



ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



**City of Redlands  
California**



# **City of Redlands**

Redlands, California

## **Annual Comprehensive Financial Report**

*For the Fiscal Year Ended June 30, 2022*

Prepared by  
Management Services/Finance Department



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**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2022**  
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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

James Garland  
Assistant Finance Director

December 21, 2022

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 annual comprehensive financial statements of the City of Redlands (the City) for the Fiscal Year ended June 30, 2022.

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 The Pun Group, 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, 2022, 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, 2022 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 standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

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

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue and capital project funds.

The annual budget serves as the foundation for the City's financial planning and control. Biennially, during the period February through May, department heads prepare estimates of required appropriations for the following two-year budget cycle. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and financial resources and historical data for the preceding budget cycle. The City Manager's Recommended Budget is then presented either to the full City Council or 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 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 legally authorized to transfer budgeted amounts between divisions and accounts within the same department. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations within a fund. All appropriations shall lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered.

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. Formal budgets are not employed for debt service funds

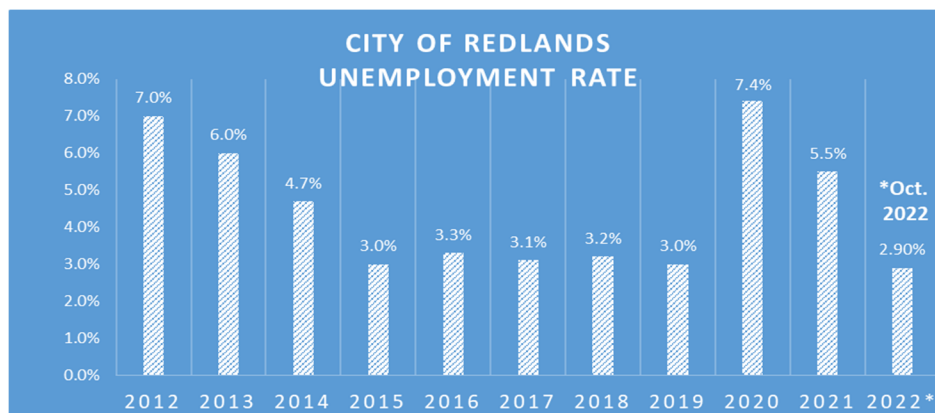
because debt indenture provisions specify payments. The permanent fund is not budgeted. The level of control (level at which expenditures may not exceed budget) is the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered 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.** The COVID-19 pandemic and ensuing public health crisis put an end to the nation’s largest modern economic expansion. During the last two years, the City (and all cities) navigated the economic reverberations of the pandemic, first employing retrenchment techniques to preserve core services then pivoting towards efforts to ramp up service levels as the economy rebounded. The City benefitted greatly from recovery programs put into place by the federal government that provided aid directly to cities through the American Rescue Plan Act – State and Local Fiscal Recovery Funds. These funds, along with federal support for households and the creation of vaccines against COVID-19 prevented much more severe economic challenges for the City and local governments altogether.

For perspective, local unemployment rates increase from a ten-year low of 3% in 2019 to 7.4% in 2020 and 5.5% in 2021 but has completely recovered as of October 2022, with the figure currently standing at 2.9%. Meanwhile the local real estate market remained relatively strong compared to the broader economy, as a variety of market conditions lead to accelerating home price growth through and since the onset of the pandemic. Median prices for detached single family homes in Redlands increased roughly 40% between 2019 and 2022 prices. However, it is expected that the number of sales will dramatically decrease because of larger macroeconomic factors, such as increased borrowing costs.



Because of Measure T, the City’s local transaction and use tax that was approved by voters in November 2020; the General Fund reserves it has built steadily over the years; and prudent fiscal management, the City weathered the financial decline precipitated by the pandemic, has

recovered, and is well on the path to improving services and making even more gains in financial resiliency.

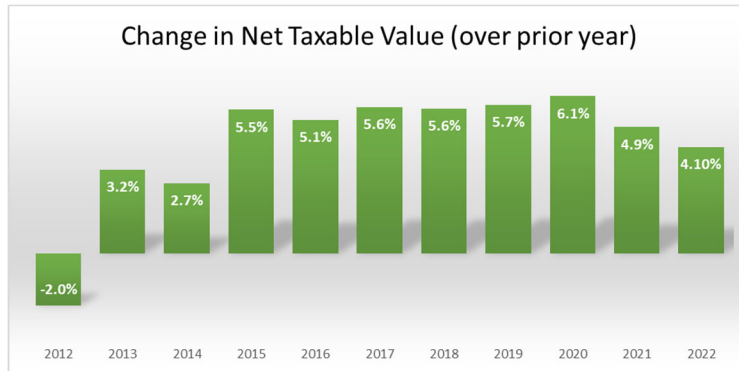
The City of Redlands' economy is based largely in the service and trade sectors (health care, retail trade, technology, and education). The region has a varied manufacturing and industrial base that has added to the relative stability of the unemployment rate over the years. Redlands' unemployment rate remains lower than its neighboring communities. Since 2002, the annual unemployment rate for the City has ranged from a low of 2.9% for October 2022 to a high of 10.5% in 2010.

The Adopted Budgets for Fiscal Year 2022 significantly restored the reductions that were made in the prior fiscal year, including the elimination of 80 full and part time positions, as well as other significant cuts in the areas of public safety, parks & recreation, Library services, and general infrastructure maintenance. As the economy returned to a more familiar pattern of normalcy, job growth and consumer spending recovered and improved beyond that of pre-pandemic levels. Inflation has driven prices of goods up, and this, along with other indicators, has contributed positively to the City's two main sources of General Fund revenue: sales and property tax. The passage of Measure T, and the favorable reallocation of point-of-sale sales tax from Amazon distribution centers has bolstered the sales tax revenue stream. With Measure T and the additional changes, the City revenue from combined sales tax sources increased from roughly \$17,510,000 in 2020 to \$48,230,000 in 2022 (an increase of 175%). Property tax has continued to perform well as home prices remain at an all-time high and new development that has occurred in years passed is added to the tax rolls. During the same time frame from 2020 to 2022, the City's revenue from property tax grew from roughly \$32,000,000 to approximately \$36,000,000 (and increase of 10%).

In addition to revenues, FY 2022 saw an extraordinary land sale that was recorded in the Solid Waste and Wastewater funds. After returning the original purchase funds plus an amount representing the incremental increase in value to those funds in current dollars, the excess proceeds of \$43.4 million were transferred to the General Fund. These proceeds were partially used for the acquisition of other capital assets and partially set aside into a future facilities reserve. In September 2021, the Council voted to approve the purchase of 300 East State Street, a six-story building in downtown Redlands, to house the City's future municipal offices (City Hall). In March 2022, the City purchased 1625 West Redlands Boulevard (the former site of the Kmart in Redlands). This property will serve as the future home to the Redlands Police Department, fulfilling a long-standing need for the department to have one centralized facility to house its operational and tactical divisions.

Major industries within the City's boundaries or in proximity include computer software manufacturers, higher education institutions, light manufacturing, regional distribution centers 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.

In terms of property taxes, the City experienced a net taxable value increase of 4.1% in FY 2021-22, representing nine consecutive years of growth, albeit at a slower pace than prior years. The assessed value increase between 2020-21 and 2021-22 was \$450 million, compared with \$510 million in prior year growth. 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 roughly half of all growth in the City. The annual CPI adjustment was the second largest growth factor, contributing about one-fifth of overall growth in assessed value. Lastly, new construction also contributed 16% of total value growth.

The local real estate market has remained relatively strong compared to the broader economy. From 2019 to 2022, the median price for detached single family residential sales rose by almost 40%, with 9.5% of that growth experienced in 2020 alone. Multiple factors have influenced rising home costs: historically low interest rates, limited supply of housing stock, and increased demand from investors. Within the City, the median price for a detached single-family residence has exceeded pre-Great Recession highs of \$407,500, and at the end of 2021 was \$550,000.

While property tax lags current economic conditions due to assessment practices, there is a sense that real estate and home prices will begin to drop. While growth in assessed value slowed from an all-time high of 6.1% in the last ten years to 4.9%, home prices, new construction, both residential and commercial appear to be on a strong trajectory to add significantly to the City's stock of properties.

In addition to the discussion of the local housing market and growth in assessed value, there were notable developments added to the residential and commercial landscape.

In residential construction, there are many large projects in the pipeline and under construction that will add to the housing stock of the City significantly. The uptick in residential developments developed recently after state legislation eliminated the city's Measure G, an ordinance that limited the city to issuing permits for 400 new dwelling units annually. Currently under construction is the Heritage Specific Plan, which will develop 37 acres into 207 single-family one and two-story detached homes that will be wood-framed with concrete-on-grade slab floors. The community is designed with an open space area in its center, which will incorporate mix of passive uses including, picnicking areas, shade structure(s), playgrounds, gardens, seating areas, informal play areas, and attractive landscaping. Approved projects include the State Street Village Project to redevelop the former Redlands Mall site with a transit-oriented district and mixed uses. This project includes five 3-story and 4-story building with a total of up to 700 apartments/condominiums, a resident amenity building, public & private open space areas, public realm improvements and a variety of retail and office space.

Redlands' strengthening tax base growth has also been supported by a strong housing market along with multiuse and transit-oriented residential and commercial developments. While we recognize that rising interest rates could create downward pressure on housing demand in the medium term, we think the city will continue to participate in the region's long-term housing demand growth.

In terms of commercial development, several noteworthy projects have been completed. The Downtown Parking Structure is the first of its kind in Redlands – a four-level parking structure with 385 parking stall (200 of which are for public use) and 5,400 square feet of retail space. The parking structure also includes electric charging stations and a bridge that connects to the adjacent building. Also, The Hilton Home2 Suites has opened its doors for operations. This new hotel features 77 guest room, approximately 44,500 square feet of floor area, a parking lot and related site improvements. In addition to this hotel, another hotel, the Marriot Springhill Suites was also completed. This new hotel has 88 guest rooms, approximately 55,00 square feet of floor area, a parking lot and related site improvements. Several other noteworthy projects have been approved by the Planning Commission including, the State Street Village mixed use project noted above, the construction of a Tru Hotel by Hilton, and the Redlands City Center, another mixed-use development in downtown Redlands.

Other notable business openings in fiscal year 2021-22 include the following:

- LOOK Dine-In Cinemas, a technology-first luxury cinema experience, opened in July 2021 as a 14-screen full-service, technology-first movie theater located in downtown Redlands.
- Goodwin’s Organic Market opened in January 2022, a market specializing in convenience based healthy living with a wellness bar, cafe, fresh prepared foods including freshly made salads, sandwiches, entrees, and our featured stone mill organic and gluten free pizzas.
- Byrd’s Hot Chicken opened in May 2022, a southern comfort chicken restaurant found in California and Illinois.
- Septembers Taproom & Eatery opened in May 2022 also, featuring over 20 taps of local and craft beers as well as high quality dining, with a full bar, TV screens for sports viewing and weekly live music.
- Also opening in May 2022, the Payroll Vault, a boutique-style full-service payroll & workforce management franchise, opened its Redlands office.
- In June 2022, the Feel Good Market held its grand opening in Redlands. This market is a soap kitchen, “refill-ery” and boutique supporting other soap makers that have the same passion for the art of soap making.

**Successor Agency.** 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 Successor Agency.

On September 8, 2015, the DOF approved the Successor Agency’s Long-Range Property Management Plan (LRPMP). As of April 2019, the City has disposed of all remaining properties not specified for a governmental purpose in accordance with the LRPMP. In addition, the City anticipates all financial obligations of the Successor Agency to be fully satisfied at the end of fiscal year 2022-23. Further discussion about the Successor Agency can be found in Note 16 of the Notes to the Basic Financial Statements.

**Long-term financial outlook/planning.** The local economy has fared far better than expected in the wake of the COVID-19 pandemic. Spurred by pandemic-related federal stimulus, the US economy overall entered a period of rapid expansion in the summer of 2020 that extended through 2021. Over the last year, however, there is evidence that this rapid expansion is unsustainable. Businesses have struggled to keep pace with consumer demand for goods & services amid record low unemployment figures and global supply chain challenges. As a result, consumer process have risen 8% over the last year, more than three times the norm of the last three decades.

The historically high inflation rates have caused the Federal Reserve to act to dampen economic activity by raising interest rates and thus increasing borrowing costs for home buyers, consumers and businesses. However, this is not a panacea – higher interest rates may do nothing to temper inflation if labor market shortages, relatively high consumer demand and wage growth continue. Higher interest rates could impact financial and credit markets and, in that case, only exacerbate the inflationary pressures in the economy. So, while it appears likely a recession will occur, it is far from certain. One thing is certain, the higher the Fed raises interest rates, the greater the risk to the economy as a whole.

As a result of the continued recovery and progression from the pandemic’s impact on the local economy, the City anticipates a moderate increase in overall revenues for the next two fiscal years with a continued focus on efficient spending to maintain and improve essential City services to the community. Overall, fiscal conditions for the City have improved markedly from the prior year’s outlook. While uncertainty remains regarding inflation, unemployment and the next economic cycle, the City has bolstered its resources with the passage of Measure T and the steadily increasing growth in assessed property values. Those strengths are added to further by the increase in development activities, both in residential and commercial projects, as well as the continued opening and expansion of businesses in the area.

Adding to new business activity, the Redlands Passenger Rail Project (nicknamed the “Arrow”) opened for passenger service to the public in October 2022. The new service, a joint effort by the San Bernardino County Transportation Authority and Metrolink, started construction in July 2019 and marks a \$60 million investment in public transportation. There are total of three train stops within the City, and two in the neighboring City of San Bernardino. It is anticipated that the rail service will generate additional travel to Redlands as a destination for shopping and entertainment. Further development related to the rail is in the planning stages at this time, including the redevelopment of the former Redlands Mall site to include mixed use apartments with retail space downtown as well as the Transit Villages Specific Plan for up to 2,400 new dwelling units near the rail line.

The City continues to bolster its fiscal position with the addition of Measure T sales tax, a tax approved by voters during the November 2020 election. The revenue from Measure T has enabled investment in some of the City’s longest standing needs, including the need for a Police Department facility and the planned addition of new fire stations and personnel to meet service demands of an expanding community.

In March 2022, the City Council adopted a Strategic Plan for fiscal year 2022-23 through fiscal year 2027-28. The Strategic Plan resulted from a collaborative process that engaged our community. The City invited residents and businesses to share their ideas and to envision the future of Redlands. Using a consulting firm, the City reached out and met with a wide array of community stakeholders, including residents, community organizations and service clubs, business groups, educators, faith-based communities and churches, minority groups, youth organizations, labor groups as well as our own advisory boards and commissions and City staff.

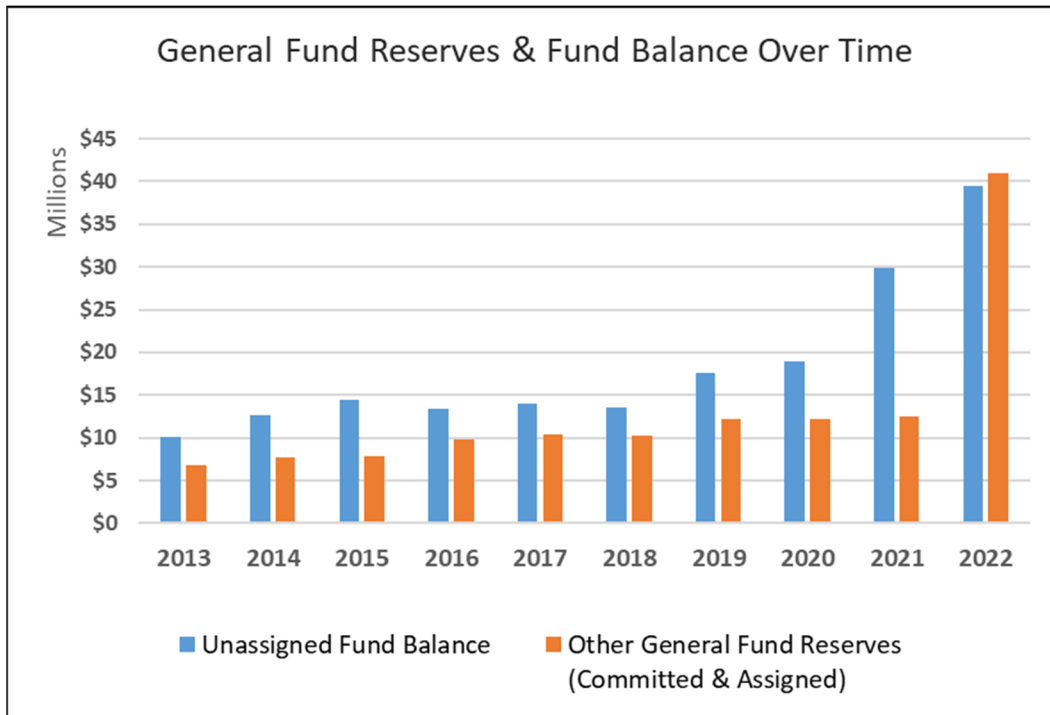
In December 2021, the City Council was presented with the information gathered through the community engagement process and honed in on the vision and goals for the City and guided this effort to outline a mission, a vision, core values and strategic priorities. Subsequently, a strategic planning workshop was held with the City’s management team to develop objectives in support of the City Council’s strategic priorities. The Strategic Plan is a living document that will focus the City’s energy and resources, ensure that City officials and staff are working toward common goals, establish consensus around intended outcomes and allow us to regularly assess and adjust the organization’s direction in a changing environment.

The plan serves as a framework for achieving a vision for the community as a “connected conscientious, safe community with a small town feel in which all people and businesses can thrive.” It includes the following focus areas:

- Quality of Life
- Public Health & Safety
- Equity & Inclusion
- Sustainability

Each of these topics influence local forecasts for economic development, property & sales tax revenues, housing market, and City investment. The City is fortunate to be emerging from this pandemic in a strong fiscal position, poised not only to rebuild, but to address long-standing capital and infrastructure needs. As a City, we are committed to acting with fiscal prudence, operating lean and utilizing resources responsibly as entrusted to us.

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 2021-22, the City’s reserves for capital projects included: \$1.9 million for parking improvements in the downtown, roughly \$2 million in parks, equipment, facilities and building capital, \$22.1 million for future city facilities, and \$1.4 million for unfunded mandates.



Notably, the ending unassigned fund balance for the General Fund was approximately \$9.6 million higher than the prior year and roughly \$20 million higher than FY 2019-20, increasing from \$19 million in FY 2019-20 to \$39.9 million in FY 2021-22. Further review of the General Fund is included within Management’s Discussion and Analysis which follows the independent auditor’s report.

### 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 Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021. This was the nineteenth 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 annual comprehensive 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 annual comprehensive 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 annual comprehensive 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, James Garland; Finance Manager, Marie Datuin; and senior accountants Denise Camarillo and Jannette Mendoza for their efforts in overseeing the compilation of the accounting data and interfacing with our auditors; and to the accounting firm of The Pun Group, LLP, and to the City Manager’s Office. Credit is also due 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

# City of Redlands

Principal Officers  
as of June 30, 2022

## **City Council (Elected)**

Paul T. Barich, Mayor

Eddie Tejada, Mayor Pro Tem

Denise Davis, Councilmember

Mick Gallagher, Councilmember

Jenna Guzman-Lowery, Councilmember

## **City Manager**

Charles M. Duggan, Jr.

## **Assistant City Manager**

Janice McConnell

## **Assistant City Manager/ Facilities & Community Services Director**

Christopher Boatman

## **City Clerk (Elected)**

Jeanne Donaldson

## **City Treasurer (Elected)**

Robert Dawes

## **City Attorney**

Yvette Abich Garcia

## **Development Services Director**

Brian Desatnik

## **Fire Chief**

Rich Sessler

## **Library Director**

Donald McCue

## **Management Services/Finance Director**


Danielle Garcia

## **Municipal Utilities & Engineering Director**


John Harris


## **Police Chief**


Chris Catren


City of Redlands, CA  
 Organizational Chart  
 Approved By:  
  
 Charles M. Duggan, Jr.  
 City Manager  
 Effective July, 2021

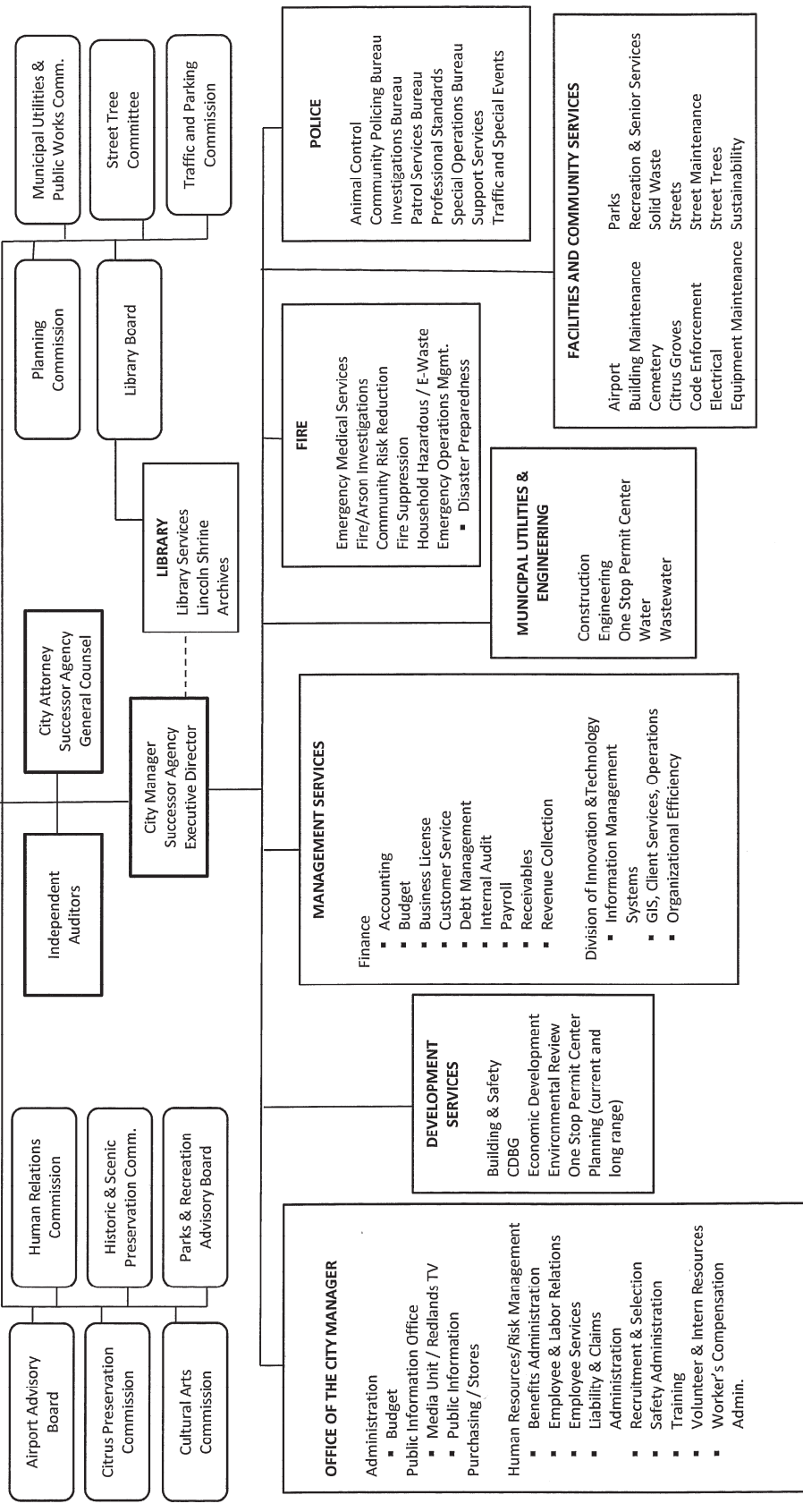
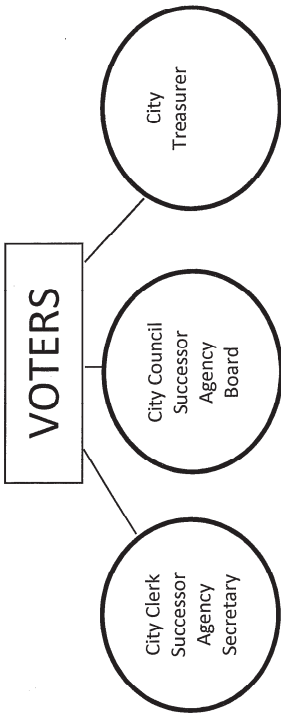
**LEGEND**

Elective 

Appointive 

Boards, Commission & Committees 

Advisory to: 





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Redlands  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO



## INDEPENDENT AUDITORS' REPORT

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

### Opinions

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 (the "City"), as of and for the year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

#### *Implementation of New GASB Pronouncements*

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases* during the year. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Contributions – Pension Plans, and Schedule of Changes in Total OPEB Liability and Related Ratios, as listed in the accompanying table of contents, 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.

***Supplementary 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 Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The 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 Fund Financial Statements and Budgetary Comparison Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022, on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

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

Santa Ana, California  
December 21, 2022

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**City of Redlands**  
**Management’s Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2022**

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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, 2022. 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 ACFR 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 custodial 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.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

**Figure A-1**

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

	<b>Government-wide Statements</b>	<b>Fund Statements</b>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, 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

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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**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.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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, 2022 and June 30, 2021, which allows for analysis of the City's net position as a whole.*

**Table 1**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other Assets	\$ 151,671,652	\$ 101,213,162	\$ 121,034,762	\$ 117,406,518	\$ 272,706,414	\$ 218,619,680
Capital Assets	<u>543,297,925</u>	<u>483,407,097</u>	<u>201,718,510</u>	<u>194,994,848</u>	<u>745,016,435</u>	<u>678,401,945</u>
Total Assets	<u>694,969,577</u>	<u>584,620,259</u>	<u>322,753,272</u>	<u>312,401,366</u>	<u>1,017,722,849</u>	<u>897,021,625</u>
Deferred Outflows of Resources						
Pension & OPEB	<u>69,833,304</u>	<u>38,924,685</u>	<u>17,234,776</u>	<u>8,835,191</u>	<u>87,068,080</u>	<u>47,759,876</u>
Long-Term Liabilities Outstanding	254,476,498	252,369,403	98,184,008	99,140,474	352,660,506	351,509,877
Other Liabilities	<u>21,948,107</u>	<u>14,386,097</u>	<u>10,210,571</u>	<u>10,095,306</u>	<u>32,158,678</u>	<u>24,481,403</u>
Total Liabilities	<u>276,424,605</u>	<u>266,755,500</u>	<u>108,394,579</u>	<u>109,235,780</u>	<u>384,819,184</u>	<u>375,991,280</u>
Deferred Inflows of Resources						
Leases & Pension & OPEB	<u>53,766,395</u>	<u>5,449,482</u>	<u>10,728,333</u>	<u>1,213,953</u>	<u>64,494,728</u>	<u>6,663,435</u>
Net Position						
Net Investments in Capital Assets	537,558,597	481,259,666	183,665,229	174,389,259	721,223,826	655,648,925
Restricted	11,326,983	14,059,449	16,677,323	18,031,654	28,004,306	32,091,103
Unrestricted	<u>(114,273,699)</u>	<u>(143,979,153)</u>	<u>20,522,584</u>	<u>18,365,911</u>	<u>(93,751,115)</u>	<u>(125,613,242)</u>
Total Net Position	<u>\$ 434,611,881</u>	<u>\$ 351,339,962</u>	<u>\$ 220,865,136</u>	<u>\$ 210,786,824</u>	<u>\$ 655,477,017</u>	<u>\$ 562,126,786</u>

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 and assumptions. Table 1 shows that the net position of government-wide activities increased by approximately \$93.4 million or 16.6%, from \$562,126,786 in 2021 to \$655,477,017 in 2022.

Governmental activities net position increased significantly by 23.7%, from \$351,339,962 at June 30, 2021 to \$434,611,881 at June 30, 2022. Consistent with its prior year increase, the City's net position for business-type activities increased by 4.8% from \$210,786,824 in 2021 to \$220,865,136 in 2022. For governmental activities, the increase of roughly \$83.3 million in net position is mostly attributable to a significant increase total assets of \$115 million, offset by a corresponding increase in total liabilities of only \$14.3 million, contributing a gain in net position of \$100.7 million. That positive impact on net position was offset by increase in lease-related, pension & OPEB deferred inflows of \$48.3 million, and an increase in pension & OPEB deferred outflows of \$30.9 million, for a net negative effect of \$17.4 million. For the business type activities, the growth in total net position of 4.8% (or \$10.1 million) is attributable to an increase in total assets combined with a decrease in total liabilities for a positive impact of \$11.2 million, as well as an increase in pension & OPEB deferred outflows of \$8.4 million, offset with a decrease in lease-related, pension & OPEB deferred inflows of \$9.5 million. Further detail on prior year comparisons is provided below.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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The City implemented GASB 87 effective July 1, 2021. GASB 87 requires that leases be reported in the financial statements. The following categories were added to the financial statements: leases receivable, leases payable, deferred inflow of resources related to leases, right-to-use leased assets and lease liabilities. Additional discussion of these changes can be found in Note 1 - I and 3 of the financial statements.

