of Participation	56.802%	5,000,000	2,840,100
San Bernardino City Unified School District	0.026%	96,515,000	25,094
Yucaipa-Calimesa Joint Unified School District Authority	0.694%	6,760,000	46,914
Total Overlapping General Fund Debt		641,782,638	26,439,795
Overlapping Tax Increment Debt			
City of Redlands (Successor Agency) Tax Allocation Bonds	100%	\$ 7,245,000	\$ 7,245,000
San Bernardino County Inland Valley Tax Allocation Bonds	8.147%	230,510,000	18,779,650
Total Overlapping Tax Increment Debt		237,755,000	26,024,650
Total Gross Overlapping General Fund Debt		879,537,638	52,464,445
Less: Redlands Unified School District Self-Supporting Qualified Zone Academy Bonds ²			(1,055,842)
Total Net Overlapping General Fund Debt			51,408,603
Total Gross Overlapping Debt			\$ 204,919,486
Total Net Overlapping Debt			203,863,644
Direct Tax and Assessment Debt:			
City of Redlands	100.000%	\$ -	\$ -
Direct General Fund Debt:			
City of Redlands General Fund Obligations	100.000%	-	\$ -
City of Redlands Pension Obligations	100.000%	8,869,341	8,869,341
Total Direct General Fund Debt			8,869,341
Direct Loan/Capital Lease Debt:			
I-Bank Sports Park Lease	100.000%	\$ 1,343,084	\$ 1,343,084
Capital Leases -Equipment	100.000%	805,563	805,563
Total Direct General Fund Debt		2,148,647	2,148,647
Total Direct Debt			\$ 11,017,988
Total Gross Direct and Overlapping Debt ³			\$ 215,937,474
Total Net Direct and Overlapping Debt ³			\$ 214,881,632

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

² Academy Bond Annual Payment of \$276,888 is subtracted from balance originally \$5 million issued 2004

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

⁴ The significant variance in net position invested in capital assets for Governmental Activities is due to a large increase in the amount of right-of-way added in FY 2020 as well as a significant increase in the assigned value based on the City's revised valuation methodology. More information is available in Management's Discussion and Analysis.

City of Redlands, California
 Legal Debt Margin Information
 Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed valuation	7,352,381,771	7,205,098,137	7,428,192,465	7,625,337,937	8,042,012,336	8,450,256,632	8,925,637,991	9,342,770,314	9,877,091,307	10,475,199,528
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	1,838,095,443	1,801,274,534	1,857,048,116	1,906,334,484	2,010,503,084	2,112,564,158	2,231,409,498	2,335,692,579	2,469,272,827	2,618,799,882
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	275,714,316	270,191,180	278,557,217	285,950,173	301,575,463	316,884,624	334,711,425	350,353,887	370,390,924	392,819,982
Total net debt applicable to limit:										
General obligation bonds	<u>1,680,000</u>	<u>1,145,000</u>	<u>585,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>274,034,316</u>	<u>269,046,180</u>	<u>277,972,217</u>	<u>285,950,173</u>	<u>301,575,463</u>	<u>316,884,624</u>	<u>334,711,425</u>	<u>350,353,887</u>	<u>370,390,924</u>	<u>392,819,982</u>
Total debt applicable to the limit as a percentage of debt limit	0.6%	0.4%	0.2%	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTE:

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

Source: San Bernardino County Assessor (via HdL, Coren & Cone)
 City of Redlands
 California Municipal Statistics, Inc.

City of Redlands, California
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds						Wastewater Revenue Bonds						Solid Waste Revenue Bonds					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Wastewater Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Solid Waste Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest					Principal	Interest	
2011	19,547,528	13,018,065	6,529,463	1,585,000	487,380	3.15	8,551,454	5,891,296	2,660,158	1,015,000	451,539	1.81	-	-	-	-	-	-
2012	21,849,228	12,345,054	9,504,174	1,660,000	411,500	4.59	9,377,389	5,693,909	3,683,480	1,065,000	402,900	2.51	-	-	-	-	-	-
2013	25,251,130	15,262,512	9,988,618	1,740,000	220,710	5.09	9,669,957	6,244,252	3,425,705	1,115,000	244,767	2.52	-	-	-	-	-	-
2014	25,638,627	16,837,289	8,801,338	1,125,000	81,900	7.29	11,290,716	6,917,341	4,373,375	880,000	141,550	4.28	12,560,609	10,130,417	2,430,192	-	213,642	11.38
2015	23,236,963	16,684,682	6,552,281	1,160,000	53,250	5.40	9,932,156	6,483,856	3,448,300	900,000	119,250	3.38	13,442,842	10,341,915	3,100,927	1,115,000	516,422	1.90
2016*	19,566,403	18,802,920	763,483	1,195,000	17,925	0.63	9,981,677	7,319,389	2,662,288	925,000	91,875	2.62	13,974,604	10,437,524	3,537,080	1,145,000	572,150	2.06
2017*	-	-	-	-	-	N/A	9,483,891	7,207,159	2,276,732	960,000	58,800	2.23	13,899,757	9,911,432	3,988,325	1,185,000	537,800	2.32
2018	-	-	-	-	-	N/A	-	-	-	-	-	N/A	15,507,091	11,060,050	4,447,041	1,235,000	465,700	2.05
2019	-	-	-	-	-	N/A	-	-	-	-	-	N/A	17,996,521	14,518,673	3,477,848	1,290,000	408,750	1.61
2020	-	-	-	-	-	N/A	-	-	-	-	-	N/A	19,833,178	13,639,644	6,193,534	1,360,000	342,500	2.86