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 \$745 million or 73% of total assets. These are detailed in Note 5 of the financial statements.
- Net investment in capital assets of approximately \$721 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 \$234.8 million in the City treasury and \$3.6 million of cash and investments held with fiscal agents. These assets are detailed in Note 2 of the financial statements.
- Deferred outflow of resources related to pension and OPEB increased significantly by \$39.3 million, roughly 187%. The change in deferred outflow of resources related to OPEB was due mainly to decrease of roughly 11% in the assumed discount rate and increase in the rate assumed for inflation of over 300% (from 0.75% to 2.75%) used to calculate the City's Total OPEB liability. The increase in deferred outflow of resources related to pensions is attributable to pension contributions made after the measurement date of the last GASB 68 Accounting Report.
- Receivables, totaling \$24.5 million, consist of accounts, taxes and leases receivable. While most receivables consist of taxes and accounts payable, it is noted here that leases receivable recognizes agreements with third parties for the right-to-use of City property that is leased for special purposes. More information on leases receivable is found in Note 3 to the financial statements.
- Long-term liabilities totaled \$335.2 million, approximately, and represent the City's obligations on debt, pensions, and other post-employment benefits. More information is presented in Notes 6 and 8-12 of the financial statements.
- Other liabilities increased significantly by 31.4%, from \$24.5 to \$32.2 million roughly. Most of this \$7.7 million increase is due to a large increase in General Government accounts payable, attributable to a \$1 million grant agreement with the Museum of Redlands, a purchase agreement for body worn cameras of \$478,000 and a \$1.8 million construction contract for the I-10 / Alabama Interchange Improvement Project; there was also a \$2.8 million increase in General Government unearned revenue, \$2.4 million of which is attributable to increased unearned revenue recorded as a result of the American Rescue Plan Act funding received towards the end of the fiscal year.
- Implementation of GASB 87 resulted in a \$8.5 million increase for lease related deferred inflows of resources for spaces and land that is leased out by the City. As well, deferred inflows related to pension & OPEB increased significantly by \$49.3 million, roughly 740%. This change is based the net difference between projected and actual earnings on pension plan investments as well as a 10% decrease in the assumed discount rates.
- Overall investment in capital assets, net of related debt, increased by 10%. This steady increase over the prior year is reflective of additions to right-of-way assets, higher amounts of construction in progress, and additions to infrastructure assets and buildings & improvements.
- Restricted net position, totaling \$28 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 -\$93.75 million represents an 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. As well, beginning in FY 2022, the City also recognized the deferred inflows related to leases in accordance with GASB 87. Additional details can be found in Note 10 as it pertains to net pension liability, in Note 11 for the Total OPEB liability and in Note 3 for Leases.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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Governmental Activities

- Receivables, totaling \$13.1 million, consists mainly of taxes receivable at \$10.6 million, \$1.1 million in accounts receivable, and \$1.4 in leases receivable. Recognition of leases payable, in accordance with GASB 87 reflects the City's portion of property leased to others for their right-of-use of a particular underlying asset.
- The net position of governmental activities increased significantly by 23.7% (or \$83.3 million), attributable to a variety of factors. Cash and other assets increased significantly by \$55.1 million, capital assets increased by \$59.9 million. As well, deferred outflows related to pension & OPEB increased by roughly \$30.9 million. These increases were offset by an increase in total liabilities of \$14.3 million and increases to deferred inflows related to leases, pension & OPEB of roughly \$48.3 million.
- Deferred outflow of resources related to pension and OPEB increased by \$30.9 million, roughly 79%. OPEB deferred outflows increased by approximately \$29.6 million and this is attributed mainly to decrease of roughly 11% in the assumed discount rate and increase in the rate assumed for inflation of over 300% (from 0.75% to 2.75%) used to calculate the City's Total OPEB liability. Pension deferred outflows represent a \$1.3 million increase in deferred outflows. This change is attributable to pension contributions made after the measurement date of the last GASB 68 Accounting Report. There are more details available in Notes 10 & 11 of the financial statements.
- This year, there was a net increase of 5.4%, or \$14.3 million in total liabilities, with roughly \$1.9 million attributed to increases in unearned revenue received in late June 2023 (as a result of the American Rescue Plan Act funding, the majority of which has no corresponding expenditure and is therefore unearned), several large construction projects underway, increases in deposits & interest payable, and a net of \$2.1 million attributed to long-term debt.
- Within long-term liabilities, the amount for pension decreased by \$40.3 million and the amount for OPEB increased by \$38.4 million. Changes in OPEB liability are attributed to changes in assumptions for the discount rate and inflation, predominately. While changes in net pension liability are due mainly to improved performance of investment income. There are more details available in Notes 10 & 11 of the financial statements.
- Deferred inflow of resources related to pension increased by \$43.4 million, roughly 1,874%. 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, notably this year, better-than-expected earnings on pension plan investments. OPEB deferred inflows decreased over the prior year by 25%, or \$794,000. This change is mainly due to changes in assumptions related to the discount rate and inflation. There are more details available in Notes 10 & 11 of the financial statements.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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Business-Type Activities

- The net position of business-type activities increased by 4.8%, or \$10.1 million. This change is attributed to an increase in total assets of \$10.4 million; an increase in deferred outflows from pension and OPEB of \$8.4 million; and a decrease in total liabilities of \$841,000, offset by an increase in deferred inflows from leases, pension and OPEB of \$9.5 million for a net increase of \$6.2 million overall.
- Receivables, totaling \$11.4 million, represent an increase of approximately \$1.4 million from the prior year. The majority of accounts receivable relate to the Water, Wastewater and Solid Waste customer billings (\$5.2 million) and unbilled customer accounts (\$5.6 million). With the recognition of leases receivable, in accordance with GASB 87, approximately \$225,000 was also added to receivables. These leases are mainly related to property & easements for cell phone towers as well as hangar leases at the Redlands Municipal Airport.
- Total capital assets of \$201.7 million represent 27% of total capital assets citywide.
- Deferred outflow of resources related to pension and OPEB increased by \$8.4 million, roughly 95%.
  - OPEB deferred outflows increased by approximately \$8.7 million and this is attributed to the lowering of the assumed discount rate and the significant increase in the assumed inflation rate used in the actuarial valuation performed with a measurement date of June 30, 2021.
  - Pension deferred outflows decreased slightly by \$325,000. This change is based on the annual actuarial analysis performed by CalPERS and consists of differences between estimated and actual experience, notably this year, better-than-expected earnings on pension plan investments.
- This year, there was a net decrease of \$956,000 in long-term liabilities outstanding.
  - In terms of long-term debt – there was a net decrease of \$2.7 million.
  - This is representative of repayment of bonds, notes, and leases payable within Water, Solid Waste (Disposal) and Wastewater (Sewer) funds of roughly \$3.3 million, which offset the addition of a new capital lease payable for a Caterpillar D7-17 Tractor at the California Street Landfill (Solid Waste Fund) for \$650,000.
  - In terms of other long-term liabilities, there were significant and offsetting changes in net pension liability and total OPEB liability. There was a decrease of \$9.6 million in net pension liability due to differences between estimated and actual experience, notably this year, better-than-expected earnings on pension plan investments. There was an increase in total OPEB liability of \$11.3 million attributed to the lowering of the assumed discount rate and the significant increase in the assumed inflation rate used in the actuarial valuation performed with a measurement date of June 30, 2021.
- Deferred inflow of resources related to leases, pension and OPEB increased by \$9.5 million, roughly 784%.
  - \$2.8 million of this increase is due to recognition of deferred inflows related to leases, in accordance with GASB 87.
  - Pension deferred inflows increased by \$6.9 million, this is based on the annual actuarial analysis performed by CalPERS and consists of changes in assumptions and differences between estimated and actual experience.
  - These increases were slightly offset by a decrease in deferred inflows related to OPEB of \$234,000. This change is based on the actuarial valuation performed with a measurement date of June 30, 2021.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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, 2022 and June 30, 2021:

**Table 2**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
<b>Program Revenues</b>						
Charges for services:	\$ 17,335,323	\$ 15,665,634	\$ 65,976,505	\$ 63,050,099	\$ 83,311,828	\$ 78,715,733
Operating grants and contributions	4,223,681	3,941,740	631,695	20,125	4,855,376	3,961,865
Capital grants and contributions	28,433,466	11,372,774	6,134,627	2,840,765	34,568,093	14,213,539
<b>General Revenues</b>						
Property taxes	37,769,495	35,722,886	73,337	79,616	37,842,832	35,802,502
Sales taxes	48,232,171	26,541,469	-	-	48,232,171	26,541,469
Franchise taxes	2,625,852	2,379,571	-	-	2,625,852	2,379,571
Other taxes	2,706,919	2,462,019	-	-	2,706,919	2,462,019
Investment income (loss)	(1,546,892)	282,836	(2,929,740)	557,392	(4,476,632)	840,228
Gain/(loss) on sale of capital assets	-	-	44,643,370	-	44,643,370	-
Intergovernmental (unrestricted)	1,308,520	1,455,573	-	-	1,308,520	1,455,573
Other	1,689,391	3,064,706	1,208,057	1,637,223	2,897,448	4,701,929
<b>Total Revenues</b>	<b>142,777,926</b>	<b>102,889,208</b>	<b>115,737,851</b>	<b>68,185,220</b>	<b>258,515,777</b>	<b>171,074,428</b>
<b>Program Expenses</b>						
General government	26,157,407	18,717,217	-	-	26,157,407	18,717,217
Public safety	61,325,651	57,395,655	-	-	61,325,651	57,395,655
Culture and recreation	6,902,767	4,250,967	-	-	6,902,767	4,250,967
Highway and streets	9,754,750	11,057,940	-	-	9,754,750	11,057,940
Library	2,754,340	2,792,317	-	-	2,754,340	2,792,317
Interest on Long-Term Debt	738,561	888,750	-	-	738,561	888,750
Water	-	-	26,535,646	23,411,564	26,535,646	23,411,564
Disposal	-	-	15,454,382	15,026,409	15,454,382	15,026,409
Sewer	-	-	11,764,304	12,077,904	11,764,304	12,077,904
Groves	-	-	1,146,879	991,602	1,146,879	991,602
NP Water	-	-	956,768	677,088	956,768	677,088
Cemetery	-	-	958,443	1,119,999	958,443	1,119,999
Aviation	-	-	715,647	582,770	715,647	582,770
<b>Total Expenses</b>	<b>107,633,477</b>	<b>95,102,846</b>	<b>57,532,069</b>	<b>53,887,336</b>	<b>165,165,546</b>	<b>148,990,182</b>
<b>Change in Net Position Before Transfers</b>	<b>35,144,449</b>	<b>7,786,362</b>	<b>58,205,782</b>	<b>14,297,884</b>	<b>93,350,231</b>	<b>22,084,246</b>
Transfers	48,127,470	3,660,469	(48,127,470)	(3,660,469)	-	-
<b>Increase (Decrease) in Net Position</b>	<b>83,271,919</b>	<b>11,446,831</b>	<b>10,078,312</b>	<b>10,637,415</b>	<b>93,350,231</b>	<b>22,084,246</b>
Beginning Net Position	351,339,962	336,232,462	210,786,824	200,149,409	562,126,786	536,381,871
Restatement of Net Position	-	3,660,669	-	-	-	3,660,669
Beginning Net Position, as Restated	351,339,962	339,893,131	210,786,824	200,149,409	562,126,786	540,042,540
<b>Ending Net Position</b>	<b>\$ 434,611,881</b>	<b>\$ 351,339,962</b>	<b>\$ 220,865,136</b>	<b>\$ 210,786,824</b>	<b>\$ 655,477,017</b>	<b>\$ 562,126,786</b>



**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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Total Primary Government –

- Total Primary Government revenues for fiscal year 2021-2022 increased significantly by 51.1%, or roughly \$87.4 million. This large increase was due to several factors: the first full year of transaction & use tax received under Measure T, the addition of several large infrastructure asset additions included under capital grants & contributions, and one-time land sale proceeds in the solid waste and wastewater funds.
- Property tax grew by 5.7%, or \$2 million. This growth in revenue is attributed to higher taxable values driven by property transfers of ownership, the annual adjustment for inflation (CPI), and new construction within the City from prior years being enrolled by the County's Recorder.
- Total expenses for the City increased in fiscal year 2021-2022 by \$16.2 million (or 10.9%). Roughly \$12.5 million of this increase was within General Government. Another \$3.6 million net increase was found throughout the Business Type Activities. More detail on these fluctuations is presented below.
- Transfers between governmental activities and business-type activities increased by roughly \$44.5 million. This is due to a large one-time transfer of land sale proceeds between the Solid Waste (Disposal) & Wastewater (Sewer) Funds to the General Fund to transfer net profits on a property sale after both funds were made whole with their original capital outlay for the property plus CPI adjustments to preserve the purchasing power within both funds.

Governmental Activities

- Total Governmental Activity revenues for fiscal year 2021-22 increased by roughly 38.8%. This growth in the prior year was mainly significant additions under capital grants and contributions, notably the 2021 Street Resurfacing Project, the 2021 Citywide Sidewalk & ADA replacement project, the 6th Street Gateway and infrastructure added from several private developments. Other significant variances are detailed below.
- Sales tax revenue saw a very significant increase of 81.7%, or \$21.7 million, when compared to prior year. This striking increase in revenues is based on three factors:
  - The first full year of collection of the City 1% transactions and use tax (Measure T), which was only partially reflected in the prior fiscal year since its effective date of 04/01/2021;
  - A corporate restructuring of Amazon LLC to now own its warehouses, effectively making itself into a point-of-sale such that the vast majority of sales tax the in-town Amazon warehouse generates will no longer be "pooled" for apportionment among the various cities in the County, but rather the City will be the exclusive taxing jurisdiction;
  - And lastly, upward pressures on prices towards the latter half of the fiscal year had a positive impact on sales tax revenue.
- Interest Income (formerly referred to in prior fiscal years as Uses of Money & Property) has decreased significantly by roughly \$1.8 million. Much of this was largely due to a decrease in the fair market value of the City's investment portfolio resulting from an overall increase in interest rates.
- The Intergovernmental category reflects a decrease over the prior year of \$147,000 due to fluctuations in funding from the Federal, state and county governments.
- Operating Grants and Contributions increased from prior year levels by \$282,000, or 7.2%. This was due largely to increases in General Government grants related to the City's allocation of Coronavirus State & Local Fiscal Recovery Funds issued through the American Rescue Plan Act of \$2.1 million and decreases in Public Safety operating grants due to a one-time increase in the prior year attributed to the Coronavirus Aid, Relief, and Economic Security Act or, CARES Act funding.
- Capital Grants and Contributions increased markedly by \$17 million, or 150% over the prior year. This is a result the addition of several large infrastructure asset additions included under capital grants & contributions, as well as some increases in revenue in the various general government development impact fee funds.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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Governmental Activities (Continued)

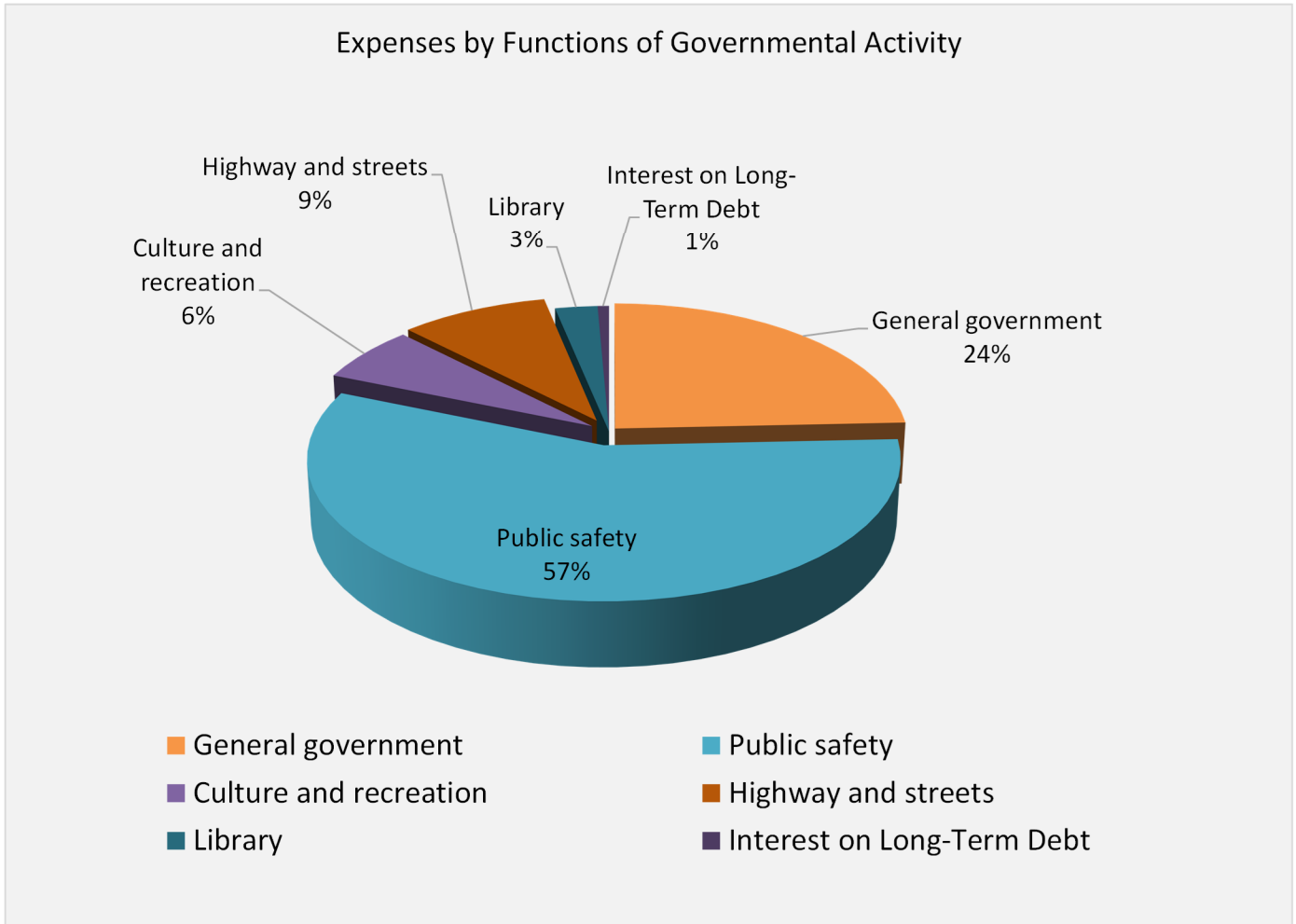
- Total expenses for Governmental Activities increased in fiscal year 2021-22 by \$12.5 million (or 13.2%). The following categories saw the largest fluctuations over the prior year:
  - General Government expenses increased by roughly \$7.4 million (or 39.8%). Most of this increase is due to large increases in expenses related to facility maintenance contracts associated with the purchase of 300 East State Street, a six-story office building roughly 65% occupied by private tenants. As well, this includes the one-time donation to the Museum of Redlands of a \$1 million grant by the City to commission the new City facility. There is also a \$2.6 million increase in full time salaries charged to grants.
  - The Public Safety category saw a \$3.9 million increase over the prior year. This variance was due to \$1.2 million increase in Police Department Operating costs, and other significant increases to adjustments for expenses related to depreciation, OPEB & pensions.

Business-Type Activities

- Overall, ending net position for the business-type activities increased by \$10.1 million, or 4.8%.
- Comparing fiscal year 2020-21 and fiscal year 2021-22, total revenues increased by \$47.5 million overall, or 69.7%. The increase in revenues is almost exclusively due to the one-time sale of property and associated proceeds.
  - The \$3.2 million increase in Capital Grants and Contributions was due to a net increase in development impact fee revenue of \$2.3 million and an increase in total capital contributions to the water and wastewater fund over the prior year of roughly \$900,000.
  - There were also significant increases in revenues in the Solid Waste (Disposal) and Wastewater (Sewer) Funds, mainly due to increases in rates for both funds effective 10/01/2021, as well as the addition of several new attached and detached homes to the City's housing stock. These increases of \$2.1 million and \$1.9 million, respectively, were offset by losses in revenue of \$1.2 million in the Water Fund. This is attributed mainly to the delayed collection of water usage charges caused by the Governor's Executive Order N-42-20 that limited disconnection of water service for non-payment. The City expects to recover delinquent accounts almost entirely as a part of the California Water and Wastewater Arrearage Payment Program (CWWAPP) that funded eligible customers who fell behind on their water utility bill payments because of the COVID-19 pandemic.
  - A decrease in investment income of \$3.5 million reflects the unrealized loss that was required to be booked to reflect the difference between the book value of the City's investments and their market value.
- Expenses overall increased from fiscal year 2020-21 levels by \$3.6 million, or 6.8% approximately. The programs with the largest increase in expenses were the Water, Solid Waste (Disposal), and Nonpotable Water funds. Over the prior year:
  - In the Water Fund, expenses increased by \$3.1 million or roughly 13.3%. This increase was mainly due to increases in contractual service costs, higher costs in electricity, and roughly \$1.1 million in expenses for water meter & fittings replacement. These significant increases were offset partially by savings in other categories of expenses in the fund.
  - In the Solid Waste (Disposal) Fund, expenses increased by \$428,000 or roughly 3%. These increases were due to higher costs for contractual services, retiree healthcare costs, City garage charges, and various capital assets. Some of these increases were offset in other categories by savings in pension contributions and landfill closure expenses.
  - Lastly in the Nonpotable Water Fund, there was a notable increase of \$280,000 in expenses, or roughly 41%. This increase was due mainly to the addition of new meters and fittings, as well as other non-capital expenditures.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

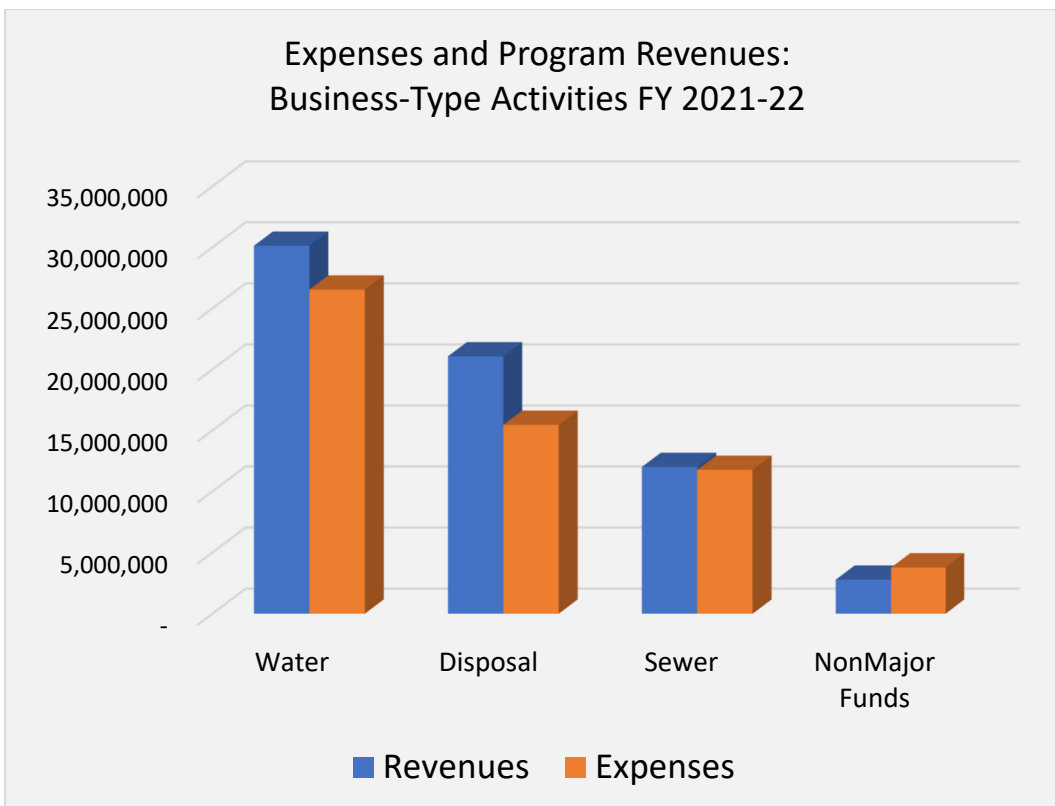
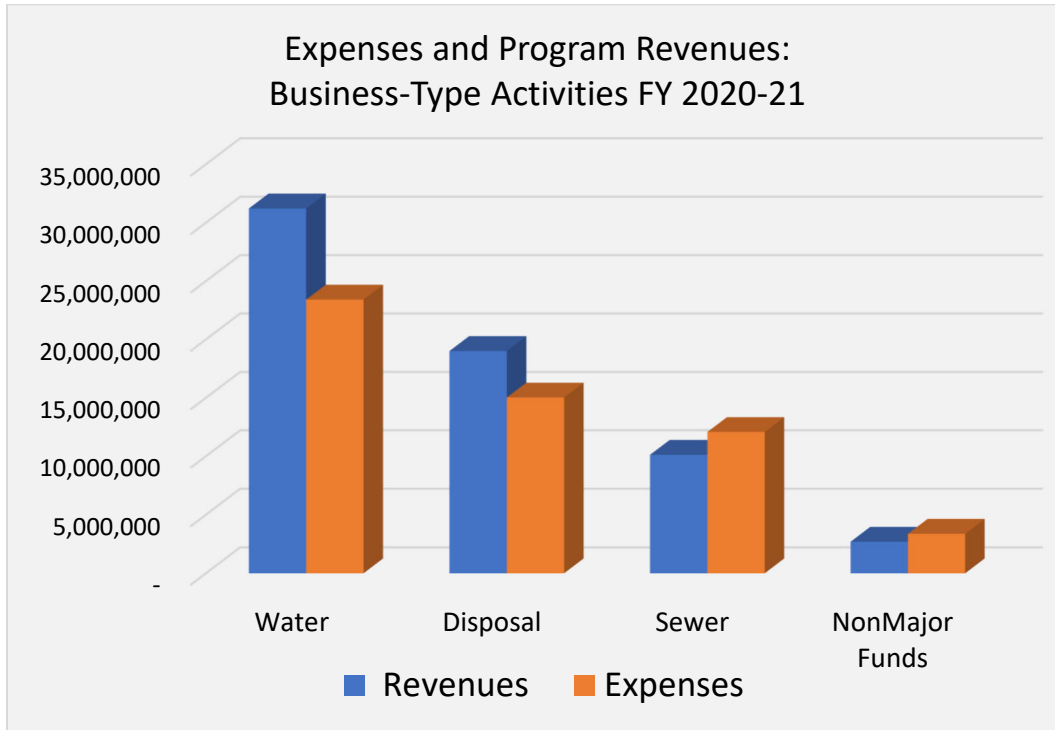
**Expenses by Function of Governmental Activity**



- Expenses overall for governmental activities totaled \$107.6 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 24% of total governmental activities, or \$26.1 million. General government includes functions such as human resources, finance administration, engineering and City Council.
- Expenses for public safety represent 57% of total governmental activities in the amount of \$61.3 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 9% of all governmental activities, or \$9.8 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 government activity respectively, or \$6.9 million, \$2.8 million and \$739,000.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

**Expenses and Program Revenues : Business Type Activities Fiscal Year Comparison**



**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

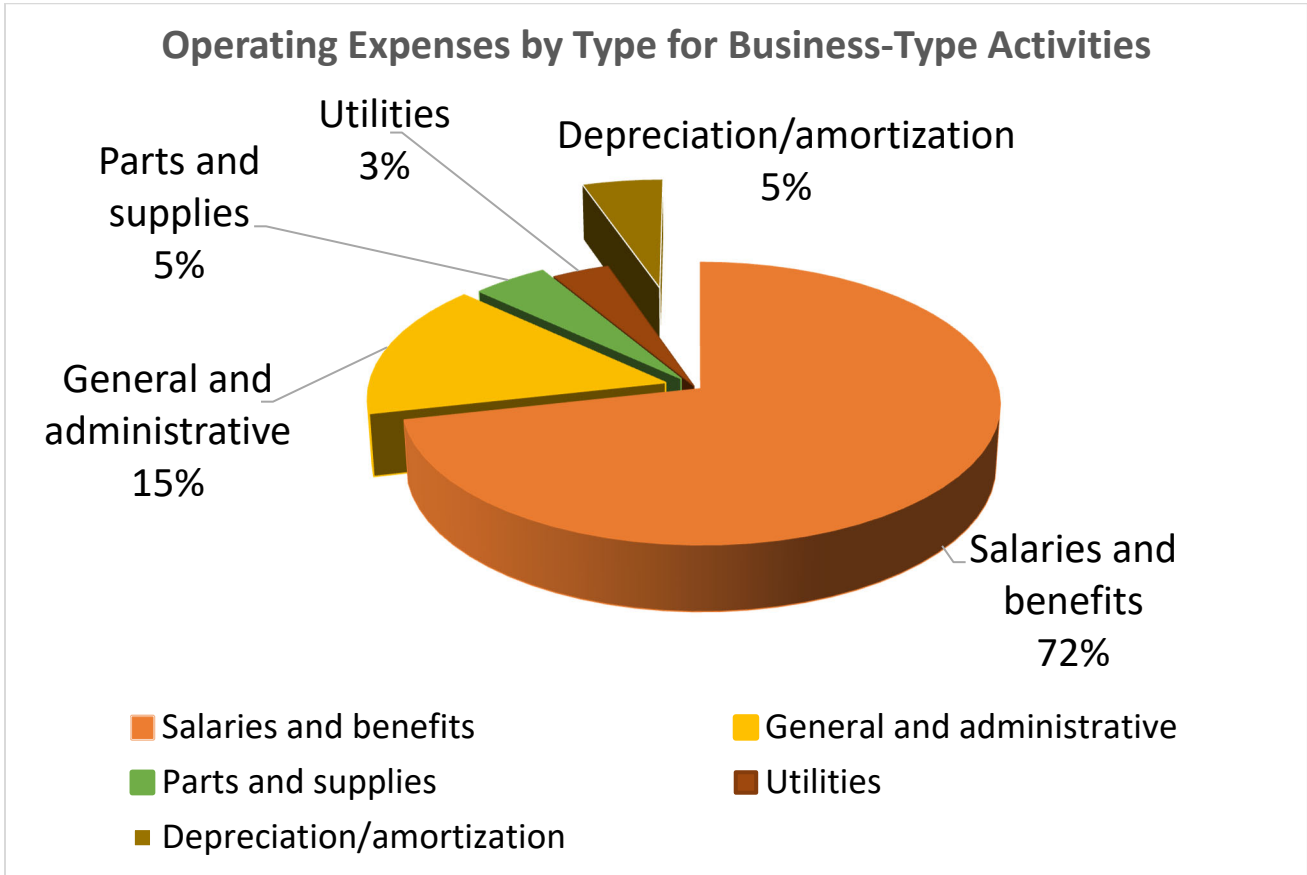
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Major differences between revenues and expenses for business-type activities are shown in the two charts above.

- Fiscal year 2021-2022 saw a significant decrease in Water revenues of \$1.1 million, or 3.5%, and an increase in expenses of \$3.1 million, or 13.3%. Seasonality and weather usually have the greatest impacts on water consumption and revenue. However, the COVID-19 pandemic and the resulting Governor's Executive Order N-42-20 have also had significant impacts on the Water Fund revenues as a result of the moratorium on disconnection of water service for non-payment. The City anticipates these revenue losses to be recouped by the end of FY 2023, with the City's participation in the California Water and Wastewater Arrearage Payment Program (CWWAPP) that will pay the City any eligible water-related delinquent customer account balances. Increases in contractual service costs, driven mostly by higher costs in electricity, water meter & fitting replacements, and retiree healthcare, contributed to the overall increase in expenses. These significant increases of \$3.1 million were offset partially by savings in other categories of expenses in the fund.
- For Solid Waste (Disposal) operations, there was an increase in revenues over fiscal year 2020-21 of \$2.1, or 10.8% and an increase in expenses in the amount of \$428,000, or 2.9%. Increased revenues are the result of a rate increase implemented in the fall of 2021 as well as the addition of 82 detached single family homes within the City. Higher expenses are a result of higher staffing costs, higher costs for retiree health insurance, and higher City garage charges. These increases were offset by other cost savings in areas like pension and billing services.
- In the Wastewater (Sewer) Fund, revenues increased by \$1.9 million, or 18.5%, and expenses decreased by \$313,600, or 2.6%. The increase in revenues are a function of a rate increase implemented in the fall of 2021 and an increase on frontage charges. Decreased expenses in the fund were due to savings on pension contributions, offset by increases in other areas of salaries & benefits.
- Lastly, for nonmajor business-type funds,
  - The Groves Fund experienced a significant increase in revenue by roughly \$179,000 (or 19.2%). This follows a year that saw a 42% growth over the last 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 21% decrease in revenues due to higher than average cemetery lot sales and interment services in the prior year, roughly \$332,000 more than FY 2020 revenues.
  - The Aviation fund saw a small 8% increase in rental income due to slightly higher ground lease payments and tie-down fees over prior year levels.
  - The Non-Potable Water Fund experienced an increase in revenues of 2.3%, or \$12,000. This was caused by an increase in non-potable water usage. This is likely due to the City's policy of requiring new commercial development to provide dual metering for irrigation systems to accommodate the use of recycled/non-potable water.
  - Expenses decreased in the Cemetery Fund by \$162,000, or 14.4% due mainly to savings arising from bad debt expense, other betterments & improvements and supplies. Operating expenses in the Groves Fund increased by 15.7% (due to bringing farming services in-house as a result of the last farming contractor in the City existing in that industry). Expenses also increased in Non-Potable Water by \$280,000, or 41.3% due mainly to costs related to new meters & fittings and non-capital expenditures. Lastly, expenses increased by \$133,000, or 22.8% in the Aviation Fund (due to increases in utilities, and special contractual services).

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

**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 2022, the total fund balance reported for the General Fund was \$93,440,224, an increase of \$38,107,057 (69%) from the prior year ending fund balance of \$55,333,167. This large variance is due to several factors that will be detailed below.

As a measure of the General Fund's liquidity, it can be useful to compare the total fund balance to total fund expenditures. This measure indicates that the fund balance is approximately 98% of general fund expenditures, however, only \$26,543,339 of the \$93.4 million fund balance is unassigned. The unassigned fund balance of \$26.5 million, together with the \$9.2 million in fund balance committed to stabilization arrangement (contingencies), is the only portion of fund balance readily available for spending and represents 37.5% of general fund expenditures. Total general fund expenditures this year were \$95.4 million, which is \$27 million higher than the prior year amount of \$68.4 million. Total general fund revenues were \$107.6 million, or 24.6% higher than the prior year amount of \$86.4 million.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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**MAJOR FUNDS (Continued)**

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

- Overall sales tax increased significantly by \$21.7 million, or 81%. FY 2022 marked the first full year of revenue collection of the City's transaction & use tax approved by voters in November 2020 and which was effective on April 1, 2021. The City has not only recovered from the COVID-19 recession that saw its sales tax revenues drop by 7%, but has made significant gains in this revenue category.
  - \$5.3 million of this growth was due to growth in the Bradley Burns sales tax.
  - The corporate restructure of Amazon fulfillment centers in the state continues to bode well for sales tax revenue in the City. Sales tax revenue generated by Amazon that was previously disbursed to the County pools is now being allocated to the City. This has had a significant influence on the City's revenues, boosting revenue by roughly \$1.5 million in FY 2022.
  - Still more growth in overall sales tax is attributed to strong growth in industry types across the board, but most notably in auto sales and leases, and inflationary pressure on retail prices.
  - The first full year of Measure T sales tax collection resulted in revenue receipts of \$20.7 million. This is a \$16 million increase over the prior year in which it was collected only for the last quarter (FY 2021).
- Property tax increased again by \$1.9 million, primarily due to strong growth in the City's total assessed values, which grew by a factor of roughly 4.1% for the fiscal year. Different property use categories grew at different rates. Most of this growth is due to transfers of ownership, the CPI growth factor (2%), and some new construction of both residential and non-residential properties.
- Transient occupancy tax (TOT) increased by \$221,000, or 12.1%. The recovery of travel & lodging as a result of relaxed state mandates for social distancing has already led to an uptick in TOT revenue in FY 2021. For FY 2022, the City added two new hospitality accommodations for travelers: the Hilton Home2 Suites, a 77-room hotel located at 1342 Industrial Park Avenue; and the Marriot Springhill Suites, an 88-room hotel located at 1765 West Lugonia Avenue.
- Licenses and permits reflect an increase of \$887,000 or 12.3%. This increase is due an uptick in applications for building permits and increased collection of business license revenue.
- Intergovernmental revenues increased by \$742,000 or 149%, primarily the result of a very significant increase in Mutual Aid received during this fiscal year, as compared with the amount received prior in FY 2021.
- Charges for services increased only slightly by \$174,000, or 2.3% from prior year. While there are variations over and under in each revenue account, contract classes and recovery of general government overhead had the largest increases over the prior year.
- Earnings from the investment income were down sharply from FY 2021, by \$2.6 million. The US economy and stock market struggled the first half of 2022. Interest rates are further expected to increase, causing market values to fluctuate. The City's practice is to buy and hold investments to maturity to minimize investment risk in a fluctuating market and to ensure preservation of capital in the overall investment portfolio. As required by GASB 31, an unrealized loss was recorded to adjust for these market fluctuations and is reflected in this line item.
- 'Rents and leases' is a new category recognized as a result of GASB 87. As a result of the City's purchase of 300 East State Street in downtown Redlands, it is now the owner of a six-story office building occupied by 65-70% private tenants, with the future objective of converting this property into a new City Hall once the leases of existing tenants expire. Prior year revenue from rents and leases was roughly \$136,000. For FY 2022, the amount is \$1.8 million, nearly a 12-fold increase. This is due to an additional \$1.5 million in lease revenue from 300 East State Street.
- Miscellaneous revenue decreased slightly by \$71,000, or 4.5%. This is mostly a result of lower cost recovery & reimbursements across different City departments.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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**MAJOR FUNDS (Continued)**

- Transfers increased significantly in FY 2022 over the prior year by approximately \$39.1 million. This was due to a large single-year transfer of land sale proceeds from the Solid Waste (Disposal) and Wastewater (Sewer) funds, after each fund was made whole with the original purchase price plus an inflation factor representing the incremental increase in value of the original purchasing funds to 2021 dollar values. The remaining funds were transferred to the General Fund for the purposes of funding acquisition of a new City Hall building (300 East State Street) and a new Public Safety (Police) facility (1625 West Redlands Boulevard).

The **Public Facilities Development** fund accounts for the collection and related expenditure of development impact fees designated for constructing new and upgrading existing public facilities. This fund holds Advances Payable to other funds totaling \$7,689,301. The funds and amounts owed include the General Fund in the amount of \$7,648,335 and the Water Fund in the amount of \$40,966. This represents a decrease from last year of roughly \$599,000. 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. Development Impact Fee (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), Park Development Fund (250), and Storm Drain Construction (405) Fund have been repaid in full, including interest and all outstanding principal.

The **Governmental Grants** was established to account for the receipt and expenditure of grant monies received from various agencies for general government projects and purposes. This fund tracks the City's allocation of Coronavirus State & Local Fiscal Recovery Funds issued through the American Rescue Plan Act in the amount of \$11,508,106, the largest federal grant the City has received to date. It also tracks several other noteworthy grant projects, including the City's Community Block Development Grant program, engineering grants for transportation projects and equipment and facility grants for the Police and Fire departments.

The **Safety Hall Capital Projects** fund was established to track the accumulation and use of resources for constructing, acquiring, and rehabilitating capital assets related to a new Safety Hall. The activity for FY 2022 consisted of the purchase of a former Kmart property located at 1625 West Redlands Boulevard. This property will serve as the future home to the Redlands Police Department, fulfilling a long-standing need for the department to have a centralized facility to house its tactical and operations staff as well as servicing public needs. Future plans for a comprehensive retrofit and refurbishing of the property are in the initial design and scoping stages.

**Major Enterprise Funds.** The **Water Fund** has a total net position of \$145.4 million at the end of the fiscal year, \$28.2 million of which is unrestricted. The **Solid Waste (Disposal) Fund** has a total net position deficit of (\$2.2 million) at the end of the fiscal year, which marks a \$3 million improvement over the prior fiscal year; and its unrestricted net position is a deficit of (\$4.3 million). The **Wastewater Fund** has a total net position of \$56 million at the end of the fiscal year; \$8.2 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.



**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

**GENERAL FUND BUDGET**

Differences between the final budget and fiscal year 2021-22 activity in the General Fund can be briefly summarized as follows:

- Total Revenues - \$5,536,8995 received in excess of budgeted amounts.
- Total Revenues is now inclusive of two new financing sources - Inception of finance purchase agreements and Inception of lease payable. In this way, proceeds of governmental long-term debt and financing through leases are reported as other financing sources in accordance with GASB Statement No. 87.
  - Of the \$5.5 million in excess of budgeted revenue amounts, these new categories comprise approximately \$3.5 million.
- General Government - \$1,469,459 decrease between the actual amount and the amount appropriated in the budget (savings).
- Public Safety - \$3,623,926 decrease between the actual amount and the amount appropriated in the budget (savings).
- Culture and Recreation - \$297,177 decrease between the actual amount and the amount set in the budget (savings).
- Highways and Streets - \$2,571,141 decrease between the actual amount and the amount appropriated in the budget (savings).
- Library – \$71,451 decrease between the actual amount and the amount appropriated in the budget (savings).
- Transfers - \$137,957 decrease between the actual amount and the amount set in the budget (savings).
- Capital Outlay - \$105,502 decrease between the actual amount and the amount appropriated in the budget (savings).
- Debt Service - \$4,478,071 decrease between the actual amount and the amount appropriated in the budget (savings).

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.)

	Final Budget	Actual Amounts	+ (-) Variance
<b>REVENUES</b>			
Taxes	\$ 87,138,699	\$ 89,564,040	\$ 2,425,341
License and permits	7,530,463	8,121,859	591,396
Fines and forfeitures	116,000	191,571	75,571
Intergovernmental	601,383	1,239,804	638,421
Charges for services	7,350,663	7,821,186	470,523
Investment income (loss)	175,350	(2,572,366)	(2,747,716)
Rents and leases	1,577,825	1,793,787	215,962
Miscellaneous	1,169,219	1,474,949	305,730
Transfers in	45,689,313	45,779,314	90,001
Inception of finance purchase agreemen	-	3,275,547	3,275,547
Inception of lease payable	-	196,119	196,119
Total Revenues	<u>151,348,915</u>	<u>156,885,810</u>	<u>5,536,895</u>
<b>EXPENDITURES*</b>			
General Government	20,318,964	18,849,505	1,469,459
Public Safety	47,927,800	44,303,874	3,623,926
Culture & Recreation	5,572,914	5,275,737	297,177
Highways & Streets	4,744,193	2,173,052	2,571,141
Library	2,672,615	2,601,164	71,451
Transfers	23,524,118	23,386,161	137,957
Capital Outlay	21,567,208	21,461,706	105,502
Debt Service	5,205,625	727,554	4,478,071
Total Expenditures	<u>\$ 131,533,437</u>	<u>\$ 118,778,753</u>	<u>\$ 12,754,684</u>

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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There are some variations between the final budget and the actual receipts recorded in Fiscal Year 2021-22 revenues. This year, property and sales tax comprised 57% of total General Fund revenues. The strong performance in these two categories is related to the passage of Measure T, the City's 1-cent sales tax, in November 2020, and the continued strong performance of housing prices and home sales, which accounted for a large part of the growth in property tax. Aside from that, budget estimates were still under by roughly \$2.4 million. Some of this can be attributed to better-than-expected growth in sales tax, as consumer demand and prices remained higher than forecast. In terms of property taxes, the local real estate market remained relatively strong compared to the broader economy, as a variety of market conditions lead to accelerating home price growth through and since the onset of the pandemic. Median prices for detached single family homes in Redlands increased roughly 40% between 2019 and 2022.

Actual revenues were over the amended budget estimates by \$5,536,895, or 3.7%. Roughly \$3.5 million of this variance is due to the recognition of two new financing sources, Inception of finance purchase agreements and Inception of lease payable. For FY 2022, there was \$3.2 million recognized as financing through finance purchase agreements. The assets leased include a Smeal Triple Combination Pumper (type 1 engine) and a Spartan LF Quint Tractor (aerial ladder) for the Fire Department.

Other than the categories of taxes, inception of finance purchase agreements, and inception of lease payable, which all had positive variances, the largest negative variance was investment income, which posted a loss of \$2.7 million. As explained previously however, this amount reflects an unrealized loss recorded to adjust the City's investment holdings to market value. While market values are expected to continue to fluctuate due to inflation, rising interest rates and economic uncertainty regarding an impending recession, the City's practice is to buy & hold investments to maturity to minimize the investment risk in a fluctuating market to ensure preservation of capital in the overall investment portfolio.

Licenses and permits performed better than expected, at roughly \$591,400, or 7.9%, above forecasts. This was mainly due to increased receipts from building permits (due to increased construction activity) and business licenses.

Intergovernmental revenue was significantly higher than expected by approximately \$638,400, or 106%. This is due mainly to the timing of mutual aid reimbursement revenues, as the reimbursement process can lag by 60 to 90 days after the City's expenditure of the related funds.

Charges for service were slightly higher by \$470,500, or 6.4%, due to higher revenues than anticipated in plan review fees, general government overhead cost recovery and contract classes offered by Recreation & Senior Services.

Rents and leases were carved out here for the first time and contributed \$1.7 million in revenue. This was roughly \$216,000 higher than budgeted. These revenues reflect the City's purchase of 300 East State Street in downtown Redlands. The City now owns this six-story office building occupied by 65-70% private tenants, with the future objective of converting this property into a new City Hall once the leases of existing tenants expire.

Transfers in were slightly higher than budgeted by 0.2%. This can be attributed to slight differences in the amounts for a large transaction involving the transfer of proceeds from a property sale from the Solid Waste (Disposal) and Wastewater (Sewer) funds to the General Fund.

Miscellaneous revenues were up by \$305,700, or 26.1%. This was mainly due to higher than anticipated cost recovery in the Fire Department, Facilities & Community Services, and the Planning division.

Total General Fund expenditures ended the year under budget by 9.7%, or \$12.8 million. The vast majority of the unspent funds will be carried forward to the subsequent fiscal year (2022-23) for expenditure.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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General Government expenditures ended the year under budget by 7.2%, or \$1.5 million. Part of this is attributed to savings in the areas of retiree health insurance premiums, lower expenditures on professional services in Finance, and savings in Engineering's professional services line item.

Public Safety expenditures were under budget by \$3.6 million, or 7.6%. Much of this savings is due to salary and overtime savings in the Police and Fire departments, as well as unspent funds for vehicle leases, body worn cameras, and building improvements.

Culture and Recreation was under budget by roughly \$297,000, or 5.3%, this was attributable to savings on special contractual services in Parks, Trees & Recreation & Senior Services divisions.

Highways and Streets expenditures were under budget by \$2.6, or 54.2%. This savings is a result of the carryover of roughly \$1 million on an LED Streetlight conversion project, as well as an adjustment to expenditures to reduce them by \$1.5 million representing the reclassification of expenditures related to the Fire Department.

Library expenditures were slightly under budget by \$71,500, or 2.7% at year-end. This amount represents salary savings.

Capital outlay expenditures were slightly under budget by \$105,500, or 0.5% at year-end. This small difference is due to differences between budget estimates and actual capital outlay costs.

Actual debt service expenditures were significantly below budgeted levels, at a savings of 86%, or \$4.5 million, under budget. This is due mainly to equipment & vehicle capital leases not being fulfilled by the manufacturer/suppliers by the end of the fiscal year. Most of these leases were for the Fire Department, Police Department, and operating divisions within Facilities & Community Services. Global supply chain issues continue to affect the market for vehicles & equipment. As noted above, almost all of these appropriations are carried over into the following fiscal year.

A total overall favorable variance between actual revenues & expenditures of \$18.3 million resulted from a combination of stronger revenue performance in property & sales tax, the addition of new sources of financing, including inception of finance purchase agreement and inception of lease payable, offset by investment losses that reflect only fluctuating market value of the City's investments, not actual cash losses. Together with savings on salaries & benefits, contractual services, and vehicle & equipment purchases, and unspent funds for large projects like body worn cameras and the LED Streetlight replacement project, these factors resulted in the positive variance for the General Fund.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's capital assets for its governmental and business-type activities as of June 30, 2022, amounted to \$745 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, water rights, rights of way and construction in progress. This year also includes the new category of Right to Use Leased Assets. The category reflects the value of the City's right, as a lessee, to use various assets over the life of their corresponding leases, in accordance with GASB Statement No. 87.

Major capital asset events during FY 2021-22 include the following:

Significant additions netting to \$6.4 million were made to land assets in governmental activities. The majority of this increase reflects the purchase of property located at 300 East State Street, a six-story office building in downtown Redlands and future home to City Hall operations as well as the purchase of the former Kmart property located at 1625 West Redlands Boulevard to house the Police Department operations. These two property acquisitions also account for the majority of the \$25.7 million increase in Building & Improvements.

Net additions to infrastructure and Right-of-Way assets in general government activities totaled approximately \$10.8 million and \$17.8 million respectively. The majority of these assets are related to the PARIS 2021 project, which consisted of 50 lane miles of street resurfacing, in addition to minor curb and gutter, cross-gutter, sidewalk, and driveway approach replacement. The Pavement Accelerated Repair Implementation Strategy (PARIS) identified specific plans to address deteriorating condition of City streets in the most efficient manner. Also contributing to these asset additions were one large industrial development project and several residential development projects.

Construction in Progress values also increased significantly in general government by \$5.4 million. This is due to the start of several large capital improvement projects including several sports field conversions and upgrades at City parks, the 2021 Sidewalk and ADA ramp replacement project, a major traffic signal installation project and fire engine lease purchases.

Lastly, Right to use leased assets in general government activities consists of mainly of vehicle fleet lease agreements with Enterprise Fleet Management and added roughly \$196,000 during FY 2022 related to three lease agreements for Fire Department vehicles and one lease agreement for a Building Maintenance vehicle.

For business type activities, land capital assets decreased by roughly \$1.5 million representing the sale of surplus property near the landfill and wastewater treatment plant. Machinery, equipment and vehicle assets increased by roughly \$4.6 million. Over half of this increase is attributed to the placement of a new SCADA system into service, a \$2.4 million increase to this asset category. Another \$1.7 million is representative of the purchase of three solid waste automated refuse trucks, a D7 tractor for use at the landfill and three pieces of rolling stock for Wastewater operations.

Several large facility enhancement/expansion projects were either completed or significant progress towards completion was made, adding roughly \$5.3 million in infrastructure value. These include the 2020 Water Pipeline CIP and the 2021 Sewer Pipeline CIP, which included 2 miles of water pipeline replacement and 10,000 linear feet of sewer line replacement, respectively.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

Within business type activities, construction in progress amounts increased by a net amount of \$5.4 million. An increase of \$8.9 million is related to several large, multi-year capital projects in progress: the Wastewater Treatment Plant improvements totaling over \$5.5 million, including upgrades to the screening equipment, ejector priming, blowers, digester boilers and heat exchanges as well as the gas conditioning system; the 2021 Water Pipeline CIP totaling \$3 million, and the Landfill Gas Extraction Well project. Deletions included the SCADA Upgrade project and the 2020 Water Pipeline CIP for roughly \$3.4 million since those projects were since placed into service.

Lastly, the total Right to use leased assets category was unchanged during the fiscal year. It's starting and ending balance was roughly \$147,000 and consisted mostly of a lease for a radio tower site to provide radio communications for both Water & Solid Waste (Disposal) operations, as well as several vehicle fleet lease agreements with Enterprise Fleet Management.

Overall, for primary government the City's net capital assets increased significantly by \$66 million for the fiscal year ended June 30, 2022, or 9.8% over prior year. This is higher than the previous year increases of 2.5%, and represents significant increases for general government activities, with the purchase of two large properties for eventual municipal use as a new City Hall and new Public Safety (Police) facility.

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.)
	2022	2021	2022	2021	2022	2021	% of Change
Land	\$ 40,956,320	\$ 34,214,356	\$ 26,667,376	\$ 28,129,879	\$ 67,623,696	\$ 62,344,235	8.5%
Buildings & Improvements	60,553,082	34,892,585	113,470,547	113,461,868	174,023,629	148,354,453	17.3%
Machinery/Equip./Vehicles	22,262,850	21,421,667	25,081,193	20,467,967	47,344,043	41,889,634	13.0%
Infrastructure	262,936,330	252,047,584	199,550,139	194,210,766	462,486,469	446,258,350	3.6%
Water Rights	408,125	408,125	9,881,460	9,881,460	10,289,585	10,289,585	0.0%
Right of Way	295,304,762	277,508,647	-	-	295,304,762	277,508,647	6.4%
Construction in Progress	7,126,967	1,725,699	14,225,414	8,861,957	21,352,381	10,587,656	101.7%
Accumulated Depreciation	(146,972,512)	(138,811,566)	(187,275,173)	(180,019,049)	(334,247,685)	(318,830,615)	4.8%
Right to Use Leased Assets	904,713	-	147,183	-	1,051,896	-	100.0%
Accumulated Amortization	(182,712)	-	(29,629)	-	(212,341)	-	100.0%
<b>Total</b>	<b>\$ 543,297,925</b>	<b>\$ 483,407,097</b>	<b>\$ 201,718,510</b>	<b>\$ 194,994,848</b>	<b>\$ 745,016,435</b>	<b>\$ 678,401,945</b>	<b>9.8%</b>

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 5 of the section titled *Notes to the Basic Financial Statements*.

**Long-Term Liabilities**

Major long-term liability events during FY 2021-22 include the following:

- The Capital lease obligations category was restructured into Leases payable this year under long-term liabilities, in accordance with GASB Statement No. 87. This new category represents the lease liability as the present value of payments expected to be made during the lease term. The total amount recognized for this liability Citywide is approximately \$843,000 and mainly represents of vehicle fleet lease agreements with Enterprise Fleet Management.

**City of Redlands**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

**Long-Term Liabilities (Continued)**

- An increase in total OPEB liability was incurred and represents an increase over fiscal year 2020-21 of \$49.7 million, or 32.7%, for the total primary government. This is due to the changes in assumptions and valuation data provided to the City by its actuary, mainly attributed to the lowering of the assumed discount rate and the significant increase in the assumed inflation rate.
- The City's net pension liability decreased by \$49.9 million, or 36.6%, which is a significantly shift from the prior year increase of \$9.9 million. This is due to the changes in assumptions and valuation data provided to the City by CalPERS, mainly differences between estimated and actual experience, notably this year, better-than-expected earnings on pension plan investments.
- Taxable pension bonds and revenue bonds all experienced decreases as a result of annual debt service and no new additions were made to such debt.
- Notes payable increased by a net amount of roughly \$2 million as a result of the purchase of new fire engines and a backhoe loader.
- Claims payable increased by approximately \$2.5 million, or 20% due to the variance in claims filed against the City, which can fluctuate significantly from year to year.
- Lastly, there was a decrease in compensated absences of roughly \$788,500, or 8.2%. This was due to more leave hours being used by employees than were accrued during the same period of time.

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.)
	2022	2021	2022	2021	2022	2021	% of Change
Leases payable	\$ 724,361	\$ -	\$ 118,959	\$ -	\$ 843,320	\$ -	100.00%
Taxable Pension Bonds	6,172,956	7,591,783	-	-	6,172,956	7,591,783	-18.69%
Revenue Bonds	-	-	3,240,000	4,740,000	3,240,000	4,740,000	-31.65%
Add: Unamortized Premium	-	-	168,353	351,347	168,353	351,347	-52.08%
Notes Payable	5,014,967	2,147,431	14,525,969	15,404,463	19,540,936	17,551,894	11.33%
Claims Payable	14,767,131	12,300,335	-	-	14,767,131	12,300,335	20.05%
Compensated Absences	7,760,175	8,406,084	1,022,107	1,164,695	8,782,282	9,570,779	-8.24%
Landfill Closure Liability	-	-	10,730,423	10,676,624	10,730,423	10,676,624	0.50%
Total OPEB Liability	146,160,286	107,742,453	55,755,636	44,439,492	201,915,922	152,181,945	32.68%
Net Pension Liability	73,876,622	114,181,317	12,622,561	22,254,074	86,499,183	136,435,391	-36.60%
<b>Total</b>	<b>\$254,476,498</b>	<b>\$252,369,403</b>	<b>\$ 98,184,008</b>	<b>\$ 99,030,695</b>	<b>\$352,660,506</b>	<b>\$351,400,098</b>	0.36%

Additional information on the City's long-term liabilities can be found in Notes 6 and 8 – 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 [ACFR@cityofredlands.org](mailto:ACFR@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>.

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Redlands**  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 129,892,030	\$ 104,944,451	\$ 234,836,481
Accounts receivable, net	1,153,433	11,130,800	12,284,233
Taxes receivable	10,618,030	1,224	10,619,254
Lease receivable - due within one year	1,357,883	225,028	1,582,911
Due from other governments	1,173,490	2,990	1,176,480
Prepaid items	1,306,793	11,835	1,318,628
Inventories	93,140	-	93,140
Internal balances	(40,966)	40,966	-
<b>Total current assets</b>	<b>145,553,833</b>	<b>116,357,294</b>	<b>261,911,127</b>
Noncurrent assets:			
Restricted cash and investments	1,608,288	2,053,691	3,661,979
Lease receivable - due in more than one year	4,509,531	2,623,777	7,133,308
Capital assets:			
Non-depreciable	343,796,174	50,774,250	394,570,424
Depreciable, net	199,501,751	150,944,260	350,446,011
<b>Total capital assets</b>	<b>543,297,925</b>	<b>201,718,510</b>	<b>745,016,435</b>
<b>Total noncurrent assets</b>	<b>549,415,744</b>	<b>206,395,978</b>	<b>755,811,722</b>
<b>Total assets</b>	<b>694,969,577</b>	<b>322,753,272</b>	<b>1,017,722,849</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to OPEB	44,728,397	14,158,395	58,886,792
Related to pensions	25,104,907	3,076,381	28,181,288
<b>Total deferred outflows of resources</b>	<b>69,833,304</b>	<b>17,234,776</b>	<b>87,068,080</b>

**City of Redlands**  
**Statement of Net Position (Continued)**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	6,794,461	6,072,852	12,867,313
Accrued payroll	3,038,177	740,495	3,778,672
Interest payable	247,442	125,677	373,119
Unearned revenue	8,830,454	202,459	9,032,913
Deposits payable	3,037,573	3,069,088	6,106,661
Compensated absences - due within one year	3,880,088	511,054	4,391,142
Claims payable - due within one year	7,383,566	-	7,383,566
Long-term debt - due within one year	2,489,603	3,196,159	5,685,762
<b>Total current liabilities</b>	<b>35,701,364</b>	<b>13,917,784</b>	<b>49,619,148</b>
Noncurrent liabilities:			
Compensated absences - due in more than one year	3,880,087	511,053	4,391,140
Claims payable - due in more than one year	7,383,565	-	7,383,565
Long-term debt - due in more than one year	9,422,681	14,857,122	24,279,803
Landfill closure liability	-	10,730,423	10,730,423
Total OPEB liability	146,160,286	55,755,636	201,915,922
Aggregate net pension liability	73,876,622	12,622,561	86,499,183
<b>Total noncurrent liabilities</b>	<b>240,723,241</b>	<b>94,476,795</b>	<b>335,200,036</b>
<b>Total liabilities</b>	<b>276,424,605</b>	<b>108,394,579</b>	<b>384,819,184</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to leases	5,737,007	2,804,289	8,541,296
Related to OPEB	2,341,463	827,207	3,168,670
Related to pensions	45,687,925	7,096,837	52,784,762
<b>Total deferred inflows of resources</b>	<b>53,766,395</b>	<b>10,728,333</b>	<b>64,494,728</b>
<b>NET POSITION</b>			
Net investment in capital assets	537,558,597	183,665,229	721,223,826
Restricted:			
Donations	526,834	-	526,834
PEG Fees	631,032	-	631,032
Public safety	717,018	-	717,018
Police programs and equipment	1,557,773	-	1,557,773
Public art	12,018	-	12,018
Street reconstruction/improvement projects	3,504,120	-	3,504,120
Debt service	1,819,383	462,600	2,281,983
Storm drain improvements	2,405,945	16,103,982	18,509,927
Endowment - non-expendable	-	110,741	110,741
Endowment - expendable	28,822	-	28,822
CFD assessment	124,038	-	124,038
<b>Total restricted</b>	<b>11,326,983</b>	<b>16,677,323</b>	<b>28,004,306</b>
Unrestricted (deficit)	(114,273,699)	20,522,584	(93,751,115)
<b>Total net position</b>	<b>\$ 434,611,881</b>	<b>\$ 220,865,136</b>	<b>\$ 655,477,017</b>

**City of Redlands**  
**Statement of Activities and Changes in Net Position**  
**For the Year Ended June 30, 2022**

<b>Functions/Programs</b>	Program Revenues				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 26,157,407	\$ 15,368,391	\$ 3,682,166	\$ 511,327	\$ 19,561,884
Public safety	61,325,652	744,389	403,901	449,867	1,598,157
Culture and recreation	6,902,767	748,377	106,715	1,468,650	2,323,742
Highway and streets	9,754,750	355,465	30,899	25,870,243	26,256,607
Library	2,754,340	118,701	-	133,379	252,080
Interest on long-term debt	738,561	-	-	-	-
Total governmental activities	107,633,477	17,335,323	4,223,681	28,433,466	49,992,470
Business-type activities:					
Water	26,535,646	30,131,495	486,843	3,095,963	33,714,301
Disposal	15,454,382	21,066,272	21,030	435,148	21,522,450
Wastewater	11,764,304	11,998,633	4,122	2,531,010	14,533,765
Groves	1,146,879	863,303	-	-	863,303
Non-Potable	956,768	641,340	-	72,506	713,846
Cemetery	958,443	1,139,982	-	-	1,139,982
Aviation	715,647	135,480	119,700	-	255,180
Total business-type activities	57,532,069	65,976,505	631,695	6,134,627	72,742,827
<b>Total primary government</b>	<b>\$ 165,165,546</b>	<b>\$ 83,311,828</b>	<b>\$ 4,855,376</b>	<b>\$ 34,568,093</b>	<b>\$ 122,735,297</b>

**City of Redlands**  
**Statement of Activities and Changes in Net Position (Continued)**  
**For the Year Ended June 30, 2022**

<b>Functions/Programs</b>	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>			
Governmental activities:			
General government	\$ (6,595,523)	\$ -	\$ (6,595,523)
Public safety	(59,727,495)	-	(59,727,495)
Culture and recreation	(4,579,025)	-	(4,579,025)
Highway and streets	16,501,857	-	16,501,857
Library	(2,502,260)	-	(2,502,260)
Interest on long-term debt	(738,561)	-	(738,561)
Total governmental activities	<u>(57,641,007)</u>	<u>-</u>	<u>(57,641,007)</u>
Business-type activities:			
Water	-	7,178,655	7,178,655
Disposal	-	6,068,068	6,068,068
Wastewater	-	2,769,461	2,769,461
Groves	-	(283,576)	(283,576)
Non-Potable	-	(242,922)	(242,922)
Cemetery	-	181,539	181,539
Aviation	-	(460,467)	(460,467)
Total business-type activities	<u>-</u>	<u>15,210,758</u>	<u>15,210,758</u>
<b>Total primary government</b>	<u>(57,641,007)</u>	<u>15,210,758</u>	<u>(42,430,249)</u>
<b>General Revenues and Transfers:</b>			
<b>General revenues:</b>			
Taxes:			
Property taxes	37,769,495	73,337	37,842,832
Sales and use taxes	48,232,171	-	48,232,171
Franchise taxes	2,625,852	-	2,625,852
Other taxes	2,706,919	-	2,706,919
Total taxes	<u>91,334,437</u>	<u>73,337</u>	<u>91,407,774</u>
Investment income (loss)	(1,546,892)	(2,929,740)	(4,476,632)
Gain on sale of capital assets	-	44,643,370	44,643,370
Intergovernmental - unrestricted	1,308,520	-	1,308,520
Miscellaneous revenue	1,689,391	1,208,057	2,897,448
<b>Transfers</b>	<u>48,127,470</u>	<u>(48,127,470)</u>	<u>-</u>
<b>Total general revenues and transfers</b>	<u>140,912,926</u>	<u>(5,132,446)</u>	<u>135,780,480</u>
<b>Change in net position</b>	<u>83,271,919</u>	<u>10,078,312</u>	<u>93,350,231</u>
<b>Net Position:</b>			
Beginning of year	351,339,962	210,786,824	562,126,786
End of year	<u>\$ 434,611,881</u>	<u>\$ 220,865,136</u>	<u>\$ 655,477,017</u>

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**FUND FINANCIAL STATEMENTS**

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## **Governmental Funds Financial Statements**

***General Fund*** - This fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In Redlands, these services include general government, public safety, culture and recreation, highway and streets, and library.