NOTE:

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

* In 2016, existing Water Revenue Bonds were fully defeased.
* In 2017, existing Wastewater Revenue Bonds were fully defeased.

Source: City of Redlands

City of Redlands, California
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (In Thousands)	Per Capita Personal Income (2)	Unemployment Rate (3)
2010	71,926	2,198,418	30,565	10.5%
2011	69,498	2,167,990	31,195	9.7%
2012	69,813	2,248,258	32,204	7.0%
2013	69,882	2,265,714	32,422	6.0%
2014	69,814	2,243,752	32,139	4.7%
2015	68,040	2,192,657	32,226	3.0%
2016	69,211	2,195,442	31,721	3.3%
2017	70,851	2,494,168	35,203	3.1%
2018	71,441	2,790,914	39,066	3.2%
2019	70,952	2,882,851	40,631	3.0%

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

City of Redlands, California
Principal Employers
Current Year and Nine Years Ago

Employer	2020		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
ESRI	2,730	8.05%	1,530	4.65%
Redlands Unified School District*	2,152	6.35%	1,775	5.40%
Redlands Community Hospital	1,312	3.87%	900	2.74%
Beaver Medical Group (aka Epic Mgmt)	1,003	2.96%	518	1.57%
University of Redlands	898	2.65%	900	2.74%
City of Redlands	448	1.32%	558	1.70%
Terracina Post Acute	351	1.04%		
Home Depot	329	0.97%		
Loma Linda University BMC	271	0.80%		
Amazon Fullfillment Center (Redlands)**	250	0.74%		
RHS			1,450	4.41%
United States Postal Service			1,400	4.26%
Verizon			1,240	3.77%
Wal-Mart Stores, Inc.			400	1.22%
Total of Top Employers	9,744	28.74%	10,671	32.43%
Total Employees in City(1)	33,900		32,900	
County "Donut Hole" Employers (2):				
Burlington Coat Factory Distribution Center	1,131	3.34%		
Amazon Fullfillment Center	500	1.47%		
Target	320	0.94%		
Caddo Hardware	228	0.67%		
Kohls Retail Store	176	0.52%		
JCPenney	150	0.44%		
Becton Dickinson Distribution	111	0.33%		
Total Employees	2,616	7.72%		

*Count includes PT/FT, classified, certificated, admin.

**Previous year combined County and City totals

*** La-Z-Boy, Inc. and Superior Buidling Products closed its locations in Redlands, CA in late 2019

NOTES:

(1)Total Employees in City provided by EDD Labor Force Data, represents the total employment of all employers located within City limits.

(2) The City of Redlands fully encapsulates a county pocket containing Citrus Plaza and a significant industrial area which is home to a number of distribution centers and logistics companies.

The City of Redlands has chosen to list some of the significant employers within this area as it is believed to contribute to the financial well being of the city.