***Public Facilities Development Special Revenue Fund*** - This fund accounts for the collection and related expenditure of development impact fees restricted for constructing new and upgrading existing public facilities.

***Governmental Grants Special Revenue Fund*** - This fund accounts for the receipt and expenditure of grant monies received from various agencies for general government projects.

***Safety Hall Replacement Capital Projects Fund*** - This fund accounts for the collection and related expenditure of development impact fees restricted for constructing new and upgrading existing public facilities.

**City of Redlands  
Balance Sheet  
Governmental Funds  
June 30, 2022**

	Major Funds		
	General Fund	Public Facilities Development Special Revenue Fund	Governmental Grants Special Revenue Fund
<b>ASSETS</b>			
Cash and investments	\$ 83,388,169	\$ 1,427,609	\$ 7,903,353
Restricted cash and investments	-	-	-
Accounts receivable, net	961,957	-	-
Taxes receivable	9,700,055	-	-
Lease receivable	5,751,198	-	-
Due from other governments	531,164	-	592,216
Prepaid items	721,317	-	3,700
Due from other funds	13,766	-	-
Advances to other funds	7,648,335	-	-
<b>Total assets</b>	<b>\$ 108,715,961</b>	<b>\$ 1,427,609</b>	<b>\$ 8,499,269</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 2,916,830	\$ -	\$ 186,014
Accrued payroll	2,107,701	-	45,355
Deposits payable	2,628,546	-	-
Unearned revenues	333,615	-	8,039,723
Due to other funds	-	-	-
Advances from other funds	-	7,689,301	-
<b>Total liabilities</b>	<b>7,986,692</b>	<b>7,689,301</b>	<b>8,271,092</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	1,667,473	-	559,773
Deferred inflows related to leases	5,621,572	-	-
<b>Total deferred inflows of resources</b>	<b>7,289,045</b>	<b>-</b>	<b>559,773</b>
<b>Fund Balances:</b>			
Nonspendable	8,369,652	-	3,700
Restricted	1,157,866	-	-
Committed	12,663,905	-	-
Assigned	31,734,961	-	-
Unassigned (deficit)	39,513,840	(6,261,692)	(335,296)
<b>Total fund balances</b>	<b>93,440,224</b>	<b>(6,261,692)</b>	<b>(331,596)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 108,715,961</b>	<b>\$ 1,427,609</b>	<b>\$ 8,499,269</b>

(Continued)

**City of Redlands**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2022**

	<u>Major Funds</u>		
	Safety Hall Replacement Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 2,560,682	\$ 22,615,273	\$ 117,895,086
Restricted cash and investments	-	1,608,288	1,608,288
Accounts receivable, net	-	135,511	1,097,468
Taxes receivable	-	917,975	10,618,030
Lease receivable	-	116,216	5,867,414
Due from other governments	-	50,110	1,173,490
Prepaid items	-	9,500	734,517
Due from other funds	-	-	13,766
Advances to other funds	-	-	7,648,335
<b>Total assets</b>	<u>\$ 2,560,682</u>	<u>\$ 25,452,873</u>	<u>\$ 146,656,394</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 2,629,988	\$ 5,732,832
Accrued payroll	-	209,615	2,362,671
Deposits payable	-	409,027	3,037,573
Unearned revenues	-	457,116	8,830,454
Due to other funds	-	13,766	13,766
Advances from other funds	-	-	7,689,301
<b>Total liabilities</b>	<u>-</u>	<u>3,719,512</u>	<u>27,666,597</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	202,222	2,429,468
Deferred inflows related to leases	-	115,435	5,737,007
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>317,657</u>	<u>8,166,475</u>
<b>Fund Balances:</b>			
Nonspendable	-	39,700	8,413,052
Restricted	-	9,980,754	11,138,620
Committed	-	11,409,016	24,072,921
Assigned	2,560,682	-	34,295,643
Unassigned (deficit)	-	(13,766)	32,903,086
<b>Total fund balances</b>	<u>2,560,682</u>	<u>21,415,704</u>	<u>110,823,322</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 2,560,682</u>	<u>\$ 25,452,873</u>	<u>\$ 146,656,394</u>

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**City of Redlands**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2022**

<b>Total Fund Balances - Total Governmental Funds</b>	<u>\$ 110,823,322</u>
Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
Unavailable revenues reported on the Governmental Fund Financial Statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.	<u>2,429,468</u>
Capital Assets used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Government-Wide Statement of Net Position	543,297,925
Less: capital assets reported in Internal Service Funds	<u>(757,622)</u>
Total capital assets	<u>542,540,303</u>
Long-term liabilities are not due and payable in the current period and therefore were not reported in the Governmental Funds Balance Sheet.	
Amount reported in Government-Wide Statement of Net Position	
Compensated absences - due within one year	(3,880,088)
Compensated absences - due in more than one year	(3,880,087)
Long-term debt - due within one year	(2,489,603)
Long-term debt - due in more than one year	(9,422,681)
Less: amount reported in Internal Service Funds:	
Compensated absences - due within one year	201,942
Compensated absences - due in more than one year	201,941
Long-term debt - due within one year	7,068
Long-term debt - due in more than one year	11,270
Total long-term liabilities	<u>(19,250,238)</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.	
	<u>(247,442)</u>
Aggregate net pension liability and total OPEB liability used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Net pension liability	(73,876,622)
Total OPEB liability	(146,160,286)
Less: amount reported in Internal Service Funds:	
Total OPEB liability	12,212,807
Net pension liability	2,537,456
Total OPEB and Pension	<u>(205,286,645)</u>
Deferred outflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds	
Amount reported in Government-Wide Statement of Net Position	
Deferred outflows of resources related to OPEB	44,728,397
Deferred outflows of resources related to pensions	25,104,907
Less: amount reported in Internal Service Funds:	
Deferred outflows of resources related to OPEB	(3,507,465)
Deferred outflows of resources related to pensions	(646,582)
Total deferred outflows of resources	<u>65,679,257</u>
Deferred inflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred inflows of resources related to OPEB	(2,341,463)
Deferred inflows of resources related to pensions	(45,687,925)
Less: amount reported in Internal Service Funds:	
Deferred inflows of resources related to OPEB	144,598
Deferred inflows of resources related to pensions	1,748,473
Total deferred inflows of resources	<u>(46,136,317)</u>
Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, risk management, and information technology, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	
	<u>(15,939,827)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 434,611,881</u></u>

See accompanying Notes to the Basic Financial Statements.

**City of Redlands**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	Major Funds		
	General Fund	Public Facilities Development Special Revenue Fund	Governmental Grants Special Revenue Fund
<b>REVENUES:</b>			
Property taxes	\$ 35,999,098	\$ -	\$ -
Sales and use taxes	48,232,171	-	-
Other taxes	2,706,919	-	-
Franchise fees	2,625,852	-	-
Licenses and permits	8,121,859	-	-
Fines and forfeitures	191,571	-	-
Intergovernmental	1,239,804	-	4,097,557
Charges for services	7,821,186	1,094,573	-
Investment income (loss)	(2,572,366)	-	9
Rents and leases	1,793,787	-	-
Miscellaneous	1,474,949	-	-
<b>Total revenues</b>	<b>107,634,830</b>	<b>1,094,573</b>	<b>4,097,566</b>
<b>EXPENDITURES:</b>			
Current:			
General government	18,849,505	38,624	3,740,556
Public safety	44,303,874	-	290,916
Culture and recreation	5,275,737	-	59,394
Highway and streets	2,173,052	-	-
Library	2,601,164	-	-
Capital outlay	21,461,706	-	72,210
Debt service:			
Principal	518,464	-	-
Interest and fiscal charges	209,090	32,211	-
<b>Total expenditures</b>	<b>95,392,592</b>	<b>70,835</b>	<b>4,163,076</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,242,238</b>	<b>1,023,738</b>	<b>(65,510)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Inception of finance purchase agreement	3,275,547	-	-
Inception of lease payable	196,119	-	-
Transfers in	45,779,314	-	240
Transfers out	(23,386,161)	-	-
<b>Total other financing sources (uses)</b>	<b>25,864,819</b>	<b>-</b>	<b>240</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>38,107,057</b>	<b>1,023,738</b>	<b>(65,270)</b>
<b>FUND BALANCES:</b>			
Beginning of year	55,333,167	(7,285,430)	(266,326)
End of year	\$ 93,440,224	\$ (6,261,692)	\$ (331,596)

(Continued)

**City of Redlands**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	<u>Major Funds</u>		
	Safety Hall Replacement Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Property taxes	\$ -	\$ 1,193,168	\$ 37,192,266
Sales and use taxes	-	1,711,608	49,943,779
Other taxes	-	-	2,706,919
Franchise fees	-	-	2,625,852
Licenses and permits	-	711	8,122,570
Fines and forfeitures	-	246,661	438,232
Intergovernmental	-	3,411,427	8,748,788
Charges for services	-	4,116,276	13,032,035
Investment income (loss)	(72,628)	(490,155)	(3,135,140)
Rents and leases	-	11,556	1,805,343
Miscellaneous	-	102,121	1,577,070
<b>Total revenues</b>	<u>(72,628)</u>	<u>10,303,373</u>	<u>123,057,714</u>
<b>EXPENDITURES:</b>			
Current:			
General government	109,040	608,174	23,345,899
Public safety	-	5,454,016	50,048,806
Culture and recreation	-	11,199	5,346,330
Highway and streets	-	2,317,980	4,491,032
Library	-	-	2,601,164
Capital outlay	16,081,270	10,272,489	47,887,675
Debt service:			
Principal	-	1,542,859	2,061,323
Interest and fiscal charges	-	371,090	612,391
<b>Total expenditures</b>	<u>16,190,310</u>	<u>20,577,807</u>	<u>136,394,620</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(16,262,938)</u>	<u>(10,274,434)</u>	<u>(13,336,906)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Inception of finance purchase agreement	-	-	3,275,547
Inception of lease payable	-	-	196,119
Transfers in	16,081,616	7,999,057	69,860,227
Transfers out	-	(105,435)	(23,491,596)
<b>Total other financing sources (uses)</b>	<u>16,081,616</u>	<u>7,893,622</u>	<u>49,840,297</u>
<b>NET CHANGE IN FUND BALANCES</b>	(181,322)	(2,380,812)	36,503,391
<b>FUND BALANCES:</b>			
Beginning of year	2,742,004	23,796,516	74,319,931
End of year	<u>\$ 2,560,682</u>	<u>\$ 21,415,704</u>	<u>\$ 110,823,322</u>

(Concluded)

**City of Redlands**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position**  
**For the Year Ended June 30, 2022**

<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 36,503,391</b>
Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position the cost of those assets was allocated over their estimated useful lives as depreciation expenses. This is the amount of capital assets recorded in the current period.	47,887,675
In the Government-Wide Statement of Activities, donated assets are reported as a capital contribution. Amount includes \$445,361 of highway and streets expenditures classified in various accounts that were reclassified to capital outlay.	20,351,675
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense, net of internal service funds of \$280,981, was not reported as expenditures in the Governmental Funds.	(8,470,345)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position.	(298,708)
Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position.	
Notes payable	(3,275,547)
Leases payable	(196,119)
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Principal payment of long-term debt (net of internal service funds principal payments of \$7,040)	2,061,323
Amortization of accreted interest	(61,173)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year.	(64,886)
Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (net of \$38,273 deducted in internal service funds).	607,636
Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds.	30,899
Certain pension expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in pension related deferred outflows of resources	1,372,100
Changes in net pension liabilities	37,838,399
Changes in pension related deferred inflows of resources	(41,595,440)
Certain OPEB expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in OPEB related deferred outflows of resources	27,273,632
Changes in total OPEB liabilities	(35,374,836)
Changes in OPEB related deferred inflows of resources	730,753
The internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, risk management, and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(2,048,510)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 83,271,919</b>



## Proprietary Funds Financial Statements

***Water Fund*** - This fund is used to account for the activities of the City's water utility operations, projects, debt service costs, and impact fees of the City.

***Disposal Fund*** - This fund is used to account for the activities of the City's refuse disposal collection operations, projects, debt service costs, and impact fees of the City.

***Wastewater Fund*** - This fund is used to account for the activities of the City's wastewater utility operations, projects, debt service costs, and impact fees of the City.

***Internal Service Funds*** - These funds are used to provide goods and services by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

**City of Redlands**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	Major Funds		
	Water Fund	Disposal Fund	Wastewater Fund
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 57,243,113	\$ 18,954,422	\$ 21,126,186
Accounts receivable, net	4,889,147	3,723,787	2,183,276
Taxes receivable	35	917	-
Interest receivable	-	-	-
Lease receivable - due within one year	90,913	-	-
Due from other governments	1,500	-	-
Prepaid items	11,226	-	609
Inventories	-	-	-
Due from other funds	-	-	-
<b>Total current assets</b>	<b>62,235,934</b>	<b>22,679,126</b>	<b>23,310,071</b>
Noncurrent assets:			
Restricted cash and investments	682,808	1,370,883	-
Lease receivable - due in more than one year	1,853,520	-	-
Advances to other funds	789,527	779,471	-
Capital assets:			
Non-depreciable	20,132,925	37,469	15,230,265
Depreciable, net	104,717,127	9,193,768	33,606,662
<b>Total capital assets</b>	<b>124,850,052</b>	<b>9,231,237</b>	<b>48,836,927</b>
<b>Total noncurrent assets</b>	<b>128,175,907</b>	<b>11,381,591</b>	<b>48,836,927</b>
<b>Total assets</b>	<b>190,411,841</b>	<b>34,060,717</b>	<b>72,146,998</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Related to OPEB	6,366,072	4,615,627	2,599,505
Related to pensions	1,470,160	845,598	677,989
<b>Total deferred outflow of resources</b>	<b>7,836,232</b>	<b>5,461,225</b>	<b>3,277,494</b>

(Continued)

**City of Redlands**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2022**

	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 7,620,730	\$ 104,944,451	\$ 11,996,944
Accounts receivable, net	334,590	11,130,800	55,965
Taxes receivable	272	1,224	-
Interest receivable	-	-	-
Lease receivable - due within one year	134,115	225,028	-
Due from other governments	1,490	2,990	-
Prepaid items	-	11,835	572,276
Inventories	-	-	93,140
Due from other funds	-	-	-
Total current assets	<u>8,091,197</u>	<u>116,316,328</u>	<u>12,718,325</u>
Noncurrent assets:			
Restricted cash and investments	-	2,053,691	-
Lease receivable - due in more than one year	770,257	2,623,777	-
Advances to other funds	-	1,568,998	-
Capital assets:			
Non-depreciable	15,373,591	50,774,250	-
Depreciable, net	3,426,703	150,944,260	757,622
Total capital assets	<u>18,800,294</u>	<u>201,718,510</u>	<u>757,622</u>
Total noncurrent assets	<u>19,570,551</u>	<u>207,964,976</u>	<u>757,622</u>
<b>Total assets</b>	<u>27,661,748</u>	<u>324,281,304</u>	<u>13,475,947</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Related to OPEB	577,191	14,158,395	3,507,465
Related to pensions	82,634	3,076,381	646,582
<b>Total deferred outflow of resources</b>	<u>659,825</u>	<u>17,234,776</u>	<u>4,154,047</u>

(Continued)

**City of Redlands**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2022**

	Major Funds		
	Water Fund	Disposal Fund	Sewer Fund
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	3,916,119	365,635	1,632,310
Accrued payroll	297,807	229,944	176,873
Interest payable	-	123,929	-
Deposits payable	1,789,380	28,685	6,555
Unearned revenue	-	33,257	143,282
Compensated absences - due within one year	242,653	117,562	135,264
Claims payable - due within one year	-	-	-
Long-term debt - due within one year	838,019	1,971,575	338,975
Total current liabilities	<u>7,083,978</u>	<u>2,870,587</u>	<u>2,433,259</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences - due in more than one year	242,653	117,561	135,264
Claims payable - due in more than one year	-	-	-
Long term debt - due in more than one year	7,541,707	6,502,669	703,585
Landfill closure	-	10,730,423	-
Total OPEB liability	26,788,163	15,668,188	11,341,505
Net pension liability	5,793,924	3,708,201	2,920,272
Total noncurrent liabilities	<u>40,366,447</u>	<u>36,727,042</u>	<u>15,100,626</u>
<b>Total liabilities</b>	<u>47,450,425</u>	<u>39,597,629</u>	<u>17,533,885</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to leases	1,905,156	-	-
Related to OPEB	463,462	176,144	156,300
Related to pensions	3,041,673	1,971,655	1,724,126
<b>Total deferred inflows of resources</b>	<u>5,410,291</u>	<u>2,147,799</u>	<u>1,880,426</u>
<b>NET POSITION</b>			
Net investment in capital assets	116,470,326	756,993	47,794,367
Restricted	5,462,600	9,509,579	1,296,115
Unrestricted (deficit)	23,454,431	(12,490,058)	6,919,699
<b>Total net position</b>	<u>\$ 145,387,357</u>	<u>\$ (2,223,486)</u>	<u>\$ 56,010,181</u>

(Continued)

**City of Redlands**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2022**

	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	158,788	6,072,852	1,061,629
Accrued payroll	35,871	740,495	675,506
Interest payable	1,748	125,677	-
Deposits payable	1,244,468	3,069,088	-
Unearned revenue	25,920	202,459	-
Compensated absences - due within one year	15,575	511,054	201,942
Claims payable - due within one year	-	-	7,383,566
Long-term debt - due within one year	47,590	3,196,159	7,068
<b>Total current liabilities</b>	<b>1,529,960</b>	<b>13,917,784</b>	<b>9,329,711</b>
Noncurrent liabilities:			
Advances from other funds	1,528,032	1,528,032	-
Compensated absences - due in more than one year	15,575	511,053	201,941
Claims payable - due in more than one year	-	-	7,383,565
Long term debt - due in more than one year	109,161	14,857,122	11,270
Landfill closure	-	10,730,423	-
Total OPEB liability	1,957,780	55,755,636	12,212,807
Net pension liability	200,164	12,622,561	2,537,456
<b>Total noncurrent liabilities</b>	<b>3,810,712</b>	<b>96,004,827</b>	<b>22,347,039</b>
<b>Total liabilities</b>	<b>5,340,672</b>	<b>109,922,611</b>	<b>31,676,750</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to leases	899,133	2,804,289	-
Related to OPEB	31,301	827,207	144,598
Related to pensions	359,383	7,096,837	1,748,473
<b>Total deferred inflows of resources</b>	<b>1,289,817</b>	<b>10,728,333</b>	<b>1,893,071</b>
<b>NET POSITION</b>			
Net investment in capital assets	18,643,543	183,665,229	757,622
Restricted	409,029	16,677,323	-
Unrestricted (deficit)	2,638,512	20,522,584	(16,697,449)
<b>Total net position</b>	<b>\$ 21,691,084</b>	<b>\$ 220,865,136</b>	<b>\$ (15,939,827)</b>

(Concluded)

**City of Redlands**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Major Funds		
	Water Fund	Disposal Fund	Wastewater Fund
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 30,131,495	\$ 21,066,272	\$ 11,998,633
Miscellaneous operating revenue	318,825	19,542	306,826
<b>Total operating revenues</b>	<b>30,450,320</b>	<b>21,085,814</b>	<b>12,305,459</b>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	5,667,127	4,645,445	3,357,361
General and administrative	8,619,938	8,672,300	3,813,526
Parts and supplies	4,102,788	650,997	1,496,954
Utilities	3,840,361	192,668	902,301
Depreciation/amortization	4,083,773	1,146,904	2,194,162
<b>Total operating expenses</b>	<b>26,313,987</b>	<b>15,308,314</b>	<b>11,764,304</b>
<b>OPERATING INCOME (LOSS)</b>	<b>4,136,333</b>	<b>5,777,500</b>	<b>541,155</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income (loss)	(1,577,643)	(597,060)	(582,709)
Interest expense	(221,659)	(146,068)	-
Property taxes	-	-	-
Operating grants	486,843	21,030	4,122
Gain on sale of capital assets	-	21,834,243	22,809,127
<b>Total nonoperating revenues (expenses)</b>	<b>(1,312,459)</b>	<b>21,112,145</b>	<b>22,230,540</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>2,823,874</b>	<b>26,889,645</b>	<b>22,771,695</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>			
Capital contributions	3,095,963	435,148	2,531,010
Transfers in	53,261	-	-
Transfers out	(1,650,488)	(24,296,580)	(22,344,939)
<b>Total capital contributions and transfers</b>	<b>1,498,736</b>	<b>(23,861,432)</b>	<b>(19,813,929)</b>
<b>Changes in net position</b>	<b>4,322,610</b>	<b>3,028,213</b>	<b>2,957,766</b>
<b>NET POSITION:</b>			
Beginning of year	141,064,747	(5,251,699)	53,052,415
End of year	<b>\$ 145,387,357</b>	<b>\$ (2,223,486)</b>	<b>\$ 56,010,181</b>

(Continued)

**City of Redlands**  
**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 2,780,105	\$ 65,976,505	\$ 16,573,976
Miscellaneous operating revenue	562,864	1,208,057	81,826
<b>Total operating revenues</b>	<b>3,342,969</b>	<b>67,184,562</b>	<b>16,655,802</b>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	819,914	14,489,847	3,889,417
General and administrative	1,887,758	22,993,522	11,105,711
Parts and supplies	534,649	6,785,388	4,666,529
Utilities	210,912	5,146,242	296,319
Depreciation/amortization	314,582	7,739,421	288,063
<b>Total operating expenses</b>	<b>3,767,815</b>	<b>57,154,420</b>	<b>20,246,039</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(424,846)</b>	<b>10,030,142</b>	<b>(3,590,237)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income (loss)	(172,328)	(2,929,740)	(217,001)
Interest expense	(9,922)	(377,649)	(111)
Property taxes	73,337	73,337	-
Operating grants	119,700	631,695	-
Gain on sale of capital assets	-	44,643,370	-
<b>Total nonoperating revenues (expenses)</b>	<b>10,787</b>	<b>42,041,013</b>	<b>(217,112)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(414,059)</b>	<b>52,071,155</b>	<b>(3,807,349)</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	72,506	6,134,627	-
Transfers in	164,538	217,799	3,666,404
Transfers out	(53,262)	(48,345,269)	(1,907,565)
<b>Total capital contributions and transfers</b>	<b>183,782</b>	<b>(41,992,843)</b>	<b>1,758,839</b>
<b>Changes in net position</b>	<b>(230,277)</b>	<b>10,078,312</b>	<b>(2,048,510)</b>
<b>NET POSITION:</b>			
Beginning of year	21,921,361	210,786,824	(13,891,317)
End of year	<u>\$ 21,691,084</u>	<u>\$ 220,865,136</u>	<u>\$ (15,939,827)</u>

(Concluded)

**City of Redlands**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Major Funds		
	Water Fund	Disposal Fund	Wastewater Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 30,652,831	\$ 20,167,209	\$ 11,481,848
Cash payments to suppliers for goods and services	(14,998,624)	(9,476,803)	(7,648,253)
Cash payments to employees for services	(5,752,335)	(4,534,148)	(3,530,660)
Receipts from other operating activities	318,825	19,542	306,826
<b>Net cash provided by (used in) operating activities</b>	<b>10,220,697</b>	<b>6,175,800</b>	<b>609,761</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating grants	485,343	21,030	4,122
Property taxes	(35)	-	-
Advances to other funds	221,003	56,780	-
Advances from other funds	-	-	-
Transfers from other funds	53,261	-	-
Transfers to other funds	(1,650,488)	(24,296,580)	(22,344,939)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(890,916)</b>	<b>(24,218,770)</b>	<b>(22,340,817)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(6,744,507)	(992,020)	(7,393,279)
Cash contributions received from developers	3,095,963	435,148	2,531,010
Proceeds from the sale of assets	-	23,085,436	23,020,436
Principal payment of long-term debt	(817,904)	(1,969,450)	(330,707)
Interest paid on debt	(221,659)	(348,328)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(4,688,107)</b>	<b>20,210,786</b>	<b>17,827,460</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income (loss)	(1,577,643)	(597,060)	(582,709)
<b>Net cash (used in) investing activities</b>	<b>(1,577,643)</b>	<b>(597,060)</b>	<b>(582,709)</b>
<b>Net change in cash and cash equivalents</b>	<b>3,064,031</b>	<b>1,570,756</b>	<b>(4,486,305)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	54,861,890	18,754,549	25,612,491
End of year	<u>\$ 57,925,921</u>	<u>\$ 20,325,305</u>	<u>\$ 21,126,186</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 4,136,333	\$ 5,777,500	\$ 541,155
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	4,083,773	1,146,904	2,194,162
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	261,489	(895,436)	(659,732)
Prepaid items	142,874	-	(609)
Inventories	-	-	-
Lease receivable	90,788	-	-
Deferred outflows - OPEB related	(3,665,812)	(3,079,282)	(1,612,957)
Deferred outflows - pension related	138,172	93,400	77,214
Accounts payable	1,421,589	(14,637)	(1,434,863)
Accrued payroll	(13,179)	3,739	(14,915)
Deposits payable	299,124	(485)	(335)
Unearned revenue	-	(3,142)	143,282
Compensated absences	(58,379)	(45,712)	(33,038)
Claims payable	-	-	-
Landfill closure	-	53,799	-
Total OPEB liability	4,754,682	3,993,933	2,092,060
Net pension liability	(4,094,168)	(2,767,538)	(2,287,939)
Deferred inflows - lease related	(130,065)	-	-
Deferred inflows - OPEB related	(98,220)	199,750	(43,217)
Deferred inflows - pension related	2,951,696	1,713,007	1,649,493
Total adjustments	<u>6,084,364</u>	<u>398,300</u>	<u>68,606</u>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 10,220,697</b>	<b>\$ 6,175,800</b>	<b>\$ 609,761</b>



**City of Redlands**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Non-major Funds	Total	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 2,980,071	\$ 65,281,959	\$ 17,209,905
Cash payments to suppliers for goods and services	(2,999,886)	(35,123,566)	(14,544,773)
Cash payments to employees for services	(855,231)	(14,672,374)	(3,834,577)
Receipts from other operating activities	562,864	1,208,057	81,826
<b>Net cash provided by (used in) operating activities</b>	<b>(312,182)</b>	<b>16,694,076</b>	<b>(1,087,619)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating grants	118,210	628,705	-
Property taxes	73,487	73,452	-
Advances to other funds	-	277,783	-
Advances from other funds	(206,105)	(206,105)	-
Transfers from other funds	164,538	217,799	3,666,404
Transfers to other funds	(53,262)	(48,345,269)	(1,907,565)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>96,868</b>	<b>(47,353,635)</b>	<b>1,758,839</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	-	(15,129,806)	-
Cash contributions received from developers	72,506	6,134,627	-
Proceeds from the sale of assets	-	46,105,872	-
Principal payment of long-term debt	(47,032)	(3,165,093)	(7,040)
Interest paid on debt	(10,243)	(580,230)	(111)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>15,231</b>	<b>33,365,370</b>	<b>(7,151)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income (loss)	(172,328)	(2,929,740)	(217,001)
<b>Net cash (used in) investing activities</b>	<b>(172,328)</b>	<b>(2,929,740)</b>	<b>(217,001)</b>
<b>Net change in cash and cash equivalents</b>	<b>(372,411)</b>	<b>(223,929)</b>	<b>447,068</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	7,993,141	107,222,071	11,549,876
End of year	<u>\$ 7,620,730</u>	<u>\$ 106,998,142</u>	<u>\$ 11,996,944</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (424,846)	\$ 10,030,142	\$ (3,590,237)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	314,582	7,739,421	288,063
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	80,161	(1,213,518)	635,929
Prepaid items	-	142,265	(390,057)
Inventories	-	-	757
Lease receivable	104,395	195,183	-
Deferred outflows - OPEB related	(366,582)	(8,724,633)	(2,346,121)
Deferred outflows - pension related	16,262	325,048	83,234
Accounts payable	(366,567)	(394,478)	(553,710)
Accrued payroll	(10,721)	(35,076)	64,080
Deposits payable	111,665	409,969	-
Unearned revenue	13,379	153,519	-
Compensated absences	(5,459)	(142,588)	(38,273)
Claims payable	-	-	2,466,796
Landfill closure	-	53,799	-
Total OPEB liability	475,469	11,316,144	3,042,997
Net pension liability	(481,868)	(9,631,513)	(2,466,296)
Deferred inflows - lease related	(109,634)	(239,699)	-
Deferred inflows - OPEB related	(9,822)	48,491	(62,860)
Deferred inflows - pension related	347,404	6,661,600	1,778,079
Total adjustments	112,664	6,663,934	2,502,618
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (312,182)</b>	<b>\$ 16,694,076</b>	<b>\$ (1,087,619)</b>

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## **Fiduciary Funds Financial Statements**

***Community Facility District Custodial Fund*** - This fund accounts for the collection and subsequent expenditure retained for various community facility districts.

***RDA Successor Agency Private Purpose Trust Fund*** - This 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.

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**City of Redlands**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

	Community Facilities District Custodial Fund	RDA Successor Agency Private Purpose Trust Fund
<b>ASSETS</b>		
Cash and investments	\$ -	\$ 2,096,810
Restricted cash and investments with fiscal agent	3,019,384	1,599
<b>Total assets</b>	<u>3,019,384</u>	<u>2,098,409</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding	-	7,542
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>7,542</u>
<b>LIABILITIES</b>		
Accounts payable	2,807	-
Accrued liabilities	-	799
Interest payable	-	39,135
Long-term debt - due within one year	-	2,516,003
<b>Total liabilities</b>	<u>2,807</u>	<u>2,555,937</u>
<b>NET POSITION (DEFICIT)</b>		
Restricted for:		
Individuals, organizations, and other governments	3,016,577	-
Held in trust for dissolution of RDA (deficit)	-	(449,986)
<b>Total net position (deficit)</b>	<u>\$ 3,016,577</u>	<u>\$ (449,986)</u>

**City of Redlands**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	Community Facilities District Trust Fund	RDA Successor Agency Private Purpose Trust Fund
<b>ADDITIONS:</b>		
Fee collections for other governments	\$ 1,542,578	\$ -
Investment income (loss)	124	(66,877)
RDA property tax trust fund distribution	-	2,608,218
<b>Total additions</b>	<b>1,542,702</b>	<b>2,541,341</b>
<b>DEDUCTIONS:</b>		
Administration	26,612	18,656
Contractual services	2,807	2,700
Interest expense	-	5,264
Conduit debt payment - principal	830,000	-
Conduit debt payment - interest	643,073	-
<b>Total deductions</b>	<b>1,502,492</b>	<b>26,620</b>
<b>Change in net position</b>	<b>40,210</b>	<b>2,514,721</b>
<b>NET POSITION (DEFICIT):</b>		
Beginning of year	2,976,367	(2,964,707)
End of period	<u>\$ 3,016,577</u>	<u>\$ (449,986)</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**City of Redlands**  
**Index of Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**City of Redlands**  
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**For the Year Ended June 30, 2022**

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**City of Redlands**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies**

The basic financial statements of the City of Redlands, California (City) have been prepared in conformity with Generally Accepted Accounting Principles of the United States of America (U.S. GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards in the United States. The more significant of the City's accounting policies are described below.

**A. Financial 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. The City provides the following services: police; building inspection; parks and streets; water; disposal; sanitation; leisure services; planning and zoning; general administration services; aviation; and redevelopment.

**Blended Component Units**

The financial reporting entity consists of the primary government, the City, and its component units. Component units are legally separate entities for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government is accountable and their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance part of the government's operation and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Although the following are legally separate from the City, they have been "blended" as though they are part of the City because the component unit's governing body is substantially the same as the City's and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component units; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

**Redlands Public Improvement Corporation**

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.

**Redlands Joint Powers Financing Authority (JPFA)**

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. No separate annual financial statements are prepared for the Authority.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**A. Financial Reporting Entity (Continued)**

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

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

**Government-Wide Financial Statements**

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

These financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. 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. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of U.S. GAAP.

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. Program revenues for the City are classified in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation, Accounting and Measurement Focus (Continued)**

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advance to/from other funds
- Transfers in/out

**Governmental Fund Financial Statements**

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

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

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 measurable and available 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 have been recognized as revenues when all applicable eligibility requirements have been met.

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

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation, Accounting and Measurement Focus (Continued)**

**Governmental Fund Financial Statements (Continued)**

The City reports the following major governmental funds:

General Fund - This fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In Redlands, these services include general government, public safety, culture and recreation, highway and streets, and library.

Public Facilities Development Special Revenue Fund - This fund accounts for the collection and related expenditure of development impact fees restricted for constructing new and upgrading existing public facilities.

Governmental Grants Special Revenue Fund - This fund accounts for the receipt and expenditure of grant monies received from various agencies for general government projects.

Safety Hall Replacement Capital Projects Fund - This fund accounts for the collection and related expenditure of development impact fees restricted for constructing new and upgrading existing public facilities.

**Proprietary Fund Financial Statements**

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

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City's internal service funds include funds which provide services directly to other City funds. These areas of service include fleet maintenance, risk management, and information technology.

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

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.



**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Presentation, Accounting and Measurement Focus (Continued)***

**Proprietary Fund Financial Statements (Continued)**

The City reports the following major proprietary funds:

Water Fund - This fund is used to account for the activities of the City's water utility operations, projects, debt service costs, and impact fees of the City.

Disposal Fund - This fund is used to account for the activities of the City's refuse disposal collection operations, projects, debt service costs, and impact fees of the City.

Wastewater Fund - This fund is used to account for the activities of the City's wastewater utility operations, projects, debt service costs, and impact fees of the City.

Internal service fund balances and activities have been combined with governmental activities in the Government-Wide Financial Statements, and are comprised of the following funds:

General Liability Self-Insurance Fund - This fund is used to account for the City's self-insured general and automobile liability programs, which are provided to all City departments and funds.

Information Technology Fund - This fund is used to account for the general maintenance and service of all City computers and phone equipment provided to all City departments.

Workers' Compensation Self-Insurance Fund - This fund is used to account for the City's self-insured Workers' Compensation and General Safety Programs, which are provided to all City departments and funds.

Equipment Maintenance Fund - This fund is used to account for providing ongoing maintenance of all City vehicles and major equipment and to account for vehicle rental services to all City departments.

Utility Billing Fund - This fund is used to account for billing services costs provided for water, sewer, and solid waste.

Payroll Clearing Fund - This fund is used to account for the City's recurring payroll obligations.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent custodial funds and private purpose trust funds. Both custodial funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

Fiduciary fund types are accounted for according to the nature of the fund. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Private-purpose trust funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e. unclaimed property/escheat property). They are also used to account for various assessment districts for which the City acts as an agent for debt service activity, as the City is prohibited from levying additional taxes for these districts. Such funds include Community Facilities Districts.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Presentation, Accounting and Measurement Focus (Continued)***

**Fiduciary Fund Financial Statements (Continued)**

The City's private purpose trust fund is a fiduciary fund type used by the City to report assets, liabilities and activities of the Successor Agency to the Redevelopment Agency (Successor Agency) for the City of Redlands. Its results of operations are presented on the Statement of Changes of Fiduciary Net Position.

**Successor Agency of the Redevelopment Agency for the City of Redlands**

The Redevelopment Obligation Retirement Fund was created to serve as a custodian for the assets and to wind down the affairs of the RDA on February 1, 2012, pursuant to Assembly Bill x1 26. Its purpose is to expeditiously wind down the affairs of the dissolved Redevelopment Agency (RDA). The Successor Agency is a separate public entity from the City, subject to the direction of an oversight board. The City Council serves as the governing board of the Successor Agency. In general, the Successor Agency's 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, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former RDA until all enforceable obligations of the former RDA have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency has been included in the accompanying basic financial statements as a private purpose trust fund. In February 2015, the California Department of Finance (Finance) approved the City's revised Long-Range Property Management Plan (LRPMP), with the assets deemed for governmental use and future development.

***C. Deferred Outflows and Inflows of Resources***

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

**Deferred Outflows of Resources** represent a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

**Deferred Inflows of Resources** represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***D. Cash, Cash Equivalents and Investments***

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

Investments are reported in the accompanying financial statements at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year, and may result in negative investment income in the accompanying financial statements. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***D. Cash, Cash Equivalents and Investments (Continued)***

Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for investment income associated with funds not legally required to receive pooled investment income which has been assigned to and recorded as revenue of the general fund, as provided by California Government Code Section 53647.

For purposes of the statement of cash flows, amounts reported as cash and cash equivalents, include amounts on deposit in the City pool and any 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.

Certain disclosure requirements, if applicable, for deposits and investment risks in the following areas:

- Interest rate risk
- Credit risk
  - Overall
  - Custodial credit risk
  - Concentration of credit risk
- Foreign currency risk

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

U.S. GAAP establishes a framework for measuring fair value, and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, which are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

***E. Restricted Cash and Investments***

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt, for acquisition and construction of capital projects, and to meet bond indenture debt reserve requirements.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***F. Receivables***

Customer or trade receivables are reported as “accounts receivable” and are shown net of an allowance for uncollectible accounts based on historical and management estimates.

Noncurrent portions of long-term receivables (e.g., “notes receivable”) due to governmental fund types are reported in their respective balance sheets despite their spending measurement focus. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of long-term notes receivable are offset by restricted fund balance in the special revenue funds.

***G. Interfund Transactions***

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

***H. Inventories and prepaid items***

Inventory, consisting of expendable supplies, is valued at first in first out basis. The cost of governmental funds inventory is recorded as expenditure at the time the individual inventory is consumed. Prepaid items are recorded at cost. Using the consumption method, prepaid items are recorded as expenditures over the period that service is provided. Reported inventory and prepaid items are equally offset by a fund balance reservation, which indicates that they do not constitute “available spendable resources” even though they are a component of current assets.

***I. Leases***

Lessee

The City has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$25,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**I. Leases (Continued)**

Lessee (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term debt on the Statement of net position.

Lessor

The City is a lessor for leases of special purpose facilities, office and commercial space, and land. The City recognizes leases receivable and deferred inflows of resources in the financial Statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**J. Capital Assets**

Capital assets, which include land, rights of way, structures, equipment, and infrastructure assets, the right to use leased equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost (except for intangible right-to-use lease assets) or estimated historical cost if purchased or constructed. Donated assets are valued at the fair value of the assets on the date on which they were contributed. Donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The City utilizes a capitalization threshold of \$5,000 depending on asset type.

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:

<u>Asset Type</u>	<u>Years</u>
Infrastructure	20-75
Buildings and improvement	10-40
Machinery, equipment, and vehicles	3-25

**K. Long-Term Debt**

**Government-Wide Financial Statements and Proprietary Fund Financial Statements**

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed when incurred. Gains or losses on bond refunding are reported as either deferred outflows of resources or deferred inflows of resources and amortized over the term of the related debt.

**Governmental Fund Financial Statements**

The governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. Governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**L. *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. Payment of the compensation is probable.
- 3) The amount can be reasonably estimated.

**Government-Wide Financial Statements**

For governmental and business-type activities, compensated absences are recorded as expenses when earned.

**Fund Financial Statements**

For governmental funds, compensated absences are recorded as expenditures in the year paid. The General Fund is typically used to liquidate compensated absences. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

**M. *Claims and Judgments Payable***

The short-term and long-term workers' compensation claims liability is reported in the Workers' Compensation Insurance Internal Service Fund. The short-term and long-term general claims liability is reported in the Comprehensive Liability Insurance Internal Service Fund. The short-term liability which will be liquidated with current financial resources is the amount of settlement reached, but unpaid, related to claims and judgments entered. Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, federal and state grants.

**N. *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 plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The General Fund and Internal Service Funds are typically used to liquidate the pension liability related to the City's governmental activities while the pension liability for Business-type activities is liquidated from the respective Enterprise Funds.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation date	June 30, 2020
Measurement date	June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**N. Pension Plans (Continued)**

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

**O. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan, the assets of which are held in an irrevocable trust, and additions to/deductions from the OPEB plan’s fiduciary net position have been determined by an independent actuary (Note 11). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund and Internal Service Funds are typically used to liquidate the OPEB liability related to the City's governmental activities while the OPEB liability for Business-type activities is liquidated from the respective Enterprise Funds.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

OPEB	
Valuation date	June 30, 2021
Measurement date	June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021

**P. 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.

**Q. Fund Balances**

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

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

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



**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Q. Fund Balances (Continued)***

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

*Assigned* – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has not delegated the authority to assign fund balance to management.

*Unassigned* – This category is for any balances that have no restrictions placed upon them. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

*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, 2022, is \$9,231,885 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.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***R. Net Position***

For the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding and any deferred outflows/inflows of resources related to such borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is offset by unspent proceeds.

Restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources that are needed.

***S. 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.

***T. Use of Accounting Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions, in some cases when applicable, that affect the amounts in the financial statements and the accompanying notes. Actual results could differ from the estimates.

***U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2022***

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2022. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2022 (Continued)***

*GASB Statement No. 87*

In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a significant effect on the State's financial statements for the year ended June 30, 2022.

*GASB Statement No. 89*

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2022.

*GASB Statement No. 92*

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2022.

*GASB Statement No. 93*

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2022.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2022 (Continued)***

*GASB Statement No. 97*

In June 2020, 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 Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (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. Application of this statement did not have a material effect on the City’s financial statements for the fiscal year ending June 30, 2022.

***V. Upcoming Government Accounting Standards Implementations***

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

*GASB Statement No. 91*

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

*GASB Statement No. 94*

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**V. Upcoming Government Accounting Standards Implementations (Continued)**

GASB Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Application of this statement is effective for the Authority’s fiscal year ending June 30, 2023.

GASB Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the Authority’s fiscal year ending June 30, 2024.

GASB Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the Authority’s fiscal year ending June 30, 2025.

**Note 2 – Cash and Investments**

Cash and investments are presented in the accompanying financial statements at June 30, 2022 as follows:

	<u>Government-Wide Statement of Net Position</u>			<u>Fiduciary Funds</u>	
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Statement of</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Net Position</u>	
Cash and investments	\$ 129,892,030	\$ 104,944,451	\$ 234,836,481	\$ 2,096,810	\$ 236,933,291
Cash and investments with fiscal agent	1,608,288	2,053,691	3,661,979	3,020,983	6,682,962
<b>Total cash and investments</b>	<b>\$ 131,500,318</b>	<b>\$ 106,998,142</b>	<b>\$ 238,498,460</b>	<b>\$ 5,117,793</b>	<b>\$ 243,616,253</b>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Cash and Investments (Continued)**

Cash and investments at June 30, 2022, consisted of the following:

<b>Cash:</b>	
Cash on hand	\$ 4,250
Deposits with financial institution	37,043,019
<b>Total cash</b>	37,047,269
<b>Investments:</b>	
Investments	199,886,022
Investments held by bond trustee	6,682,962
<b>Total investments</b>	206,568,984
<b>Total cash and investments</b>	\$ 243,616,253

The City maintains a cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investment held by trustees.

**A. Demand Deposits**

The carrying amounts of the City’s demand deposits were \$37,043,019 at June 30, 2022. Bank balances were \$37,866,255 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City’s name as discussed below.

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

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

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**B. 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 trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 2 – Cash and Investments (Continued)**

**B. Investments Authorized by the California Government Code and the City’s Investment Policy (Continued)**

Authorized Investment Types	Authorized By Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio	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
Local Agency Investment Fund (LAIF)	Yes	N/A	\$75 Million**	None
JPA Pools (other investment pools)	Yes	N/A	None	None

\* Based on state law requirements or City investment policy requirements, 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.

**C. Investments Authorized by Debt Agreements**

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

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

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 2 – Cash and Investments (Continued)**

**D. Fair Value Measurement**

At June 30, 2022, investments, excluding restricted cash and investments held by fiscal agent, are reported at fair value based on quoted market prices. The following table presents the fair value measurements of investments recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2022:

<b>Investments measured by fair value level:</b>	<b>June 30, 2022</b>	<b>Level 1</b>	<b>Level 2</b>
Federal Agency Securities	\$ 93,308,128	\$ -	\$ 93,308,128
Corporate Bonds	32,361,421	-	32,361,421
Negotiable Certificates of Deposit	14,843,742	-	14,843,742
Municipal Bonds	16,047,583	-	16,047,583
Mutual Funds	225,392	225,392	-
U.S. Treasury Notes	8,573,830	8,573,830	-
<b>Total investments by fair value level</b>	<b>165,360,096</b>	<b>\$ 8,799,222</b>	<b>\$ 156,560,874</b>
<b>Investments not subject to the fair value hierarchy:</b>			
Local Agency Investment Fund	34,525,926		
Money market mutual funds	6,682,962		
<b>Total investments not subject to the fair value hierarchy</b>	<b>41,208,888</b>		
<b>Total investments</b>	<b>\$ 206,568,984</b>		

Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Medium term notes: quoted prices for similar securities in active markets; and
- Asset-backed securities: recent appraisals of the asset value.

**E. Risk Disclosure**

**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:



**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 2 – Cash and Investments (Continued)**

**E. Risk Disclosure (Continued)**

**Disclosures Relating to Interest Rate Risk (Continued)**

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	37 to 48 Months	More than 48 Months	Total
<b><i>Held by City:</i></b>						
Federal Agency Securities	\$ 3,975,290	\$ 12,697,160	\$ 20,992,093	\$ 25,853,429	\$ 29,790,156	\$ 93,308,128
Corporate Bonds	6,586,971	7,718,280	9,621,290	6,582,910	1,851,970	32,361,421
Negotiable Certificates of Deposit	3,447,746	3,173,961	3,572,636	2,053,749	2,595,650	14,843,742
Municipal Bonds	3,629,688	5,401,590	3,222,163	2,212,967	1,581,175	16,047,583
U.S. Treasury Notes	1,963,320	967,580	993,280	2,830,000	1,819,650	8,573,830
Mutual Funds	225,392	-	-	-	-	225,392
Local Agency Investment Fund	34,525,926	-	-	-	-	34,525,926
<b><i>Held by Trustees:</i></b>						
Money Market Funds	6,682,962	-	-	-	-	6,682,962
<b>Total investments</b>	<b>\$ 61,037,295</b>	<b>\$ 29,958,571</b>	<b>\$ 38,401,462</b>	<b>\$ 39,533,055</b>	<b>\$ 37,638,601</b>	<b>\$206,568,984</b>

**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	AA+/ AA/AA-	A+/A/A-	AAA/AAm	A-1+/A-1/A-2	Not Rated
<b><i>Held by City:</i></b>							
Federal Agency Securities	\$ 93,308,128	N/A	\$ 39,427,138	\$ -	\$ 7,974,670	-	\$ 45,906,320
Corporate Bonds	32,361,421	A	8,876,100	19,635,941	3,849,380	-	-
Negotiable Certificates of Deposit	14,843,742	N/A	-	-	-	-	14,843,742
Municipal Bonds	16,047,583	A	14,060,083	-	1,987,500	-	-
Mutual Funds	225,392	N/A	-	-	225,392	-	-
<b><i>Held by Trustee:</i></b>							
Money Market Funds	6,682,962	-	-	-	-	-	6,682,962
<b>Total Rated Investments</b>	<b>163,469,228</b>	<b>-</b>	<b>\$ 62,363,321</b>	<b>\$ 19,635,941</b>	<b>\$ 14,036,942</b>	<b>\$ -</b>	<b>\$ 67,433,024</b>
<b><i>Not rated:</i></b>							
Local Agency Investment Fund	34,525,926	N/A	-	-	-	-	-
<b><i>Exempt from credit rating disclosure:</i></b>							
U.S. Treasury Notes	8,573,830	N/A	-	-	-	-	-
<b>Total investments</b>	<b>\$206,568,984</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Cash and Investments (Continued)**

**E. Risk Disclosure (Continued)**

**Disclosure Relating to 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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Bank	Federal Agency Securities	\$ 52,617,456	25.47%
Federal Home Loan Mortgage Corporation	Federal Agency Securities	13,349,490	6.46%
Federal Farm Credit Bank	Federal Agency Securities	13,308,970	6.44%

**Disclosures Relating to Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2022, the City’s deposits (bank balances) were collateralized under California Law.

**F. Investment in State Investment Pool**

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments in LAIF at June 30, 2022 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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

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

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 2 – Cash and Investments (Continued)**

**F. Investment in State Investment Pool (Continued)**

As of June 30, 2022, the City had \$34,525,926 invested in LAIF, which had invested 1.88% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where fair value is not readily available. The City valued its investments in LAIF as of June 30, 2022, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The fair value of the City's position in the pool is the same as the value of the pool shares. The credit quality rating of LAIF is unrated as of June 30, 2022.

**Note 3 – Lease Receivable**

**A. Governmental Activities**

The portion of the City's property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 1 to 30 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2022, the City recognized \$1,478,945 in lease revenue and \$56,516 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2022 is as follows:

	Balance			Balance June 30, 2022	Classification	
	July 1, 2021	Additions	Deletions		Due within One Year	Due in More Than One Year
Leases receivable	\$ 7,005,851	\$ 210,100	\$ (1,348,537)	\$ 5,867,414	\$ 1,357,883	\$ 4,509,531
<b>Total</b>	<b>\$ 7,005,851</b>	<b>\$ 210,100</b>	<b>\$ (1,348,537)</b>	<b>\$ 5,867,414</b>	<b>\$ 1,357,883</b>	<b>\$ 4,509,531</b>

As of June 30, 2022, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,357,883	\$ 54,774	\$ 1,412,657
2024	1,120,027	46,709	1,166,736
2025	904,674	39,091	943,765
2026	655,113	32,198	687,311
2027	322,932	27,624	350,556
2028-2032	666,180	100,271	766,451
2033-2037	411,993	59,308	471,301
2038-2042	375,674	22,954	398,628
2043	52,938	381	53,319
<b>Total</b>	<b>\$ 5,867,414</b>	<b>\$ 383,310</b>	<b>\$ 6,250,724</b>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 3 – Lease Receivable (Continued)**

**A. Governmental Activities (Continued)**

As of June 30, 2022, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

<u>Year Ending June 30,</u>	<u>Amortization Schedule</u>
2023	\$ 1,416,228
2024	1,141,483
2025	903,519
2026	646,362
2027	325,713
2028-2032	766,275
2033-2037	259,761
2038-2042	248,526
2043	29,140
<b>Total</b>	<u><u>\$ 5,737,007</u></u>

**B. Business-Type Activities**

The portion of the City’s property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 2 to 30 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2022, the City recognized \$268,916 in lease revenue and \$46,172 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2022 is as follows:

<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Classification</u>	
				<u>Due within One Year</u>	<u>Due in More Than One Year</u>
\$ 3,043,988	\$ 29,217	\$ (224,400)	\$ 2,848,805	\$ 225,028	\$ 2,623,777
<u>\$ 3,043,988</u>	<u>\$ 29,217</u>	<u>\$ (224,400)</u>	<u>\$ 2,848,805</u>	<u>\$ 225,028</u>	<u>\$ 2,623,777</u>

As of June 30, 2022, the required payments for these leases, including interest, are:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 225,028	\$ 47,306	\$ 272,334
2024	229,628	43,981	273,609
2025	227,499	40,580	268,079
2026	216,649	37,180	253,829
2027	230,833	33,631	264,464
2028-2032	785,399	118,155	903,554
2033-2037	219,853	83,657	303,510
2038-2042	293,857	57,994	351,851
2043-2047	383,771	24,121	407,892
2048	36,288	183	36,471
<b>Total</b>	<u><u>\$ 2,848,805</u></u>	<u><u>\$ 486,788</u></u>	<u><u>\$ 3,335,593</u></u>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 3 – Lease Receivable (Continued)**

**B. Business-Type Activities (Continued)**

As of June 30, 2022, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

<u>Year Ending June 30,</u>	<u>Amortization Schedule</u>
2023	\$ 269,551
2024	269,551
2025	262,776
2026	242,451
2027	242,451
2028-2032	850,720
2033-2037	185,005
2038-2042	231,256
2043-2047	231,256
2048	19,271
<b>Total</b>	<b>\$ 2,804,288</b>

**Note 4 – Interfund Receivables, Payables, and Transfers**

**A. Due To / From Other Funds**

At June 30, 2022, the City reported a short term cash flow borrowing of \$13,766 between the General Fund and the Transportation Development Act Special Revenue Fund to cover deficit cash positions.

**B. Advance From / From Other Funds**

As of June 30, 2022, advances to/from other funds were as follows:

<b>Advances To</b>	<b>Advances From</b>	<b>Amount</b>
General Fund	Public Facilities Development Special Revenue Fund	\$ 7,648,335
Water Enterprise Fund	Public Facilities Development Special Revenue Fund	40,966
Water Enterprise Fund	Cemetery Enterprise Fund	748,561
Solid Waste Enterprise Fund	Aviation Enterprise Fund	779,471
	<b>Total</b>	<b>\$ 9,217,333</b>

The General Fund has advanced the Public Facilities Development Fund \$7,648,335 to provide funding for capital expenditures and debt service for capital facilities. The balance will be repaid through future development impact fee collections. An additional advance was made to the Public Facilities Fund to assist in debt service payments on the COP's. At June 30, 2022, this advance was from the Water Fund for \$40,966.

The Water Enterprise Fund and Solid Waste Enterprise Fund advanced the Cemetery and Aviation Enterprise Funds a total of \$1,528,032 to provide funding for capital expenditures.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 4 – Interfund Receivables, Payables, and Transfers (Continued)**

**C. Transfers**

Interfund transfers during the year ended June 30, 2022, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Fund	Water Enterprise Fund	\$ 1,348,076	Fixed asset transfer
General Fund	Disposal Enterprise Fund	22,303,387	Proceeds of land sale and
General Fund	Wastewater Service Fund	22,127,851	fixed asset transfer
	<b>Subtotal</b>	<b>45,779,314</b>	
Governmental Grants Special Revenue Fund	General Fund	240	Program subsidy
Emergency Service Special Revenue Fund	General Fund	3,966,644	Program subsidy
Downtown Redlands Business Area Special Revenue Fund	General Fund	63,238	Program subsidy
Parking Authority Special Revenue Fund	General Fund	9,336	Program subsidy
Landscape Maintenance District Special Revenue Fund	General Fund	48,683	Program subsidy
Safety Hall Replacement Capital Projects Fund	General Fund	16,081,616	Capital projects
Liability Self-Insurance Internal Service Fund	General Fund	3,216,404	Reserve funding
	<b>Subtotal</b>	<b>23,386,161</b>	
PARIS Special Revenue Fund	Water Enterprise Fund	102,412	Capital projects
PARIS Special Revenue Fund	Disposal Enterprise Fund	1,884,090	Capital projects
PARIS Special Revenue Fund	Wastewater Service Fund	17,088	Capital projects
	<b>Subtotal</b>	<b>2,003,590</b>	
Groves Enterprise Fund	CFD 2004-1 Assessment Special Revenue Fund	105,435	Capital projects
Groves Enterprise Fund	Disposal Enterprise Fund	59,103	Capital projects
	<b>Subtotal</b>	<b>164,538</b>	
Liability Self-Insurance Internal Service Fund	Water Enterprise Fund	200,000	Reserve funding
Liability Self-Insurance Internal Service Fund	Disposal Enterprise Fund	50,000	Reserve funding
Liability Self-Insurance Internal Service Fund	Wastewater Service Fund	200,000	Reserve funding
	<b>Subtotal</b>	<b>450,000</b>	
Water Enterprise Fund	Non-Potable Water Enterprise Fund	53,262	Fixed asset transfer
General Debt Service Fund	Payroll Clearing Internal Service Fund	1,907,565	Debt service - pension bonds
	<b>Total</b>	<b>\$ 73,744,430</b>	

On July 20, 2021, the City Council approved the purchase and sale agreement for Assessor’s Parcel Nos. 0292-041-08; -38; and -44-0000 with LDC Industrial Realty, LLC for the amount of \$46,050,000. The three parcels, totaling approximately 18 acres, were acquired as a part of a larger land purchase in August 2004 using the Solid Waste and Wastewater (Sewer) funds, evenly (50% Solid Waste, 50% Wastewater). The City returned the original purchase price plus an inflation factor representing the incremental increase in value of those funds to current dollar values, in this case, 2021-dollar values. This ensures the purchasing power of each enterprise fund is preserved. The original purchase price allocated to these parcels was \$882,590 from Solid Waste and \$882,590 from Wastewater (\$1.765 million in total) and after applying an inflation factor from 2004 to 2021 of 1.5, was \$1,323,885 for Solid Waste and \$1,323,885 for Wastewater (\$2.648 million total). The remaining amount of gain on the sale of the properties was transferred from the Solid Waste and Wastewater funds to the General Fund, with each fund transferring the amount of \$21,701,115.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 5 – Capital Assets**

**A. Governmental Activities**

The summary of changes in governmental activities capital assets for the year ended June 30, 2022, is as follows:

	Balance July 1, 2021, as restated	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets, not being depreciated					
Land	\$ 34,214,356	\$ 6,741,964	\$ -	\$ -	\$ 40,956,320
Water rights	408,125	-	-	-	408,125
Right of way	277,508,647	17,796,115	-	-	295,304,762
Construction in progress	1,725,699	5,788,277	-	(387,009)	7,126,967
Total capital assets, not being depreciated	<u>313,856,827</u>	<u>30,326,356</u>	<u>-</u>	<u>(387,009)</u>	<u>343,796,174</u>
Capital assets, being depreciated					
Infrastructure	252,047,584	11,401,907	(513,161)	-	262,936,330
Building and improvements	34,892,585	25,660,497	-	-	60,553,082
Machinery, equipment and vehicles	21,421,667	654,471	(200,297)	387,009	22,262,850
Total capital assets, being depreciated	<u>308,361,836</u>	<u>37,716,875</u>	<u>(713,458)</u>	<u>387,009</u>	<u>345,752,262</u>
Accumulated depreciation:					
Infrastructure	(101,038,327)	(5,375,825)	214,453	-	(106,199,699)
Building and improvements	(20,071,236)	(1,899,208)	-	-	(21,970,444)
Machinery, equipment and vehicles	(17,702,003)	(1,300,663)	200,297	-	(18,802,369)
Total accumulated depreciation	<u>(138,811,566)</u>	<u>(8,575,696)</u>	<u>414,750</u>	<u>-</u>	<u>(146,972,512)</u>
Total capital assets, being depreciated, net	<u>169,550,270</u>	<u>29,141,179</u>	<u>(298,708)</u>	<u>387,009</u>	<u>198,779,750</u>
Right to use leased assets, being amortized					
Buildings and improvements	53,177	-	-	-	53,177
Machinery, equipment and vehicles	655,417	196,119	-	-	851,536
Total right to use leased assets, being amortized	<u>708,594</u>	<u>196,119</u>	<u>-</u>	<u>-</u>	<u>904,713</u>
Accumulated amortization:					
Buildings and improvements	-	(8,863)	-	-	(8,863)
Machinery, equipment and vehicles	-	(173,849)	-	-	(173,849)
Total accumulated amortization	<u>-</u>	<u>(182,712)</u>	<u>-</u>	<u>-</u>	<u>(182,712)</u>
Total right to use assets, being amortized, net	<u>708,594</u>	<u>13,407</u>	<u>-</u>	<u>-</u>	<u>722,001</u>
Total capital assets, net	<u>\$ 484,115,691</u>	<u>\$ 59,480,942</u>	<u>\$ (298,708)</u>	<u>\$ -</u>	<u>\$ 543,297,925</u>

Depreciation and amortization expense were charged to the functions/programs of the governmental activities as follows:

General government	\$ 532,274
Public safety	1,063,938
Culture and recreation	1,203,627
Highway and streets	5,670,506
Internal service funds	288,063
<b>Total depreciation/amortization expense</b>	<u>\$ 8,758,408</u>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 5 – Capital Assets (Continued)**

**B. Business-Type Activities**

The summary of changes in business-type activities capital assets for the year ended June 30, 2022, is as follows:

Capital Assets	Balance July 1, 2021, as restated	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets, not being depreciated					
Land	\$ 28,129,878	\$ -	\$ (1,462,502)	\$ -	\$ 26,667,376
Water rights	9,881,460	-	-	-	9,881,460
Construction in progress	8,861,957	8,852,467	-	(3,489,010)	14,225,414
Total capital assets, not being depreciated	<u>46,873,295</u>	<u>8,852,467</u>	<u>(1,462,502)</u>	<u>(3,489,010)</u>	<u>50,774,250</u>
Capital assets, being depreciated					
Infrastructure	194,210,764	4,259,116	-	1,080,259	199,550,139
Building and improvements	113,461,869	8,678	-	-	113,470,547
Machinery, equipment and vehicles	20,467,967	2,658,141	(453,666)	2,408,751	25,081,193
Total capital assets, being depreciated	<u>328,140,600</u>	<u>6,925,935</u>	<u>(453,666)</u>	<u>3,489,010</u>	<u>338,101,879</u>
Accumulated depreciation:					
Infrastructure	(86,845,692)	(3,512,682)	-	-	(90,358,374)
Buildings and improvements	(76,606,624)	(2,886,102)	-	-	(79,492,726)
Machinery, equipment and vehicles	(16,566,731)	(1,311,008)	453,666	-	(17,424,073)
Total accumulated depreciation	<u>(180,019,047)</u>	<u>(7,709,792)</u>	<u>453,666</u>	<u>-</u>	<u>(187,275,173)</u>
Total capital assets, being depreciated, net	<u>148,121,553</u>	<u>(783,857)</u>	<u>-</u>	<u>3,489,010</u>	<u>150,826,706</u>
Right to use leased assets, being amortized					
Buildings and improvements	53,178	-	-	-	53,178
Machinery, equipment and vehicles	94,005	-	-	-	94,005
Total right to use leased assets, being amortized	<u>147,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,183</u>
Accumulated amortization:					
Buildings and improvements	-	(8,863)	-	-	(8,863)
Machinery, equipment and vehicles	-	(20,766)	-	-	(20,766)
Total accumulated amortization	<u>-</u>	<u>(29,629)</u>	<u>-</u>	<u>-</u>	<u>(29,629)</u>
Total right to use assets, being amortized, net	<u>147,183</u>	<u>(29,629)</u>	<u>-</u>	<u>-</u>	<u>117,554</u>
Total capital assets, net	<u>\$ 195,142,031</u>	<u>\$ 8,038,981</u>	<u>\$ (1,462,502)</u>	<u>\$ -</u>	<u>\$ 201,718,510</u>

Depreciation and amortization expense were charged to the funds of the business-type activities as follows:

Water Fund	\$ 4,083,773
Disposal Fund	1,146,904
Wastewater Fund	2,194,162
Groves Fund	28,105
Non-Potable Water Fund	4,339
Cemetery Fund	54,853
Aviation Fund	227,285
<b>Total depreciation/amortization expense</b>	<u>\$ 7,739,421</u>



**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities**

**A. Governmental Activities**

A summary of changes in the long-term liabilities of the governmental activities for the year ended June 30, 2022, is as follows:

	Balance July 1, 2021, as restated	Debt Issued	Debt Retired	Balance June 30, 2022	Classification	
					Due within One Year	Due in More Than One Year
<b>Governmental Activities:</b>						
Public borrowings:						
Taxable Pension Funding Bonds	\$ 7,870,000	\$ -	\$ (1,480,000)	\$ 6,390,000	\$ 1,620,000	\$ 4,770,000
less: accreted interest	(278,217)	-	61,173	(217,044)	-	(217,044)
Total taxable pension funding bonds	7,591,783	-	(1,418,827)	6,172,956	1,620,000	4,552,956
Direct borrowings:						
Notes payable:						
I-Bank Sports Park	1,282,144	-	(62,858)	1,219,286	64,839	1,154,447
Finance Purchase Agreements	865,287	3,275,547	(345,153)	3,795,681	591,561	3,204,120
Total notes payable	2,147,431	3,275,547	(408,011)	5,014,967	656,400	4,358,567
Leases payable:						
Leases payable	708,594	196,119	(180,352)	724,361	213,203	511,158
Total leases payable	708,594	196,119	(180,352)	724,361	213,203	511,158
<b>Total</b>	<b>\$ 10,447,808</b>	<b>\$ 3,471,666</b>	<b>\$ (2,007,190)</b>	<b>\$ 11,912,284</b>	<b>\$ 2,489,603</b>	<b>\$ 9,422,681</b>

**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, 2022, is \$6,390,000.

The annual debt service requirements on 2007 Taxable Pension Funding Bonds are as follows:

Year Ending	Principal	Interest	Total
2023	\$ 1,620,000	\$ 250,097	\$ 1,870,097
2024	185,000	207,455	392,455
2025	200,000	207,455	407,455
2026	215,000	207,455	422,455
2027	230,000	207,455	437,455
2028-2032	1,480,000	937,680	2,417,680
2033-2037	2,460,000	391,303	2,851,303
<b>Subtotal</b>	6,390,000	2,408,900	8,798,900
Less: accreted interest	(217,044)	-	-
<b>Total</b>	<b>\$ 6,172,956</b>	<b>\$ 2,408,900</b>	<b>\$ 8,798,900</b>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

**I-Bank Sports Park Note 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, 2022, the outstanding balance of the I-Bank Sports Park lease payable balance was \$1,219,286.

The annual debt service requirements the I-Bank Sports Park Note Payable are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 64,839	\$ 37,386	\$ 102,225
2024	66,882	35,312	102,194
2025	68,988	33,172	102,160
2026	71,162	30,964	102,126
2027	73,403	28,687	102,090
2028-2032	403,190	106,693	509,883
2033-2037	470,822	37,997	508,819
<b>Total</b>	<b>\$ 1,219,286</b>	<b>\$ 310,211</b>	<b>\$ 1,529,497</b>

**Finance Purchase Agreements**

The City has entered into various finance purchase 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 \$5,193,092. The outstanding balance at June 30, 2022, is \$3,795,681.

The annual debt service requirements of the Finance Purchase Agreements are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 591,561	\$ 184,820	\$ 776,381
2024	564,780	84,806	649,586
2025	389,348	67,861	457,209
2026	377,400	56,198	433,598
2027	355,581	46,117	401,698
2028-2032	1,517,011	89,379	1,606,390
<b>Total</b>	<b>\$ 3,795,681</b>	<b>\$ 529,181</b>	<b>\$ 4,324,862</b>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

**Lease Payable**

The City has entered into leases for building space and equipment use. The terms of the agreements range from 5 to 6 years. The calculated interest rates varied based on the length of the lease.

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 213,203	\$ 3,604	\$ 216,807
2024	214,735	2,492	217,227
2025	193,241	1,380	194,621
2026	58,309	630	58,939
2027	44,873	190	45,063
<b>Total</b>	<b>\$ 724,361</b>	<b>\$ 8,296</b>	<b>\$ 732,657</b>

**B. Business-Type Activities**

A summary of changes in the long-term liabilities of the business-type activities for the year ended June 30, 2022, is as follows:

	Balance			Balance June 30, 2022	Classification	
	July 1, 2021, as restated	Debt Issued	Debt Retired		Due within One Year	Due in More Than One Year
<b>Business-Type Activities:</b>						
Public borrowings:						
Bonds payable:						
Solid Waste Revenue Bonds, Series 2013A	\$ 4,740,000	\$ -	\$ (1,500,000)	\$ 3,240,000	\$ 1,580,000	\$ 1,660,000
add: unamortized premium	351,347	-	(182,994)	168,353	-	168,353
Total bonds payable	5,091,347	-	(1,682,994)	3,408,353	1,580,000	1,828,353
Direct borrowings:						
Notes payable						
California Recycled Water Project	1,373,267	-	(330,707)	1,042,560	338,975	703,585
Safe Drinking Water Project	1,969,512	-	(339,607)	1,629,905	347,600	1,282,305
Hinckley Water Treatment Plant Upgrade	7,210,037	-	(475,699)	6,734,338	487,674	6,246,664
I-Bank Solid Waste	2,316,346	-	(135,475)	2,180,871	139,553	2,041,318
I-Bank City Streets	2,535,301	-	(133,933)	2,401,368	138,273	2,263,095
Finance Purchase Agreements	109,778	648,597	(221,448)	536,927	135,354	401,573
Total notes payable	15,514,241	648,597	(1,636,869)	14,525,969	1,587,429	12,938,540
Leases payable:						
Leases payable	147,183	-	(28,224)	118,959	28,730	90,229
Total leases payable	147,183	-	(28,224)	118,959	28,730	90,229
<b>Total</b>	<b>\$ 20,752,771</b>	<b>\$ 648,597</b>	<b>\$ (3,348,087)</b>	<b>\$ 18,053,281</b>	<b>\$ 3,196,159</b>	<b>\$ 14,857,122</b>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 6 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

**Solid Waste Revenue Bonds, Series 2013A**

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, 2022, was \$3,240,000 with an unamortized premium of \$168,353.

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 2024. For the current year, principal and interest paid on the Solid Waste Revenue Bonds, Series 2013A was \$1,699,500, respectively and current year net revenues were \$4,175,097.

The annual debt service requirements of the Solid Waste Revenue Bonds, Series 2013A are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,580,000	\$ 122,500	\$ 1,702,500
2024	1,660,000	41,500	1,701,500
<b>Total</b>	<b>\$ 3,240,000</b>	<b>\$ 164,000</b>	<b>\$ 3,404,000</b>

**California Recycled Water Project Note Payable**

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, 2022, was \$1,042,560.

The annual debt service requirements of the California Recycled Water Project Note Payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 338,975	\$ 26,064	\$ 365,039
2024	347,449	17,590	365,039
2025	356,136	8,903	365,039
<b>Total</b>	<b>\$ 1,042,560</b>	<b>\$ 52,557</b>	<b>\$ 1,095,117</b>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 6 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

**Safe Drinking Water Project Note Payable**

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, 2022, the City has \$1,629,905 in outstanding principal.

The annual debt service requirements of the Safe Drinking Water Project Note Payable are as follows:

<b>Year Ending</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 347,600	\$ 36,118	\$ 383,718
2024	355,782	27,937	383,719
2025	364,156	19,563	383,719
2026	372,727	10,992	383,719
2027	189,640	2,219	191,859
<b>Total</b>	<b>\$ 1,629,905</b>	<b>\$ 96,829</b>	<b>\$ 1,726,734</b>

**Hinckley Water Treatment Plant Upgrade Note Payable**

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, 2022, is \$6,734,338.

The annual debt service requirements of the Hinckley Water Treatment Plant Upgrade Note Payable are as follows:

<b>Year Ending</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 487,674	\$ 165,442	\$ 653,116
2024	499,951	153,165	653,116
2025	512,536	140,580	653,116
2026	525,439	127,678	653,117
2027	538,666	114,450	653,116
2028-2032	2,903,687	361,893	3,265,580
2033-2034	1,266,385	39,848	1,306,233
<b>Total</b>	<b>\$ 6,734,338</b>	<b>\$ 1,103,056</b>	<b>\$ 7,837,394</b>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 6 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

**I-Bank Solid Waste Note Payable**

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, 2022, the outstanding balance of the loan was \$2,180,871.

The annual debt service requirements of the I-Bank Solid Waste Note Payable are as follows:

<b>Year Ending</b>				
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2023	\$ 139,553	\$ 63,544	\$ 203,097	
2024	143,754	59,280	203,034	
2025	148,081	54,888	202,969	
2026	152,538	50,364	202,902	
2027	157,129	45,703	202,832	
2028-2032	859,503	153,549	1,013,052	
2033-2035	580,313	26,546	606,859	
<b>Total</b>	<b>\$ 2,180,871</b>	<b>\$ 453,874</b>	<b>\$ 2,634,745</b>	

**I-Bank City Streets Note Payable**

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, 2017. At June 30, 2022, the outstanding balance of the loan was \$2,401,368.

The annual debt service requirements of the I-Bank City Streets Note Payable are as follows:

<b>Year Ending</b>				
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2023	\$ 138,273	\$ 75,564	\$ 213,837	
2024	142,753	71,012	213,765	
2025	147,378	66,312	213,690	
2026	152,153	61,459	213,612	
2027	157,083	56,450	213,533	
2028-2032	865,136	201,235	1,066,371	
2033-2036	798,592	52,780	851,372	
<b>Total</b>	<b>\$ 2,401,368</b>	<b>\$ 584,812</b>	<b>\$ 2,986,180</b>	

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 6 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

**Finance Purchase Agreements**

The City has entered into various finance purchase agreements for various equipment purchases. These lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The asset acquired under the capital lease is classified as machinery, equipment and vehicles. The total cost was \$787,656. The outstanding balance at June 30, 2022, is \$536,927.

The annual debt service requirements of the Finance Purchase Agreements are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 135,354	\$ 16,166	\$ 151,520
2024	139,410	12,110	151,520
2025	143,637	7,992	151,629
2026	118,427	3,541	121,968
2027	99	3	102
<b>Total</b>	<b>\$ 536,927</b>	<b>\$ 39,812</b>	<b>\$ 576,739</b>

**Lease Payable**

The City has entered into leases for building space and equipment use. The terms of the agreements range from 5 to 6 years. The calculated interest rates varied based on the length of the lease.

Principal and interest payments to maturity are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 28,730	\$ 743	\$ 29,473
2024	29,347	547	29,894
2025	29,989	348	30,337
2026	20,696	155	20,851
2027	10,197	47	10,244
<b>Total</b>	<b>\$ 118,959</b>	<b>\$ 1,840</b>	<b>\$ 120,799</b>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities (Continued)**

**C. Fiduciary Funds Private Purpose Trust Funds - Successor Agency to the Redevelopment Agency of the City of Redlands**

A summary of changes in the long-term liabilities of the fiduciary fund financial statements for the year ended June 30, 2022, is as follows:

	Balance July 1, 2021	Debt Issued	Debt Retired	Balance June 30, 2022	Classification	
					Due within One Year	Due in More Than One Year
<b>Fiduciary Activities:</b>						
Public borrowings:						
Tax allocation bonds:						
Series 2016A	\$ 4,115,000	\$ -	\$ (2,020,000)	\$ 2,095,000	\$ 2,095,000	\$ -
Add: unamortized bond premiums	211,801	-	(195,506)	16,295	16,295	-
Series 2016B	800,000	-	(395,000)	405,000	405,000	-
Add: unamortized bond premiums	(3,759)	-	3,467	(292)	(292)	-
Total tax allocation bonds	5,123,042	-	(2,607,039)	2,516,003	2,516,003	-
<b>Total</b>	<b>\$ 5,123,042</b>	<b>\$ -</b>	<b>\$ (2,607,039)</b>	<b>\$ 2,516,003</b>	<b>\$ 2,516,003</b>	<b>\$ -</b>

**Tax Allocation Refunding Bonds, Series 2016A & B**

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, 2022, the outstanding principal balance on the bonds is \$2,500,000.

The annual debt service requirements on the 2016A & B Tax Allocation Refunding Bonds are as follows:

Year Ending	Principal	Interest	Total
2023	\$ 2,500,000	\$ 46,963	\$ 2,546,963

Tax Allocation Bonds held by the Successor Agency of the Redevelopment Agency of the City of Redlands are secured by property tax revenues. For the current year, principal and interest paid on the Series 2016A & B, Tax Allocation Bonds was \$2,553,769, respectively and Redevelopment Agency Property Tax Trust Fund distributions were \$2,608,218.

**Note 7 – Special Assessment Debt with No City 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.



**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 7 – Special Assessment Debt with No City Commitment (Continued)**

In September 2001, the City issued for and on behalf of the Community Facilities District No. 2001-1 (Northwest Development Project) \$9,255,000 aggregate principal amount of 2001 Special Tax Bonds to finance the acquisition of certain public improvements with appurtenant work and incidental expenses within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2002 to 2015 are serial bonds payable in annual installments of \$170,000 to \$355,000 while bonds maturing in the year 2022 in the amount of \$3,175,000 and bonds maturing in the year 2026 in the amount of \$2,535,000 are term bonds. The interest rates on the bonds range from 3.75% to 6.45%. The outstanding balance at June 30, 2022, was \$3,075,000.

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 2.50% to 5.90%. The outstanding balance at June 30, 2022, was \$7,185,000.

Noncommittal debt amounts issued and outstanding at June 30, 2022 are as follows:

	Original Amount	Outstanding Balance June 30, 2022
CFD 2001-1 Special Tax Bonds (Northwest Development Project)	\$ 9,255,000	\$ 3,075,000
CFD 2003-1 Special Tax Bonds (Redlands Business Center)	9,545,000	7,185,000
<b>Total</b>	<b>\$ 18,800,000</b>	<b>\$ 10,260,000</b>

**Note 8 – Compensated Absences**

**A. Governmental Activities**

A summary of changes in the compensated absences balances for the governmental activities for the year ended June 30, 2022 is as follows:

	Balance			Balance June 30, 2022	Classification	
	July 1, 2021	Additions	Deletions		Due within One Year	Due in More Than One Year
Compensated absences	\$ 8,406,084	\$ 9,533,781	\$ (10,179,690)	\$ 7,760,175	\$ 3,880,088	\$ 3,880,087

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 8 – Compensated Absences (Continued)**

**A. Governmental Activities (Continued)**

Compensated absences in the governmental activities are obligations of the following funds:

Governmental Funds	\$ 7,356,292
Liability Self-Insurance Internal Service Fund	2,306
Information Technology Internal Service Fund	172,924
Workers Compensation	
Self-Insurance Internal Service Fund	3,384
Equipment Maintenance Internal Service Fund	65,952
Utility Billing Internal Service Fund	159,317
<b>Total</b>	<b>\$ 7,760,175</b>

**B. Business-Type Activities**

A summary of changes in the compensated absences balances for the business-type activities for the year ended June 30, 2022 is as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Classification</u>	
					<u>Due within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
Compensated absences	\$ 1,164,695	\$ 2,104,584	\$ (2,247,172)	\$ 1,022,107	\$ 511,054	\$ 511,053

Compensated absences in the business-type activities are obligations of the following funds:

Water Fund	\$ 485,306
Disposal Fund	235,123
Wastewater Fund	270,528
Groves Fund	6
Non-Potable Water Fund	48
Cemetery Fund	30,558
Aviation Fund	538
<b>Total</b>	<b>\$ 1,022,107</b>

**Note 9 – 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 \$10,730,423 reported as landfill closure and post closure liability at June 30, 2022, represents the cumulative amount reported to date based on the use of 67.85 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 \$5,085,288 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform closure and post closure activities in 2022 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.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Solid Waste Landfill (Continued)**

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, 2022, \$7,453,356 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 10 – Pension Plans**

**A. Summary**

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, 2022, is presented below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Deferred outflows of resources:</b>			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 3,135,661	2,942,185	\$ 6,077,846
CalPERS Safety	10,344,274	-	10,344,274
Total pension contribution made after measurement date	<u>13,479,935</u>	<u>2,942,185</u>	<u>16,422,120</u>
Difference between expected and actual experience:			
CalPERS Miscellaneous	143,020	134,196	277,216
CalPERS Safety	9,953,605	-	9,953,605
Total difference between expected and actual experience	<u>10,096,625</u>	<u>134,196</u>	<u>10,230,821</u>
Adjustment due to difference in proportions			
CalPERS Safety	1,528,347	-	1,528,347
Total adjustment due to difference in proportions	<u>1,528,347</u>	<u>-</u>	<u>1,528,347</u>
Total deferred outflows of resources			
CalPERS Miscellaneous	3,278,681	3,076,381	6,355,062
CalPERS Safety	21,826,226	-	21,826,226
Total deferred outflows of resources	<u>\$ 25,104,907</u>	<u>\$ 3,076,381</u>	<u>\$ 28,181,288</u>
<b>Net pension liability:</b>			
CalPERS Miscellaneous	\$ 15,617,010	\$ 12,622,561	\$ 28,239,571
CalPERS Safety	58,259,612	-	58,259,612
Total net pension liability	<u>\$ 73,876,622</u>	<u>\$ 12,622,561</u>	<u>\$ 86,499,183</u>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Pension Plans (Continued)**

**A. Summary (Continued)**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Deferred inflows of resources:</b>			
Actual earnings on pension plan investments in excess of projected earnings:			
CalPERS Miscellaneous	\$ 7,459,962	\$ 7,096,837	\$ 14,556,799
CalPERS Safety	34,675,669	-	34,675,669
Total actual earnings on pension plan investments in excess of projected earnings	<u>42,135,631</u>	<u>7,096,837</u>	<u>49,232,468</u>
Employer contributions in excess of proportionate share of contribution			
CalPERS Safety	3,552,294	-	3,552,294
Total employer contributions in excess of proportionate share of contribution	<u>3,552,294</u>	<u>-</u>	<u>3,552,294</u>
Total deferred inflows of resources			
CalPERS Miscellaneous	7,459,962	7,096,837	14,556,799
CalPERS Safety	38,227,963	-	38,227,963
Total deferred inflows of resources	<u>\$ 45,687,925</u>	<u>\$ 7,096,837</u>	<u>\$ 52,784,762</u>
<b>Pension expenses:</b>			
CalPERS Miscellaneous	\$ 574,592	\$ 546,622	\$ 1,121,214
CalPERS Safety	14,695,901	-	14,695,901
Total net pension expenses	<u>\$ 15,270,493</u>	<u>\$ 546,622</u>	<u>\$ 15,817,115</u>

**B. City Miscellaneous Plans**

**Plan Description**

Substantially all City Miscellaneous employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the Miscellaneous Plan Agent multiple-employer defined benefit plan administered by California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit Provisions under the Plans are established by State statutes within the Public Employee’s Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

**Employees Covered**

At June 30, 2021, the measurement date, the following employees were covered by the benefit terms for the Plan:

	<u>Miscellaneous Plans</u>
Active employees	326
Transferred and terminated employees	383
Retired employees and beneficiaries	515
<b>Total</b>	<u><u>1224</u></u>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Pension Plans (Continued)**

**B. City Miscellaneous Plans (Continued)**

**Benefits Provided**

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

Hire Date	Miscellaneous Plans	
	PEPRA	Classic
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	9.320%	9.320%
Final Annual Compensation	1 year	1 year

**Contributions**

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

For the year ended June 30, 2022, the plan's contributions made for the Plan was as follows:

	Miscellaneous Plans
Contributions - employer	\$ 6,077,846

**Net Pension Liability**

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Pension Plans (Continued)**

**B. City Miscellaneous Plans (Continued)**

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on the results of a January 2017 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**Discount Rate**

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10<sup>1</sup></u>	<u>Real Return Years 11 +<sup>2</sup></u>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

<sup>1</sup> An expected inflation of 2.00% was used for this period.

<sup>2</sup> An expected inflation of 2.92% was used for this period.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Pension Plans (Continued)**

**B. City Miscellaneous Plans (Continued)**

**Discount Rate (Continued)**

The discount rate used to measure the total pension liability was 7.15% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 Section.

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

The following presents the City’s net pension liability, calculated using the discount rate, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Plan's Aggregate Net Pension Liability/(Asset)		
Discount Rate - 1%	Current Discount	Discount Rate + 1%
(6.15%)	Rate (7.15%)	(8.15%)
\$ 51,547,685	\$ 28,239,571	\$ 8,905,984

**Changes in the Net Pension Liability**

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

	Miscellaneous Plans		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2020 (Valuation Date)	\$ 178,611,735	\$ 130,256,891	\$ 48,354,844
Changes in the year:			
Service cost	3,525,116	-	3,525,116
Interest on the total pension liabilities	12,569,714	-	12,569,714
Changes in assumptions	-	-	-
Differences between expected and actual experience	247,796	-	247,796
Benefit payments, including refunds of members contributions	(9,643,784)	(9,643,784)	-
Contributions - employer	-	5,653,857	(5,653,857)
Contributions - employee	-	1,628,531	(1,628,531)
Net investment income	-	29,305,630	(29,305,630)
Administrative expenses	-	(130,119)	130,119
Net changes	6,698,842	26,814,115	(20,115,273)
Balance at June 30, 2021 (Measurement Date)	\$ 185,310,577	\$ 157,071,006	\$ 28,239,571

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Pension Plans (Continued)**

**B. City Miscellaneous Plans (Continued)**

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2022, the City recognized pension expense in the amount of \$1,121,214 for the miscellaneous plans.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for the Miscellaneous Plan for the 2020-21 measurement period is 3.1 years, which was obtained by dividing the total service years of 3,778 (the sum of remaining service lifetimes of the active employees) by 1,210 (the total number of participants: active, inactive, and retired).

At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Miscellaneous Plans</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 6,077,846	\$ -
Difference between projected and actual earning on pension plan investments	-	(14,556,799)
Differences between expected and actual experience	277,216	-
Total	\$ 6,355,062	\$ (14,556,799)

For the City Miscellaneous Plan, \$6,077,846 was reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (3,502,033)
2024	(3,273,076)
2025	(3,485,106)
2026	(4,019,368)
2027	-
Thereafter	-
	\$ (14,279,583)

**Pension Plan Fiduciary Net Position**

Detailed information about the plan’s fiduciary net position is available in the separately issued CalPERS financial reports.



**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Pension Plans (Continued)**

**C. City Safety Plans**

**Plan Description**

Substantially all City Safety employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the Safety Plan Cost-sharing multiple-employer defined benefit plan administered by California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit Provisions under the Plans are established by State statutes within the Public Employee’s Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

**Employees Covered**

At June 30, 2021, the measurement date, the following employees were covered by the benefit terms the Plan:

	Safety Plans
Active employees	132
Transferred and terminated employees	50
Retired employees and beneficiaries	246
<b>Total</b>	<b>428</b>

**Benefits Provided**

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic and PEPRA Safety CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

	Safety Cost-Sharing Plans			
	Classic Fire	PEPRA Fire	Classic Fire	PEPRA Police
Hire Date				
Benefit formula	3% @ 50	2.7% @ 57	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 - 57	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.000%	2.000% to 2.700%	3.000%	2.000% to 2.700%
Required employee contribution rates	9.00%	13.750%	9.00%	13.750%
Required employer contribution rates	25.590%	13.980%	25.590%	13.980%
Final Annual Compensation	1 year	1 year	1 year	1 year

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Pension Plans (Continued)**

**C. City Safety Plans (Continued)**

**Contributions**

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

For the year ended June 30, 2022, employer contributions made for the Safety Cost-sharing Plan was as follows:

	Safety Plans
Contributions - employer	\$ 10,344,274

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

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

As of June 30, 2022, the City reported net pension liability for its proportionate shares of the net pension liability of the Safety Plan as follows:

		Increase (Decrease)	
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)
Balance at: 6/30/20 (Valuation date)	\$ 288,297,224	\$ 200,216,677	88,080,547
Balance at: 6/30/21 (Measurement date)	302,527,701	244,268,089	58,259,612
Net Changes during 2020-2021	14,230,477	44,051,412	(29,820,935)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2020). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 10 – Pension Plans (Continued)**

**C. City Safety Plans (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2021). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2020 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2019-20).

(3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.

(5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

The City’s proportionate share of the net pension liability for the Safety Plan as of June 30, 2021 and 2020 was as follows:

Proportion June 30, 2020	0.80950%
Proportion June 30, 2021	1.07723%
Change - Increase (Decrease)	0.26773%

For the year ended June 30, 2022, the City recognized pension expense in the amount of \$14,695,901 for the Safety Plan.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The EARSL for PERF C for the measurement date ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,948 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members’ probability of decrementing due to an event other than receiving a cash refund.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Pension Plans (Continued)**

**C. City Safety Plans (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Safety Plans</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 10,344,274	\$ -
Difference between projected and actual earning on pension plan investments	-	(34,675,669)
Adjustment due to differences in proportions	1,528,347	-
Difference between actual and expected experience	9,953,605	-
Difference between employer's actual contributions and proportionate share of contributions	-	(3,552,294)
Total	\$ 21,826,226	\$ (38,227,963)

For the City Safety Plan, \$10,344,274 was reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2023	\$ (4,291,088)
2024	(5,478,430)
2025	(7,434,233)
2026	(9,542,260)
2027	-
Thereafter	-
	\$ (26,746,011)

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

For the measurement period ended June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. Both the June 30, 2021 and the June 30, 2020 total pension liabilities were based on the following actuarial methods and assumptions:

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 10 – Pension Plans (Continued)**

**C. City Safety Plans (Continued)**

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)**

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Pension Plans (Continued)**

**C. City Safety Plans (Continued)**

**Discount Rate (Continued)**

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 <sup>1</sup></u>	<u>Real Return Years 11 + <sup>2</sup></u>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

<sup>1</sup> An expected inflation of 2.00% was used for this period.

<sup>2</sup> An expected inflation of 2.92% was used for this period.

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

The following presents the City's proportionate share of the net pension liability for the City Safety Plan, calculated using the discount rate for the City Safety Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Plan's Aggregate Net Pension Liability/(Asset)</u>		
<u>Discount Rate - 1%</u>	<u>Current Discount</u>	<u>Discount Rate + 1%</u>
<u>(6.15%)</u>	<u>Rate (7.15%)</u>	<u>(8.15%)</u>
\$ 98,982,452	\$ 58,259,612	\$ 24,810,830

**Pension Plan Fiduciary Net Position**

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

**Payable to the Pension Plan**

At June 30, 2022, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 11 – Other Postemployment Benefits**

**A. Summary**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred outflows of resources:</b>			
Employer contributions made			
subsequent to the measurement date	\$ 3,847,418	\$ 1,217,869	\$ 5,065,287
Difference between expected and actual experience	4,343,495	1,374,897	5,718,392
Changes in assumptions	36,537,484	11,565,629	48,103,113
<b>Total deferred outflows of resources</b>	<b>\$ 44,728,397</b>	<b>\$ 14,158,395</b>	<b>\$ 58,886,792</b>
<b>Total OPEB liability:</b>			
Total OPEB liability	\$ 146,160,286	\$ 55,755,636	\$ 201,915,922
<b>Total OPEB liability</b>	<b>\$ 146,160,286</b>	<b>\$ 55,755,636</b>	<b>\$ 201,915,922</b>
<b>Deferred inflows of Resources:</b>			
Changes in assumptions	\$ 2,341,463	\$ 827,207	\$ 3,168,670
<b>Total deferred inflows of resources</b>	<b>\$ 2,341,463</b>	<b>\$ 827,207</b>	<b>\$ 3,168,670</b>
<b>OPEB Expense</b>	<b>\$ 12,156,943</b>	<b>\$ 3,095,051</b>	<b>\$ 15,251,994</b>

**B. General Information about OPEB**

**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 single-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.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 11 – Other Postemployment Benefits (Continued)**

**B. General Information about OPEB (Continued)**

**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
<b>Police (RPOA Members)</b>			
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 of Retiree and Spouse	100% of Premium of Retiree and Spouse	100% of Premium of Retiree and Spouse
<b>Firefighters (RPFA and RAFME Members)</b>			
Employees hired 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 of Retiree and Spouse	100% of Premium for Lifetime of Retiree and Spouse	\$225 Maximum Reimbursement Per Year for Lifetime of Retiree and Spouse
<b>Miscellaneous (GEAR, RCSEA, RAMME and RAME* Members)</b>			
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 of Retiree and Spouse	100% of Premium for Lifetime of Retiree and Spouse	None
<b>Miscellaneous (RASME Members)</b>			
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 of Retiree and Spouse	100% of Premium & Medicare for Lifetime of Retiree and Spouse	100% of Premium for Lifetime of Retiree and Spouse
<b>Miscellaneous (RADD Members)</b>			
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 of Retiree and Spouse	100% of Premium & Medicare for Lifetime of Retiree and Spouse	100% of Premium for Lifetime of Retiree and Spouse



**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 11 – Other Postemployment Benefits (Continued)**

**B. General Information about OPEB (Continued)**

**Benefits Provided (Continued)**

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 \$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**

At June 30, 2021, the most recent valuation date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	457
Transferred and terminated employees	-
Retired employees and beneficiaries	351
Total	808

**C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

**Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The total OPEB liability at June 30, 2022 was \$201,915,922.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.19%
Inflation	2.75%
Aggregate payroll increases	2.75%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 1997-2017 Experience Study
Mortality Improvement Scale	Modified projected fully generational with Scale MP-2021
Healthcare Trend Rate	5.75 to 6.75 percent for 2022-2026, 4.50 to 5.50 percent for 2027-2031+, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 to 5.50 percent for all years.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 through June 30, 2021.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 11 – Other Postemployment Benefits (Continued)**

**C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)**

**Discount Rate**

The discount rate used to measure the total OPEB liability 2.19%. The City’s funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. The City is currently financing its OPEB liability on a pay-as-you-go basis, the discount rate used is based on the S&P Municipal Bond 20 Year High Grade Index.