City of Redlands, California
City Employees by Function
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Full-time employees:										
City clerk's office	-	-	-	1	1	1	1	1	1	-
City manager's office	5	6	6	7	7	9	11	12	12	9
Development services	16	20	20	19	21	22	22	21	19	17
Finance	21	21	22	24	25	26	27	24	27	24
Fire	60	60	61	58	60	60	60	61	63	62
Human resources	5	5	5	7	7	8	10	9	9	7
Library	15	15	16	16	16	17	17	18	20	18
Management information systems	8	9	9	9	9	-	-	-	-	-
Department of Innovation & Tech						10	9	10	12	12
Municipal utilities and engineering:										
Administration	23	24	28	28	34	34	34	33	29	30
Water	47	47	49	49	50	49	49	50	50	48
Wastewater	23	24	24	24	24	24	24	24	24	23
Police	129	131	111	113	121	122	122	126	130	117
Facilities & Community Services ²										
Administration, parks & streets	39	42	46	48	52	56	56	62	63	63
Equipment maintenance	9	7	6	6	6	5	5	5	4	4
Solid waste	34	33	33	32	32	33	33	33	39	39
Cemetery	3	3	3	3	4	4	4	4	4	4
Redevelopment	4	-	-	-	-	-	-	-	-	-
	<u>441</u>	<u>447</u>	<u>439</u>	<u>444</u>	<u>469</u>	<u>480</u>	<u>484</u>	<u>493</u>	<u>506</u>	<u>477</u>
Part-time employees	47	64	81	81	88	87	87	90	68	43
At-will employees	-	-	-	-	-	-	-	-	-	-
Grant-funded employees ¹	7	12	12	10	10	10	10	7	7	1
Limited Term Position	-	-	-	-	-	1	1	4	-	-
Total	<u>495</u>	<u>523</u>	<u>532</u>	<u>535</u>	<u>567</u>	<u>578</u>	<u>582</u>	<u>594</u>	<u>581</u>	<u>521</u>

¹ Includes both full & part time positions.

² Prior to Fiscal Year 2018, the Facilities & Community Services Department was referred to as the Quality of Life Department. Reorganizations in 2008 and 2016 created new departments, moved divisions and transferred employees. Historical data has been changed to reflect some but not all of these reorganizations.

Source: City of Redlands Budget

City of Redlands, California
Operating Indicators by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Calls for service ¹	52,611	51,248	52,349	54,529	55,972	47,488	40,159	54,370	52,914	52,520
Emergency calls for service ¹	2,333	1,167	592	504	538	578	517	708	815	808
Citations issued ¹	5,688	5,803	7,617	6,571	6,733	7,062	5,299	7,347	5,449	6,837
Fire:										
Number of incidents	8,470	8,323	8,946	8,980	9,354	10,169	10,484	10,684	10,760	10,789
Inspections performed ¹	2,247	2,994	2,208	2,234	1,974	2,186	2,827	4,075	5,821	6,429
Building and safety:										
Permits issued	1,647	1,536	1,600	2,150	1,932	1,947	2,110	2,408	2,111	2,159
Inspections performed	8,506	7,358	7,717	7,839	4,486	8,293	10,015	9,381	9,431	11,211
Parks and recreation:										
Community center attendance	22,398	18,000	21,084	19,100	31,238	42,625	44,725	51,000	48,500	45,022
Senior center attendance	29,008	20,668	24,897	27,891	29,415	28,675	24,415	24,970	25,109	20,175
Joslyn center attendance	26,707	13,016	19,934	16,932	21,846	23,795	21,554	20,498	22,679	18,257
Youth sports attendance	1,538	3,566	5,677	2,100	21,102	11,521	12,271	12,870	12,396	10,032
Adult sports attendance	4,735	7,780	6,534	20,340	7,200	5,760	2,830	1,800	3,200	2,480
Water:										
Number of services	22,487	23,075	23,845	21,732	21,842	21,842	22,378	22,113	22,440	22,380
Average daily consumption (thousands of gallons)	26,960	23,362	28,375	29,900	24,631	18,679	20,989	30,328	26,670	25,926
Solid waste:										
Recycled materials (tons)	25,194	24,183	25,756	26,570	20,611	22,805	22,287	23,758	25,474	23,952
Refuse disposed (tons)	81,428	71,441	65,887	72,228	49,416	52,826	52,527	51,798	51,769	52,476
Library:										
Number of volumes	144,229	143,622	143,436	142,989	140,667	144,122	144,887	144,173	146,173	146,379

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

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

Source: City of Redlands

City of Redlands, California
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	2	2	2	2	2	2	2	2	1	1
Fire:										
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	315	315	315	315	316	316	319	368	368	368
Traffic signals (city-owned)	68	68	68	68	68	68	68	69	72	73
Parks and recreation:										
Parks (acreage)	260	260	279	295	295	295	295	295	327	333
Groves (acreage)	195	195	159	159	159	159	164	164	180	199
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	386	386	386	390	386	386	385	388	388	388
Maximum daily production capacity (thousands of gallons)	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Non Potable Water *										
Water mains (miles)	29	27	29	30	32	33	34	34	34	34
Maximum daily production capacity (thousands of gallons)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	14,000
Wastewater:										
Sewers (miles)	242	240	242	243	245	245	245	245	245	245
Daily capacity of wastewater plant (thousands of gallons)	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Solid waste:										
Landfill (city-owned)	1	1	1	1	1	1	1	1	1	1
Library:										
Public library	1	1	1	1	1	1	1	1	1	1

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

Source: City of Redlands