**Change in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balance at June 30, 2020 (Measurement Date)	\$ 152,181,945
Changes Recognized for the Measurement Period:	
Service Cost	4,405,809
Interest on the total OPEB liability	3,775,999
Difference between expected and actual experience	3,545,600
Changes of assumptions	42,967,302
Benefit payments	(4,960,733)
Net Changes during July 1, 2020 to June 30, 2021	49,733,977
Balance at June 30, 2021 (Measurement Date)	\$ 201,915,922

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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 (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current discount rate:

<b>Plan's Total OPEB Liability</b>		
Discount Rate - 1% (1.19%)	Current Discount Rate (2.19%)	Discount Rate + 1% (3.19%)
\$ 241,179,194	\$ 201,915,922	\$ 171,308,670

**Sensitivity of the Total OPEB Liability to Changes in the Health Care 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 or 1-percentage-point higher than the current healthcare cost trend rates:

<b>Plan's Total OPEB Liability</b>		
Healthcare Cost		
-1%	Trend Rates	1%
\$ 168,878,752	\$ 201,915,922	\$ 245,122,767

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 11 – Other Postemployment Benefits (Continued)**

**C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)**

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

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$15,251,994. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Employer contributions made subsequent to the measurement date	\$ 5,065,287	\$ -
Difference between expected and actual experience	5,718,392	-
Changes of assumptions	48,103,113	(3,168,670)
Total	<u>\$ 58,886,792</u>	<u>\$ (3,168,670)</u>

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 9 years, which was determined as of June 30, 2020, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

Amount reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

<u>Measurement Period Ended June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2023	\$ 7,070,186
2024	7,070,186
2025	7,303,174
2026	7,425,100
2027	6,279,893
Thereafter	15,504,296
	<u>\$ 50,652,835</u>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 12 – Risk Management**

**A. Coverage**

On June 30, 2022, and throughout 2021-2022, 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.

**B. Claims Activity**

At June 30, 2022, \$2,595,507 and \$12,171,624 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, 2022, 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.

A summary of the changes in claims liabilities for the past three fiscal years follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End	Due Within One Year	Due in More than One Year
<b>General Liability</b>						
2022	\$ 2,433,336	\$ 703,762	\$ (541,591)	\$ 2,595,507	\$ 1,297,754	\$ 1,297,753
2021	1,969,244	1,735,798	(1,271,706)	2,433,336	1,216,668	1,216,668
2020	2,266,000	447,740	(744,496)	1,969,244	984,622	984,622
<b>Workers' Compensation</b>						
2022	\$ 9,866,999	\$ 3,450,641	\$ (1,146,016)	\$ 12,171,624	\$ 6,085,812	\$ 6,085,812
2021	8,559,266	2,452,259	(1,144,526)	9,866,999	4,933,500	4,933,499
2020	9,144,348	(474,856)	(110,226)	8,559,266	4,279,633	4,279,633

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 13 – Fund Balance and Net Position**

**A. Fund Balance/Net Position Deficits**

At June 30, 2022 the Governmental Activities Statement of Net Position had an unrestricted net position deficit of \$(114,273,699).

At June 30, 2022, the following funds had a fund balances (deficit) or unrestricted net position (deficit):

Fund	Fund Type	Deficit
Public Facilities Development Fund	Special Revenue Fund	\$ (6,261,692)
Governmental Grants Fund	Special Revenue Fund	(331,596)
Transportation Development Act Fund	Special Revenue Fund	(13,766)
Disposal Fund	Enterprise Fund	(2,223,486)
General Liability Self-Insurance Fund	Internal Service Fund	(2,646,076)
Workers' Compensation Self-Insurance Fund	Internal Service Fund	(9,317,046)
Information Technology Fund	Internal Service Fund	(1,909,725)
Utility Billing Fund	Internal Service Fund	(3,385,009)

Special Revenue Funds

A net deficit of \$6,261,692 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 development impact fees will be used to repay this advance and reduce the fund deficit.

A net deficit of \$331,596 exists in the Governmental Grants 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 \$13,766 exists in the Transportation Development Act Fund. This fund deficit is a result of the timing of grant reimbursements. This net deficit will be eliminated during the upcoming fiscal year.

Enterprise Funds

A net deficit of \$2,223,486 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 \$2,646,076 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 charges to other funds for cost recovery and instituting cost containment measures.

A net deficit of \$9,317,046 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.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 13 – Fund Balance and Net Position (Continued)**

**A. Fund Balance/Net Position Deficits (Continued)**

A net deficit of \$1,909,725 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 \$3,385,009 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.

**B. Expenditures Exceeding Appropriations**

For the year ended June 30, 2022, expenditures exceeded appropriations in the following funds by function/department:

Fund	Function	Excess Expenditures over Appropriations
General Fund	General government	
	City attorney	\$ 29,429
	Development services	55,269
Public Facilities Development Special Revenue Fund	General government	18,124
Public Facilities Development Special Revenue Fund	Debt Service:	
	Interest and fiscal charges	32,211
Traffic Safety Special Revenue Fund	Public safety	59,082
Open Space Special Revenue Fund	Culture and recreation	9,598
Downtown Redlands Business Area Special Revenue Fund	General government	7,164
Parking Authority Special Revenue Fund	General government	193
Park and Open Space Special Revenue Fund	Highway and streets	29,372
Arterial Street Construction Special Revenue Fund	Highway and streets	13,057
Freeway Interchanges Special Revenue Fund	Highway and streets	39,793
CFD 2004-1 Assessment Special Revenue Fund	General government	21,034
PARIS Special Revenue Fund	Highway and streets	22,528
Public Art Special Revenue Fund	Culture and recreation	1,601
Transportation Development Act Special Revenue Fund	Highway and streets	58,136

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – Fund Balance Classification**

At June 30, 202, the City reports the following fund balance classifications:

	General Fund	Public Facilities Development Special Revenue Fund	Governmental Grants Special Revenue Fund	Safety Hall Replacement Capital Projects Fund	Non-major Governmental Funds	Total
<b>Nonspendable</b>						
Prepaid items	\$ 721,317	\$ -	\$ 3,700	\$ -	\$ 9,500	\$ 734,517
Endowment - non-expendable	-	-	-	-	30,200	30,200
Advances to other funds	7,648,335	-	-	-	-	7,648,335
<b>Total nonspendable</b>	<u>8,369,652</u>	<u>-</u>	<u>3,700</u>	<u>-</u>	<u>39,700</u>	<u>8,413,052</u>
<b>Restricted</b>						
Donations	526,834	-	-	-	-	526,834
PEG Fees	631,032	-	-	-	-	631,032
Public safety	-	-	-	-	717,018	717,018
Police programs and equipment	-	-	-	-	1,369,410	1,369,410
Public art	-	-	-	-	12,018	12,018
Street reconstruction/improvement projects	-	-	-	-	3,504,120	3,504,120
Debt service	-	-	-	-	1,819,383	1,819,383
Storm drain improvements	-	-	-	-	2,405,945	2,405,945
Endowment - expendable	-	-	-	-	28,822	28,822
CFD assessment	-	-	-	-	124,038	124,038
<b>Total restricted</b>	<u>1,157,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,980,754</u>	<u>11,138,620</u>
<b>Committed</b>						
Stabilization agreement	9,231,885	-	-	-	-	9,231,885
Park and open space acquisition/improvement	-	-	-	-	4,198,178	4,198,178
Public benefit: parks, recreation, trails, open space, and improvements	3,432,020	-	-	-	-	3,432,020
Street reconstruction/improvement projects	-	-	-	-	7,210,838	7,210,838
<b>Total committed</b>	<u>12,663,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,409,016</u>	<u>24,072,921</u>
<b>Assigned</b>						
Public works	1,791,543	-	-	-	-	1,791,543
Capital projects	29,943,418	-	-	2,560,682	-	32,504,100
<b>Total assigned</b>	<u>31,734,961</u>	<u>-</u>	<u>-</u>	<u>2,560,682</u>	<u>-</u>	<u>34,295,643</u>
<b>Unassigned</b>	39,513,840	(6,261,692)	(335,296)	-	(13,766)	32,903,086
<b>Total fund balances</b>	<u>\$ 93,440,224</u>	<u>\$ (6,261,692)</u>	<u>\$ (331,596)</u>	<u>\$ 2,560,682</u>	<u>\$ 21,415,704</u>	<u>\$ 110,823,322</u>

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 15 – Net Investment in Capital Assets**

Net Investment in Capital Assets at June 30 consisted of the following:

	Governmental Activities	Business-Type Activities
Net investment in capital assets:		
Capital assets, nondepreciable	\$ 343,796,174	\$ 50,774,250
Capital assets, depreciable/amortizable, net	199,501,751	150,944,260
Long-term debt:		
I-Bank Sports Park	(1,219,286)	-
Finance Purchase Agreement	(3,795,681)	(536,927)
Leases payable	(724,361)	(118,959)
Solid Waste Revenue Bonds, Series 2013A	-	(3,408,353)
California Recycled Water Project	-	(1,042,560)
Safe Drinking Water Project	-	(1,629,905)
Hinckley Water Treatment Plant Upgrade	-	(6,734,338)
I-Bank Solid Waste	-	(2,180,871)
I-Bank City Streets	-	(2,401,368)
Total net investment in capital assets	\$ 537,558,597	\$ 183,665,229

**Note 16 – Successor Agency Private Purpose Trust for Assets of Former Redevelopment**

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.



**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 16 – Successor Agency Private Purpose Trust for Assets of Former Redevelopment (Continued)**

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.

Final dissolution of the Successor Agency of the Former Redevelopment Agency of the City of Redlands will take place in the fiscal year ending 2023.

**Note 17 – 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 two of these agreements in effect. For the fiscal year ended June 30, 2022, under this program the City had abatements of sales tax totaling \$85,614. 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 18 – Endowments**

**Simonds Endowment**

The amount of net appreciation available for expenditure in the Simonds Endowment Fund is \$27,095. 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.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 18 – Endowments (Continued)**

**Pauline Stancliff Memorial Trust**

The amount of net appreciation available for expenditure in the Pauline Stancliff Memorial Trust Fund is \$1,727. 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 19 – Commitments and Contingencies**

***A. Litigation***

The City is currently a party to various claims and legal proceedings. Although the outcome of these lawsuits is not presently determinable, it is management's opinion that the ultimate liabilities, if any, resulting from such claims and proceedings will not materially affect the financial position of the City.

***B. Sales Tax – Donut Hole***

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.

***C. Federal and State Grants***

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

**City of Redlands**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 19 – Commitments and Contingencies (Continued)**

***D. Contractual Commitments***

The City has capital contractual commitments for which funds have been encumbered as of June 30, 2022. Encumbrances related to capital projects are funded through the current year appropriated budget, which carries over to the following year.

The following material construction commitments existed at June 30, 2022:

Project Title	Significant Commitment
<b>General Fund</b>	
Alley Paving Improvement Project-General Fund Portion	\$ 738,000
Animal Shelter Concrete Installation	47,535
Citywide Sidewalk/ADA Replacement	761,616
Fire Station 261 Gate and Door Installations	207,275
Fire Station 262 Architectural Design	208,000
Library Boiler Design	4,690
PARIS Construction Inspection Services-General Fund Portion	4,000
Pickleball Conversion Project-General Fund Portion	69,742
Redlands Bowl Improvements	19,500
Traffic Signal Cabinet	21,226
Trailer for Streets	26,997
Video Detection System	20,119
<b>Total for General Fund</b>	<b>\$ 2,128,700</b>
<b>Governmental Grants Special Revenue Fund</b>	
HSIP Cycle 8 Vehicle Preemption System Project	937,418
<b>Total for Governmental Grants Special Revenue Fund</b>	<b>\$ 937,418</b>
<b>Water Fund</b>	
2021 CIP Water Pipeline	\$ 682,436
Automated Metering Infrastructure	783,373
Design and Integration Services	8,974
PARIS Construction Inspection Services-Water Fund Portion	30,590
Street Paving Repair	44,611
Water Forklift & Trailer	52,917
Water SCADA System Upgrade	3,679,720
<b>Total for Water Fund</b>	<b>\$ 5,282,621</b>
<b>Solidwaste Fund</b>	
Design of Landfill Gas Extraction Wells Phase 2 & Phase 3	\$ 12,515
Solidwaste Vehicles	1,179,414
<b>Total for Solidwaste Fund</b>	<b>\$ 1,191,929</b>
<b>Wastewater Fund</b>	
Design services for Sewer Treatment Facility	\$ 1,522,816
WWTP MBR System & Installation-Phase 1	502,398
PARIS Construction Inspection Services-Wastewater Fund Portion	39,610
Wastewater Forklift	33,806
Wastewater Laboratory Equipment	72,077
<b>Total for Wastewater Fund</b>	<b>\$ 2,170,707</b>
<b>Non-Major Funds</b>	
Alley Paving Improvement Project-PARIS Fund Portion	\$ 500,000
East Valley Corridor Bike Route Project-TDA Fund	4,986
Orange Blossom Trail Phase III Project-TDA Fund	782,396
PARIS Construction Inspection Services-PARIS Fund Portion	45,000
Pickleball Conversion Project-Parks & Open Space Fund Portion	6,712
Police Motorcycles - Supplemental Law Enforcement Grant Fund	60,260
Redlands Passenger Rail Project Platform Construction-Air Quality Improvement Fund	127,342
Traffic Signal Improvements Project - Traffic Signals Fund	507,745
WWTP Recycled Water Reservoir Project - Nonpotable Water Fund	681,578
<b>Total for Non-Major Funds</b>	<b>\$ 2,716,019</b>

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**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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**City of Redlands**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Information**  
**For the Year Ended June 30, 2022**

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**Budgetary Information**

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

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

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

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

**City of Redlands**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedules – General Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 36,309,725	\$ 35,436,946	\$ 35,999,098	\$ 562,152
Sales and use taxes	35,420,916	46,624,541	48,232,171	1,607,630
Other taxes	1,910,000	2,447,000	2,706,919	259,919
Franchise fees	2,358,585	2,630,212	2,625,852	(4,360)
Licenses and permits	6,674,774	7,530,463	8,121,859	591,396
Fines and forfeitures	232,000	116,000	191,571	75,571
Intergovernmental	625,700	601,383	1,239,804	638,421
Charges for services	7,410,568	7,350,663	7,821,186	470,523
Investment income (loss)	250,000	175,350	(2,572,366)	(2,747,716)
Rents and leases	100,000	1,577,825	1,793,787	215,962
Miscellaneous	902,686	1,169,219	1,474,949	305,730
<b>Total revenues</b>	<b>92,194,954</b>	<b>105,659,602</b>	<b>107,634,830</b>	<b>1,975,228</b>
<b>EXPENDITURES:</b>				
Current:				
General government				
City council	464,587	368,263	347,036	21,227
City clerk	400,412	224,903	213,078	11,825
City manager	6,318,265	6,085,122	5,598,992	486,130
Finance	2,322,295	2,452,591	1,994,518	458,073
City attorney	676,455	1,139,658	1,169,087	(29,429)
Development services	3,359,208	3,525,760	3,581,029	(55,269)
Facilities	2,425,493	4,558,696	4,552,077	6,619
Public works engineering	1,664,840	1,963,971	1,393,688	570,283



**City of Redlands**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedules – General Fund (Continued)**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
Public safety				
Police	33,197,036	32,245,839	29,547,850	2,697,989
Fire	15,971,368	15,681,961	14,756,024	925,937
Culture and recreation				
Community services	1,398,824	1,474,927	1,357,398	117,529
Parks	3,871,516	4,097,987	3,918,339	179,648
Highway and streets				
Electrical and streets	3,417,509	4,744,193	2,173,052	2,571,141
Library	2,642,395	2,672,615	2,601,164	71,451
Capital outlay	3,892,815	21,567,208	21,461,706	105,502
Debt Service:				
Principal	318,539	3,471,073	518,464	2,952,609
Interest and fiscal charges	1,473,151	1,734,552	209,090	1,525,462
<b>Total expenditures</b>	<b>83,814,708</b>	<b>108,009,319</b>	<b>95,392,592</b>	<b>12,616,727</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,380,246</b>	<b>(2,349,717)</b>	<b>12,242,238</b>	<b>14,591,955</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Inception of finance purchase agreement	-	-	3,275,547	3,275,547
Inception of lease payable	-	-	196,119	196,119
Transfers in	2,266,057	45,689,313	45,779,314	90,001
Transfers out	(7,148,965)	(23,524,118)	(23,386,161)	137,957
<b>Total other financing sources (uses)</b>	<b>(4,882,908)</b>	<b>22,165,195</b>	<b>25,864,819</b>	<b>3,699,624</b>
<b>Net change in fund balance</b>	<b>\$ 3,497,338</b>	<b>\$ 19,815,478</b>	<b>38,107,057</b>	<b>\$ 18,291,579</b>
<b>FUND BALANCE:</b>				
Beginning of year			55,333,167	
End of year			<u>\$ 93,440,224</u>	

**City of Redlands**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedules – Public Facilities Development Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 429,000	\$ 1,376,600	\$ 1,094,573	\$ (282,027)
<b>Total revenues</b>	<u>429,000</u>	<u>1,376,600</u>	<u>1,094,573</u>	<u>(282,027)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	20,500	38,624	(18,124)
Debt Service:				
Interest and fiscal charges	-	-	32,211	(32,211)
<b>Total expenditures</b>	<u>-</u>	<u>20,500</u>	<u>70,835</u>	<u>(50,335)</u>
<b>Net change in fund balance</b>	<u>\$ 429,000</u>	<u>\$ 1,356,100</u>	1,023,738	<u>\$ (332,362)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>(7,285,430)</u>	
End of year			<u>\$ (6,261,692)</u>	

**City of Redlands**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedules – Governmental Grants Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 425,706	\$ 19,739,196	\$ 4,097,557	\$ (15,641,639)
Investment income (loss)	-	-	9	9
<b>Total revenues</b>	<u>425,706</u>	<u>19,739,196</u>	<u>4,097,566</u>	<u>(15,641,630)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	111,794	11,149,718	3,740,556	7,409,162
Public safety	20,930	468,435	290,916	177,519
Culture and recreation	-	133,638	59,394	74,244
Capital outlay	293,000	7,496,069	72,210	7,423,859
<b>Total expenditures</b>	<u>425,724</u>	<u>19,247,860</u>	<u>4,163,076</u>	<u>15,084,784</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(18)</u>	<u>491,336</u>	<u>(65,510)</u>	<u>(556,846)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	240	240
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>240</u>	<u>240</u>
<b>Net change in fund balance</b>	<u>\$ (18)</u>	<u>\$ 491,336</u>	<u>(65,270)</u>	<u>\$ (556,606)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>(266,326)</u>	
End of year			<u>\$ (331,596)</u>	

**City of Redlands**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2022**

**Miscellaneous Plan**

Measurement period, year ended	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014 <sup>1</sup>
<b>Total pension liability</b>								
Service cost	\$ 3,525,116	\$ 3,365,376	\$ 3,334,799	\$ 3,368,018	\$ 3,278,844	\$ 2,780,753	\$ 2,735,046	\$ 2,703,390
Interest on total pension liability	12,569,714	12,119,433	11,680,277	11,240,326	10,868,639	10,539,757	10,224,502	9,786,094
Differences between expected and actual experience	247,796	270,034	419,589	529,928	285,453	(1,148,342)	334,519	-
Changes in assumptions	-	-	-	(874,625)	8,600,283	-	(2,403,446)	-
Changes in benefit terms	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(9,643,784)	(9,385,911)	(8,930,778)	(8,785,537)	(8,512,367)	(7,929,573)	(7,496,594)	(7,031,419)
<b>Net change in total pension liability</b>	<b>6,698,842</b>	<b>6,368,932</b>	<b>6,503,887</b>	<b>5,478,110</b>	<b>14,520,852</b>	<b>4,242,595</b>	<b>3,394,027</b>	<b>5,458,065</b>
<b>Total pension liability - beginning</b>	<b>178,611,735</b>	<b>172,242,803</b>	<b>165,738,916</b>	<b>160,260,806</b>	<b>145,739,954</b>	<b>141,497,359</b>	<b>138,103,332</b>	<b>132,645,267</b>
<b>Total pension liability - ending (a)</b>	<b>\$185,310,577</b>	<b>\$178,611,735</b>	<b>\$172,242,803</b>	<b>\$165,738,916</b>	<b>\$160,260,806</b>	<b>\$145,739,954</b>	<b>\$141,497,359</b>	<b>\$138,103,332</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	5,653,857	5,163,971	4,543,195	\$ 3,856,431	\$ 3,706,235	\$ 3,297,550	\$ 2,749,274	\$ 2,614,893
Contributions - employee	1,628,531	1,617,023	1,587,404	1,444,993	1,461,526	1,324,766	1,219,187	1,378,971
Investment income (net of administrative expenses)	29,305,630	6,312,755	7,923,614	9,732,163	11,870,046	602,969	2,473,614	16,743,903
Benefit payments	(9,643,784)	(9,385,911)	(8,930,778)	(8,785,537)	(8,512,367)	(7,929,573)	(7,496,594)	(7,031,419)
Plan to plan resources	-	-	283	(343,451)	-	-	-	-
Other	(130,119)	(178,655)	(86,841)	(180,708)	(158,865)	(67,266)	(121,971)	-
<b>Net change in plan fiduciary net position</b>	<b>26,814,115</b>	<b>3,529,183</b>	<b>5,036,877</b>	<b>5,723,891</b>	<b>8,366,575</b>	<b>(2,771,554)</b>	<b>(1,176,490)</b>	<b>13,706,348</b>
<b>Plan fiduciary net position - beginning</b>	<b>130,256,891</b>	<b>126,727,708</b>	<b>121,690,831</b>	<b>115,966,940</b>	<b>107,600,365</b>	<b>110,371,919</b>	<b>111,548,409</b>	<b>97,842,061</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$157,071,006</b>	<b>\$130,256,891</b>	<b>\$126,727,708</b>	<b>\$121,690,831</b>	<b>\$115,966,940</b>	<b>\$107,600,365</b>	<b>\$110,371,919</b>	<b>\$111,548,409</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 28,239,571</b>	<b>\$ 48,354,844</b>	<b>\$ 45,515,095</b>	<b>\$ 44,048,085</b>	<b>\$ 44,293,866</b>	<b>\$ 38,139,589</b>	<b>\$ 31,125,440</b>	<b>\$ 26,554,923</b>
Plan fiduciary net position as a percentage of the total pension liability	84.76%	72.93%	73.58%	73.42%	72.36%	73.83%	78.00%	80.77%
Covered payroll	\$ 22,757,364	\$ 21,408,242	\$ 20,763,335	\$ 20,950,595	\$ 19,905,560	\$ 18,459,592	\$ 17,893,660	\$ 16,826,776
Net pension liability as a percentage of covered payroll	124.09%	225.87%	219.21%	210.25%	222.52%	206.61%	173.95%	157.81%

**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 of Additional Service Credit (a.k.a. Golden Handshakes).

<sup>1</sup> Information only presented from the implementation year

**City of Redlands**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2022**

	<b>Safety Plan</b>							
Measurement period, year ended	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u> <sup>1</sup>
Plan's proportion of the net pension liability	1.077228%	0.809500%	0.790200%	0.779400%	0.746000%	0.748700%	0.737700%	0.689500%
Plan's proportionate share of the net pension liability	\$ 58,259,612	\$ 88,080,547	\$ 80,975,102	\$ 75,109,650	\$ 73,979,298	\$ 64,784,346	\$ 50,633,826	\$ 42,905,786
Plan's covered-employee payroll	\$ 17,236,908	\$ 17,522,750	\$ 17,236,908	\$ 14,894,900	\$ 14,827,015	\$ 14,604,289	\$ 14,342,189	\$ 14,292,490
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	337.99%	502.66%	469.78%	504.26%	498.95%	443.60%	353.04%	300.20%
Plan's fiduciary net position	\$244,268,089	\$200,216,677	\$195,371,697	\$188,434,296	\$182,071,554	\$172,261,918	\$178,611,604	\$160,060,272
Plan's fiduciary net position as a percentage of the total pension liability	80.74%	69.45%	70.70%	71.50%	71.11%	72.67%	77.91%	78.86%
Plan's proportionate share of aggregate employer contributions	\$ 9,582,627	\$ 8,703,374	\$ 7,448,780	\$ 6,211,050	\$ 5,886,486	\$ 5,126,655	\$ 4,246,980	\$ 4,123,282

<sup>1</sup> Information only presented from the implementation year

**City of Redlands**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Contributions – Pension**  
**For the Year Ended June 30, 2022**

<b>Miscellaneous Plan</b>								
Fiscal Year:	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15<sup>1</sup></b>
Contractually determined contribution (actuarially determined)	\$ 6,077,846	\$ 5,676,210	\$ 5,159,972	\$ 4,472,807	\$ 3,797,781	\$ 3,705,781	\$ 3,297,550	\$ 2,749,274
Contributions in relation to the actuarially determined contributions	(6,077,846)	(5,676,210)	(5,159,972)	(4,472,807)	(3,797,781)	(3,705,781)	(3,297,550)	(2,749,274)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 23,450,886	\$ 22,767,850	\$ 22,631,158	\$ 22,121,385	\$ 19,836,302	\$ 20,199,995	\$ 18,953,660	\$ 17,548,793
Contributions as a percentage of covered payroll	25.92%	24.93%	22.80%	20.22%	19.15%	18.35%	17.40%	15.67%

**Notes to Schedule**

**Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2022:**

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2022 were derived from the June 30, 2019 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2019 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2019 Funding Valuation Report.
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

<sup>1</sup> Information only presented from the implementation year

**City of Redlands**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Contributions – Pension (Continued)**  
**For the Year Ended June 30, 2022**

<b>Safety Plan</b>								
Fiscal Year:	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15<sup>1</sup></b>
Contractually determined contribution (actuarially determined)	\$ 10,344,274	\$ 9,582,627	\$ 8,703,374	\$ 7,448,780	\$ 6,211,050	\$ 5,886,486	\$ 5,126,655	\$ 4,246,980
Contributions in relation to the actuarially determined contributions	(10,344,274)	(9,582,627)	(8,703,374)	(7,448,780)	(6,211,050)	(5,886,486)	(5,126,655)	(4,246,980)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 17,938,242	\$ 17,415,769	\$ 17,522,750	\$ 17,236,908	\$ 14,894,900	\$ 14,827,015	\$ 14,604,289	\$ 14,342,189
Contributions as a percentage of covered payroll	57.67%	55.02%	49.67%	43.21%	41.70%	39.70%	35.10%	29.61%

**Notes to Schedule**

**Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2022:**

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2022 were derived from the June 30, 2019 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2019 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2019 Funding Valuation Report.
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

<sup>1</sup> Information only presented from the implementation year

**City of Redlands**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2022**

Measurement period, year ending:	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017<sup>1</sup></u>
<b>Total OPEB liability</b>					
Service cost	\$ 4,405,809	\$ 4,371,866	\$ 4,540,301	\$ 4,647,747	\$ 4,517,859
Interest	3,775,999	4,254,153	4,744,702	4,497,267	4,351,611
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	3,545,600	139,016	4,588,088	-	-
Changes of assumptions	42,967,302	14,314,382	(4,153,914)	(2,485,196)	-
Benefit payments, including refunds of member contributions	(4,960,733)	(4,882,065)	(4,526,765)	(4,525,686)	(4,050,613)
<b>Net change in total OPEB liability</b>	<b>49,733,977</b>	<b>18,197,352</b>	<b>5,192,412</b>	<b>2,134,132</b>	<b>4,818,857</b>
<b>Total OPEB liability - beginning</b>	<b>152,181,945</b>	<b>133,984,593</b>	<b>128,792,181</b>	<b>126,658,049</b>	<b>121,839,192</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 201,915,922</b>	<b>\$ 152,181,945</b>	<b>\$ 133,984,593</b>	<b>\$ 128,792,181</b>	<b>\$ 126,658,049</b>
<b>OPEB fiduciary net position</b>					
Contributions - employer	\$ 4,960,733	\$ 4,882,065	\$ 4,526,765	\$ 4,525,686	\$ 4,050,613
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(4,960,733)	(4,882,065)	(4,526,765)	(4,525,686)	(4,050,613)
Administrative expense	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<b>\$ 201,915,922</b>	<b>\$ 152,181,945</b>	<b>\$ 133,984,593</b>	<b>\$ 128,792,181</b>	<b>\$ 126,658,049</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered-employee payroll</b>	<b>\$ 34,958,699</b>	<b>\$ 35,722,602</b>	<b>\$ 33,975,526</b>	<b>\$ 31,410,072</b>	<b>\$ 32,062,170</b>
<b>Plan net OPEB liability as a percentage of covered-employee payroll</b>	<b>577.58%</b>	<b>426.01%</b>	<b>394.36%</b>	<b>410.03%</b>	<b>395.04%</b>

<sup>1</sup> Information only presented from the implementation year



**SUPPLEMENTARY INFORMATION**

## Non-Major Governmental Funds

### Special Revenue Funds:

**Emergency Service Fund** - This fund is used to account for the collection of a special property tax to be spent on paramedic services.

**Household Hazardous Waste Fund** - This fund is used to account for revenue collected and expenditures made to properly dispose of household hazardous waste.

**Gas Tax Fund** - This fund is used to account for the receipt and subsequent expenditure of the City's share of the State levied tax on gasoline and other vehicle fuels.

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

**Traffic Safety Fund** - This fund is used to account for the receipt of traffic fines for moving violations within the City limits.

**Measure I Fund** - This fund is used to account for "new" revenues resulting from a voter-approved renewal of a half-cent retail transaction and use tax, to be used for transportation improvements and traffic management programs.

**Open Space Fund** - This fund is used to account for receipt and subsequent expenditure of developer fees collected to acquire open space land in and around the City.

**Downtown Redlands Business Area Fund** - This fund is used to account for various activities and special events with the intent of attracting business to the downtown area.

**Parking Authority Fund** - This fund is used to account for receipt and subsequent expenditure of fees collected as a result of a city-wide authority formed to control parking.

**Asset Forfeiture Fund** - This fund is used to account for receipt and subsequent expenditure of various asset seizure monies.

**Supplemental Law Enforcement Fund** - To account for receipt and subsequent expenditure of AB1913 monies, which, pursuant to the Citizens' Option for Public Safety (COPS) Program, must be spent for supplemental law enforcement services.

**Park & Open Space Development Fund** - This fund is used to account for the collection and subsequent expenditure of developer fees levied for the purpose of acquiring and developing land for parks and open space.

**Arterial Street Construction Fund** - To account for the collection and related expenditure of development impact fees designated for arterial street construction projects.

**Traffic Signals Fund** - This fund is used to account for the collection and related expenditure of development impact fees designated for traffic signal construction projects.

**Freeway Interchanges Fund** - This fund is used to account for the collection and related expenditure of development impact fees designated for freeway interchange construction projects.

## **Non-Major Governmental Funds (Continued)**

### **Special Revenue Funds (Continued):**

***Street Lighting District #1 Fund*** - This fund is used to account for the maintenance, operation, and service of street lighting facilities financed by assessments collected from landowners within the district.

***CFD 2004-1 Assessments Fund*** - This fund is used to account for the maintenance of landscaping in public right-of-way and easements surrounding tracts within the district.

***Landscape Maintenance District Fund*** - This fund is used to account for assessments collected from landowners to maintain landscaping in parkways and common areas within the district.

***Local Transportation Fund*** - This fund is used to account for the receipt and expenditure of street improvement and road construction funds from various sources including projects financed by State grant activity.

***Pavement Accelerated Repair Implementation Strategy (PARIS)*** - This fund is used to account for the expenditures of the Pavement Accelerated Repair Implementation Strategy (PARIS) program.

***Public Art Fund*** - This fund is used to account for donations and subsequent expenditure on public art installations.

***Transportation Development Act*** - This fund is used to account for the receipt and expenditure of Transportation Development Act revenue received by the City.

### **Capital Projects Funds:**

***Storm Drain Construction Fund*** - This fund is used to account for receipt and subsequent expenditure of developer fees assessed to provide additional storm drains, as required.

### **Debt Service Funds:**

***General Debt Service Fund*** - This fund is used to account for the receipt of property taxes to be used for the retirement of the 2007 Pension Obligation Bonds.

### **Permanent Funds:**

***Simonds Parkway Endowment Fund*** - This fund is used to account for the monies endowed by Priscilla Alden Simonds to the City for the Simonds Parkway.

***Pauline Stancliff Memorial Trust Fund*** - This fund is used to account for the monies gifted by Pauline Stancliff to the City for benefit of the Joslyn Senior Center.

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**City of Redlands**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds				
	Emergency Service Fund	Household Hazardous Waste Fund	State Gas Tax Fund	Air Quality Improvement Fund	Traffic Safety Fund
<b>ASSETS</b>					
Cash and investments	\$ 192,270	\$ 276,535	\$ -	\$ 390,614	\$ -
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	16,985	-	-	-
Taxes receivable	21,277	-	390,629	-	-
Lease receivable	-	-	-	-	-
Due from other governments	-	-	-	23,402	12,849
Prepaid items	-	-	-	-	-
<b>Total assets</b>	<b>\$ 213,547</b>	<b>\$ 293,520</b>	<b>\$ 390,629</b>	<b>\$ 414,016</b>	<b>\$ 12,849</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 27,633	\$ -	\$ -	\$ -	\$ 4,255
Accrued payroll	185,914	-	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>213,547</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,255</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	23,402	-
Deferred inflows related to leases	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,402</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	-	293,520	390,629	390,614	8,594
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>293,520</b>	<b>390,629</b>	<b>390,614</b>	<b>8,594</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 213,547</b>	<b>\$ 293,520</b>	<b>\$ 390,629</b>	<b>\$ 414,016</b>	<b>\$ 12,849</b>

(Continued)

**City of Redlands**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds				
	Measure I Fund	Open Space Fund	Downtown Redlands Business Area Fund	Parking Authority Fund	Asset Forfeiture Fund
<b>ASSETS</b>					
Cash and investments	\$ 397,091	\$ 2,156,054	\$ 22,095	\$ 12,716	\$ 1,281,742
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	-	-	1,849	-
Taxes receivable	494,726	-	-	-	-
Lease receivable	-	-	-	116,216	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	9,500
<b>Total assets</b>	<b>\$ 891,817</b>	<b>\$ 2,156,054</b>	<b>\$ 22,095</b>	<b>\$ 130,781</b>	<b>\$ 1,291,242</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 22,095	\$ 1,658	\$ -
Accrued payroll	-	-	-	-	-
Deposits payable	-	-	-	11,981	10,103
Unearned revenues	-	-	-	924	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>22,095</b>	<b>14,563</b>	<b>10,103</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	164,961	-	-	-	-
Deferred inflows related to leases	-	-	-	115,435	-
<b>Total deferred inflows of resources</b>	<b>164,961</b>	<b>-</b>	<b>-</b>	<b>115,435</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	9,500
Restricted	726,856	-	-	783	1,271,639
Committed	-	2,156,054	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>726,856</b>	<b>2,156,054</b>	<b>-</b>	<b>783</b>	<b>1,281,139</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 891,817</b>	<b>\$ 2,156,054</b>	<b>\$ 22,095</b>	<b>\$ 130,781</b>	<b>\$ 1,291,242</b>

(Continued)

**City of Redlands**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds				
	Supplemental Law Enforcement Grant Fund	Park and Open Space Fund	Arterial Street Construction Fund	Traffic Signals Fund	Freeway Interchanges Fund
	Fund	Fund	Fund	Fund	Fund
<b>ASSETS</b>					
Cash and investments	\$ 488,022	\$ 2,046,443	\$ 4,444,102	\$ 1,449,748	\$ 3,463,837
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Lease receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
<b>Total assets</b>	<b>\$ 488,022</b>	<b>\$ 2,046,443</b>	<b>\$ 4,444,102</b>	<b>\$ 1,449,748</b>	<b>\$ 3,463,837</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 4,319	\$ -	\$ 2,036	\$ 1,845,271
Accrued payroll	992	-	-	-	-
Deposits payable	-	-	28,554	270,988	-
Unearned revenues	397,853	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>398,845</b>	<b>4,319</b>	<b>28,554</b>	<b>273,024</b>	<b>1,845,271</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	-	-
Deferred inflows related to leases	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	89,177	-	-	-	-
Committed	-	2,042,124	4,415,548	1,176,724	1,618,566
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>89,177</b>	<b>2,042,124</b>	<b>4,415,548</b>	<b>1,176,724</b>	<b>1,618,566</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 488,022</b>	<b>\$ 2,046,443</b>	<b>\$ 4,444,102</b>	<b>\$ 1,449,748</b>	<b>\$ 3,463,837</b>

(Continued)

**City of Redlands**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds				
	Street Lighting District #1 Fund	CFD 2004-1 Assessment Fund	Landscape Maintenance District Fund	Local Transportation Fund	PARIS Fund
<b>ASSETS</b>					
Cash and investments	\$ 32,638	\$ 175,678	\$ 3,818	\$ 230,114	\$ 2,863,787
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	116,677
Taxes receivable	197	9,781	54	-	-
Lease receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
<b>Total assets</b>	<b>\$ 32,835</b>	<b>\$ 185,459</b>	<b>\$ 3,872</b>	<b>\$ 230,114</b>	<b>\$ 2,980,464</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 32,072	\$ 3,273	\$ -	\$ 686,176
Accrued payroll	734	4,349	599	-	17,027
Deposits payable	-	25,000	-	35,074	27,327
Unearned revenues	-	-	-	-	58,339
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>734</b>	<b>61,421</b>	<b>3,872</b>	<b>35,074</b>	<b>788,869</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	-	-
Deferred inflows related to leases	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	32,101	124,038	-	195,040	2,191,595
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>32,101</b>	<b>124,038</b>	<b>-</b>	<b>195,040</b>	<b>2,191,595</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 32,835</b>	<b>\$ 185,459</b>	<b>\$ 3,872</b>	<b>\$ 230,114</b>	<b>\$ 2,980,464</b>

(Continued)



**City of Redlands**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds		Capital Projects Funds	Debt Service Funds	Permanent Funds
	Public Art Fund	Transportation Development Act Fund	Storm Drain Fund	General Debt Service Fund	Simonds Endowment Fund
<b>ASSETS</b>					
Cash and investments	\$ 12,018	\$ -	\$ 2,407,145	\$ 209,784	\$ 37,095
Restricted cash and investments	-	-	-	1,608,288	-
Accounts receivable, net	-	-	-	-	-
Taxes receivable	-	-	-	1,311	-
Lease receivable	-	-	-	-	-
Due from other governments	-	13,859	-	-	-
Prepaid items	-	-	-	-	-
<b>Total assets</b>	<b>\$ 12,018</b>	<b>\$ 13,859</b>	<b>\$ 2,407,145</b>	<b>\$ 1,819,383</b>	<b>\$ 37,095</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 1,200	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Due to other funds	-	13,766	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>13,766</b>	<b>1,200</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	13,859	-	-	-
Deferred inflows related to leases	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>13,859</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	10,000
Restricted	12,018	-	2,405,945	1,819,383	27,095
Committed	-	-	-	-	-
Unassigned	-	(13,766)	-	-	-
<b>Total fund balances</b>	<b>12,018</b>	<b>(13,766)</b>	<b>2,405,945</b>	<b>1,819,383</b>	<b>37,095</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,018</b>	<b>\$ 13,859</b>	<b>\$ 2,407,145</b>	<b>\$ 1,819,383</b>	<b>\$ 37,095</b>

(Continued)

**City of Redlands**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Permanent Funds		Pauline Stancliff Memorial Trust Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 21,927	\$	22,615,273	
Restricted cash and investments	-		1,608,288	
Accounts receivable, net	-		135,511	
Taxes receivable	-		917,975	
Lease receivable	-		116,216	
Due from other governments	-		50,110	
Prepaid items	-		9,500	
<b>Total assets</b>	<b>\$ 21,927</b>	<b>\$</b>	<b>25,452,873</b>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$	2,629,988	
Accrued payroll	-		209,615	
Deposits payable	-		409,027	
Unearned revenues	-		457,116	
Due to other funds	-		13,766	
<b>Total liabilities</b>	<b>-</b>		<b>3,719,512</b>	
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-		202,222	
Deferred inflows related to leases	-		115,435	
<b>Total deferred inflows of resources</b>	<b>-</b>		<b>317,657</b>	
<b>Fund Balances:</b>				
Nonspendable	20,200		39,700	
Restricted	1,727		9,980,754	
Committed	-		11,409,016	
Unassigned	-		(13,766)	
<b>Total fund balances</b>	<b>21,927</b>		<b>21,415,704</b>	
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 21,927</b>	<b>\$</b>	<b>25,452,873</b>	

(Concluded)

**City of Redlands**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds				
	Emergency Service Fund	Household Hazardous Waste Fund	State Gas Tax Fund	Air Quality Improvement Fund	Traffic Safety Fund
<b>REVENUES:</b>					
Property taxes	\$ 1,134,298	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	143,678
Intergovernmental	-	-	3,135,781	68,898	-
Charges for services	-	162,825	-	-	-
Investment income (loss)	-	-	-	(11,060)	-
Rents and leases	-	-	-	-	-
Miscellaneous	3,160	-	-	-	-
<b>Total revenues</b>	<b>1,137,458</b>	<b>162,825</b>	<b>3,135,781</b>	<b>57,838</b>	<b>143,678</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public safety	5,104,103	132,574	-	-	141,082
Culture and recreation	-	-	-	-	-
Highway and streets	-	-	1,556,441	381	-
Capital outlay	-	-	1,428,405	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>5,104,103</b>	<b>132,574</b>	<b>2,984,846</b>	<b>381</b>	<b>141,082</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,966,645)</b>	<b>30,251</b>	<b>150,935</b>	<b>57,457</b>	<b>2,596</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	3,966,644	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>3,966,644</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(1)</b>	<b>30,251</b>	<b>150,935</b>	<b>57,457</b>	<b>2,596</b>
<b>FUND BALANCES:</b>					
Beginning of year	1	263,269	239,694	333,157	5,998
End of year	<u>\$ -</u>	<u>\$ 293,520</u>	<u>\$ 390,629</u>	<u>\$ 390,614</u>	<u>\$ 8,594</u>

(Continued)

**City of Redlands**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds				
	Measure I Fund	Open Space Fund	Downtown Redlands Business Area Fund	Parking Authority Fund	Asset Forfeiture Fund
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	1,711,608	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	102,983
Intergovernmental	-	-	-	-	-
Charges for services	-	479,934	4,539	-	-
Investment income (loss)	(77,989)	(60,849)	1,288	1,884	10,930
Rents and leases	-	-	-	11,556	-
Miscellaneous	-	-	28,122	-	-
<b>Total revenues</b>	<b>1,633,619</b>	<b>419,085</b>	<b>33,949</b>	<b>13,440</b>	<b>113,913</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	97,187	21,993	-
Public safety	-	-	-	-	58,508
Culture and recreation	-	9,598	-	-	-
Highway and streets	14,496	-	-	-	-
Capital outlay	2,248,805	-	-	-	6,783
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>2,263,301</b>	<b>9,598</b>	<b>97,187</b>	<b>21,993</b>	<b>65,291</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(629,682)</b>	<b>409,487</b>	<b>(63,238)</b>	<b>(8,553)</b>	<b>48,622</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	63,238	9,336	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>63,238</b>	<b>9,336</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(629,682)</b>	<b>409,487</b>	<b>-</b>	<b>783</b>	<b>48,622</b>
<b>FUND BALANCES:</b>					
Beginning of year	1,356,538	1,746,567	-	-	1,232,517
End of year	<u>\$ 726,856</u>	<u>\$ 2,156,054</u>	<u>\$ -</u>	<u>\$ 783</u>	<u>\$ 1,281,139</u>

(Continued)

**City of Redlands**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds				
	Supplemental				
	Law Enforcement Grant Fund	Park and Open Space Fund	Arterial Street Construction Fund	Traffic Signals Fund	Freeway Interchanges Fund
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	17,750	-	-	-	188,998
Charges for services	-	1,468,650	652,898	76,221	387,421
Investment income (loss)	(13,967)	(60,171)	(124,175)	(39,968)	(97,255)
Rents and leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>3,783</b>	<b>1,408,479</b>	<b>528,723</b>	<b>36,253</b>	<b>479,164</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public safety	17,749	-	-	-	-
Culture and recreation	-	-	-	-	-
Highway and streets	-	33,218	13,057	24,920	39,793
Capital outlay	-	109,209	-	12,480	1,867,071
Debt service:					
Principal	-	62,859	-	-	-
Interest and fiscal charges	-	39,398	-	-	-
<b>Total expenditures</b>	<b>17,749</b>	<b>244,684</b>	<b>13,057</b>	<b>37,400</b>	<b>1,906,864</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(13,966)</b>	<b>1,163,795</b>	<b>515,666</b>	<b>(1,147)</b>	<b>(1,427,700)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(13,966)</b>	<b>1,163,795</b>	<b>515,666</b>	<b>(1,147)</b>	<b>(1,427,700)</b>
<b>FUND BALANCES:</b>					
Beginning of year	103,143	878,329	3,899,882	1,177,871	3,046,266
End of year	<u>\$ 89,177</u>	<u>\$ 2,042,124</u>	<u>\$ 4,415,548</u>	<u>\$ 1,176,724</u>	<u>\$ 1,618,566</u>

(Continued)

**City of Redlands**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds				
	Street Lighting District #1 Fund	CFD 2004-1 Assessment Fund	Landscape Maintenance District Fund	Local Transportation Fund	PARIS Fund
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-
Licenses and permits	-	-	-	711	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	27,123	543,254	6,852	-	-
Investment income (loss)	-	(8,484)	-	(6,350)	69,152
Rents and leases	-	-	-	-	-
Miscellaneous	-	12,500	-	-	58,339
<b>Total revenues</b>	<u>27,123</u>	<u>547,270</u>	<u>6,852</u>	<u>(5,639)</u>	<u>127,491</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	417,608	55,535	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Highway and streets	17,269	-	-	777	611,083
Capital outlay	-	-	-	-	4,599,736
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<u>17,269</u>	<u>417,608</u>	<u>55,535</u>	<u>777</u>	<u>5,210,819</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>9,854</u>	<u>129,662</u>	<u>(48,683)</u>	<u>(6,416)</u>	<u>(5,083,328)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	48,683	-	2,003,591
Transfers out	-	(105,435)	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(105,435)</u>	<u>48,683</u>	<u>-</u>	<u>2,003,591</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>9,854</u>	<u>24,227</u>	<u>-</u>	<u>(6,416)</u>	<u>(3,079,737)</u>
<b>FUND BALANCES:</b>					
Beginning of year	22,247	99,811	-	201,456	5,271,332
End of year	<u>\$ 32,101</u>	<u>\$ 124,038</u>	<u>\$ -</u>	<u>\$ 195,040</u>	<u>\$ 2,191,595</u>

(Continued)

**City of Redlands**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds		Capital Projects Funds	Debt Service Funds	Permanent Funds
	Public Art Fund	Transportation Development Act Fund	Storm Drain Fund	General Debt Service Fund	Simonds Endowment Fund
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 58,870	\$ -
Sales and use taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	306,559	-	-
Investment income (loss)	(331)	-	(65,235)	(5,949)	(1,022)
Rents and leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>(331)</b>	<b>-</b>	<b>241,324</b>	<b>52,921</b>	<b>(1,022)</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	12,428	3,423	-
Public safety	-	-	-	-	-
Culture and recreation	1,601	-	-	-	-
Highway and streets	-	6,545	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	1,480,000	-
Interest and fiscal charges	-	-	-	331,692	-
<b>Total expenditures</b>	<b>1,601</b>	<b>6,545</b>	<b>12,428</b>	<b>1,815,115</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,932)</b>	<b>(6,545)</b>	<b>228,896</b>	<b>(1,762,194)</b>	<b>(1,022)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	1,907,565	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,907,565</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(1,932)</b>	<b>(6,545)</b>	<b>228,896</b>	<b>145,371</b>	<b>(1,022)</b>
<b>FUND BALANCES:</b>					
Beginning of year	13,950	(7,221)	2,177,049	1,674,012	38,117
End of year	\$ 12,018	\$ (13,766)	\$ 2,405,945	\$ 1,819,383	\$ 37,095

(Continued)

**City of Redlands**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Permanent Funds	
	Pauline Stancliff Memorial Trust Fund	Total Non-Major Governmental Funds
<b>REVENUES:</b>		
Property taxes	\$ -	\$ 1,193,168
Sales and use taxes	-	1,711,608
Licenses and permits	-	711
Fines and forfeitures	-	246,661
Intergovernmental	-	3,411,427
Charges for services	-	4,116,276
Investment income (loss)	(604)	(490,155)
Rents and leases	-	11,556
Miscellaneous	-	102,121
<b>Total revenues</b>	(604)	10,303,373
<b>EXPENDITURES:</b>		
Current:		
General government	-	608,174
Public safety	-	5,454,016
Culture and recreation	-	11,199
Highway and streets	-	2,317,980
Capital outlay	-	10,272,489
Debt service:		
Principal	-	1,542,859
Interest and fiscal charges	-	371,090
<b>Total expenditures</b>	-	20,577,807
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(604)	(10,274,434)
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	-	7,999,057
Transfers out	-	(105,435)
<b>Total other financing sources (uses)</b>	-	7,893,622
<b>NET CHANGES IN FUND BALANCES</b>	(604)	(2,380,812)
<b>FUND BALANCES:</b>		
Beginning of year	22,531	23,796,516
End of year	\$ 21,927	\$ 21,415,704

(Concluded)



**City of Redlands**  
**Budgetary Comparison Schedule**  
**Safety Hall Replacement Capital Projects Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ 5,000	\$ 7,500	\$ (72,628)	\$ (80,128)
<b>Total revenues</b>	<b>5,000</b>	<b>7,500</b>	<b>(72,628)</b>	<b>(80,128)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	148,600	109,040	39,560
Capital outlay	-	16,100,000	16,081,270	18,730
<b>Total expenditures</b>	<b>-</b>	<b>16,248,600</b>	<b>16,190,310</b>	<b>58,290</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,000</b>	<b>(16,241,100)</b>	<b>(16,262,938)</b>	<b>(21,838)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	16,100,000	16,081,616	(18,384)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>16,100,000</b>	<b>16,081,616</b>	<b>(18,384)</b>
<b>Net change in fund balance</b>	<b>\$ 5,000</b>	<b>\$ (141,100)</b>	<b>(181,322)</b>	<b>\$ (40,222)</b>
<b>FUND BALANCE:</b>				
Beginning of year			2,742,004	
End of year			<u>\$ 2,560,682</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Emergency Service Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 1,000,000	\$ 1,100,000	\$ 1,134,298	\$ 34,298
Charges for services	4,000	31,000	-	(31,000)
Miscellaneous	5,300	4,700	3,160	(1,540)
<b>Total revenues</b>	<u>1,009,300</u>	<u>1,135,700</u>	<u>1,137,458</u>	<u>1,758</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	5,509,111	5,261,200	5,104,103	157,097
<b>Total expenditures</b>	<u>5,509,111</u>	<u>5,261,200</u>	<u>5,104,103</u>	<u>157,097</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,499,811)</u>	<u>(4,125,500)</u>	<u>(3,966,645)</u>	<u>158,855</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	4,499,810	4,125,500	3,966,644	(158,856)
<b>Total other financing sources (uses)</b>	<u>4,499,810</u>	<u>4,125,500</u>	<u>3,966,644</u>	<u>(158,856)</u>
<b>Net change in fund balance</b>	<u>\$ (1)</u>	<u>\$ -</u>	(1)	<u>\$ (1)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1</u>	
End of year			<u>\$ -</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Household Hazardous Waste Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 10,000	\$ -	\$ -	\$ -
Charges for services	50,000	105,000	162,825	57,825
<b>Total revenues</b>	<u>60,000</u>	<u>105,000</u>	<u>162,825</u>	<u>57,825</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	131,208	132,647	132,574	73
<b>Total expenditures</b>	<u>131,208</u>	<u>132,647</u>	<u>132,574</u>	<u>73</u>
<b>Net change in fund balance</b>	<u>\$ (71,208)</u>	<u>\$ (27,647)</u>	30,251	<u>\$ 57,898</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>263,269</u>	
End of year			<u>\$ 293,520</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**State Gas Tax Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 3,076,521	\$ 3,337,111	\$ 3,135,781	\$ (201,330)
<b>Total revenues</b>	<u>3,076,521</u>	<u>3,337,111</u>	<u>3,135,781</u>	<u>(201,330)</u>
<b>EXPENDITURES:</b>				
Current:				
Highway and streets	1,648,115	1,908,706	1,556,441	352,265
Capital outlay	1,428,405	1,428,405	1,428,405	-
<b>Total expenditures</b>	<u>3,076,520</u>	<u>3,337,111</u>	<u>2,984,846</u>	<u>352,265</u>
<b>Net change in fund balance</b>	<u>\$ 1</u>	<u>\$ -</u>	150,935	<u>\$ 150,935</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>239,694</u>	
End of year			<u>\$ 390,629</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Air Quality Improvement Special Revenue Fund**  
**For the Year Ended June 30, 2022**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 89,000	\$ 89,000	\$ 68,898	\$ (20,102)
Investment income (loss)	1,000	-	(11,060)	(11,060)
<b>Total revenues</b>	<u>90,000</u>	<u>89,000</u>	<u>57,838</u>	<u>(31,162)</u>
<b>EXPENDITURES:</b>				
Current:				
Highway and streets	-	127,722	381	127,341
<b>Total expenditures</b>	<u>-</u>	<u>127,722</u>	<u>381</u>	<u>127,341</u>
<b>Net change in fund balance</b>	<u>\$ 90,000</u>	<u>\$ (38,722)</u>	57,457	<u>\$ 96,179</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>333,157</u>	
End of year			<u>\$ 390,614</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Traffic Safety Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 202,000	\$ 82,000	\$ 143,678	\$ 61,678
<b>Total revenues</b>	<u>202,000</u>	<u>82,000</u>	<u>143,678</u>	<u>61,678</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	202,000	82,000	141,082	(59,082)
<b>Total expenditures</b>	<u>202,000</u>	<u>82,000</u>	<u>141,082</u>	<u>(59,082)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	2,596	<u>\$ 2,596</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>5,998</u>	
End of year			<u>\$ 8,594</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Measure I Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Sales and use taxes	\$ 1,429,595	\$ 1,801,168	\$ 1,711,608	\$ (89,560)
Investment income (loss)	9,147	-	(77,989)	(77,989)
<b>Total revenues</b>	<u>1,438,742</u>	<u>1,801,168</u>	<u>1,633,619</u>	<u>(167,549)</u>
<b>EXPENDITURES:</b>				
Current:				
Highway and streets	14,496	14,496	14,496	-
Capital outlay	2,248,805	2,248,805	2,248,805	-
<b>Total expenditures</b>	<u>2,263,301</u>	<u>2,263,301</u>	<u>2,263,301</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (824,559)</u>	<u>\$ (462,133)</u>	(629,682)	<u>\$ (167,549)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,356,538</u>	
End of year			<u>\$ 726,856</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Open Space Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 125,000	\$ 345,560	\$ 479,934	\$ 134,374
Investment income (loss)	-	-	(60,849)	(60,849)
<b>Total revenues</b>	<u>125,000</u>	<u>345,560</u>	<u>419,085</u>	<u>73,525</u>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	-	-	9,598	(9,598)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>9,598</u>	<u>(9,598)</u>
<b>Net change in fund balance</b>	<u>\$ 125,000</u>	<u>\$ 345,560</u>	409,487	<u>\$ 63,927</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,746,567</u>	
End of year			<u>\$ 2,156,054</u>	



**City of Redlands**  
**Budgetary Comparison Schedule**  
**Downtown Redlands Business Area Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 3,000	\$ 3,000	\$ 4,539	\$ 1,539
Investment income (loss)	100	-	1,288	1,288
Miscellaneous	15,000	30,000	28,122	(1,878)
<b>Total revenues</b>	<u>18,100</u>	<u>33,000</u>	<u>33,949</u>	<u>949</u>
<b>EXPENDITURES:</b>				
Current:				
General government	124,657	90,023	97,187	(7,164)
<b>Total expenditures</b>	<u>124,657</u>	<u>90,023</u>	<u>97,187</u>	<u>(7,164)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(106,557)</u>	<u>(57,023)</u>	<u>(63,238)</u>	<u>(6,215)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	106,557	106,557	63,238	(43,319)
<b>Total other financing sources (uses)</b>	<u>106,557</u>	<u>106,557</u>	<u>63,238</u>	<u>(43,319)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 49,534</u>	<u>-</u>	<u>\$ (49,534)</u>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			<u>\$ -</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Parking Authority Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ -	\$ 1,884	\$ 1,884
Rents and leases	11,000	11,000	11,556	556
<b>Total revenues</b>	<u>11,000</u>	<u>11,000</u>	<u>13,440</u>	<u>2,440</u>
<b>EXPENDITURES:</b>				
Current:				
General government	21,800	21,800	21,993	(193)
<b>Total expenditures</b>	<u>21,800</u>	<u>21,800</u>	<u>21,993</u>	<u>(193)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(10,800)</u>	<u>(10,800)</u>	<u>(8,553)</u>	<u>2,247</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	10,800	10,801	9,336	(1,465)
<b>Total other financing sources (uses)</b>	<u>10,800</u>	<u>10,801</u>	<u>9,336</u>	<u>(1,465)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 1</u>	783	<u>\$ 782</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>-</u>	
End of year			<u>\$ 783</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Asset Forfeiture Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 158,279	\$ 93,620	\$ 102,983	\$ 9,363
Investment income (loss)	-	5,054	10,930	5,876
<b>Total revenues</b>	<u>158,279</u>	<u>98,674</u>	<u>113,913</u>	<u>15,239</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	158,279	118,363	58,508	59,855
Capital outlay	-	6,783	6,783	-
<b>Total expenditures</b>	<u>158,279</u>	<u>125,146</u>	<u>65,291</u>	<u>59,855</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ (26,472)</u>	48,622	<u>\$ 75,094</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,232,517</u>	
End of year			<u>\$ 1,281,139</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Supplemental Law Enforcement Grant Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 299,259	\$ 175,059	\$ 17,750	\$ (157,309)
Investment income (loss)	3,000	1,500	(13,967)	(15,467)
<b>Total revenues</b>	<u>302,259</u>	<u>176,559</u>	<u>3,783</u>	<u>(172,776)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	149,259	37,352	17,749	19,603
Capital outlay	150,000	75,000	-	75,000
<b>Total expenditures</b>	<u>299,259</u>	<u>112,352</u>	<u>17,749</u>	<u>94,603</u>
<b>Net change in fund balance</b>	<u>\$ 3,000</u>	<u>\$ 64,207</u>	(13,966)	<u>\$ (78,173)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>103,143</u>	
End of year			<u>\$ 89,177</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Park and Open Space Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 750,000	\$ 1,500,000	\$ 1,468,650	\$ (31,350)
Investment income (loss)	4,158	-	(60,171)	(60,171)
<b>Total revenues</b>	<u>754,158</u>	<u>1,500,000</u>	<u>1,408,479</u>	<u>(91,521)</u>
<b>EXPENDITURES:</b>				
Current:				
Highway and streets	4,029	3,846	33,218	(29,372)
Capital outlay	-	138,773	109,209	29,564
Debt service:				
Principal	62,859	62,859	62,859	-
Interest and fiscal charges	39,398	39,398	39,398	-
<b>Total expenditures</b>	<u>106,286</u>	<u>244,876</u>	<u>244,684</u>	<u>192</u>
<b>Net change in fund balance</b>	<u>\$ 647,872</u>	<u>\$ 1,255,124</u>	1,163,795	<u>\$ (91,329)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>878,329</u>	
End of year			<u>\$ 2,042,124</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Arterial Street Construction Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 324,000	\$ 838,700	\$ 652,898	\$ (185,802)
Investment income (loss)	29,308	15,000	(124,175)	(139,175)
<b>Total revenues</b>	<u>353,308</u>	<u>853,700</u>	<u>528,723</u>	<u>(324,977)</u>
<b>EXPENDITURES:</b>				
Current:				
Highway and streets	-	-	13,057	(13,057)
Capital outlay	900,000	-	-	-
<b>Total expenditures</b>	<u>900,000</u>	<u>-</u>	<u>13,057</u>	<u>(13,057)</u>
<b>Net change in fund balance</b>	<u>\$ (546,692)</u>	<u>\$ 853,700</u>	515,666	<u>\$ (338,034)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>3,899,882</u>	
End of year			<u>\$ 4,415,548</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Traffic Signals Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 20,000	\$ 109,000	\$ 76,221	\$ (32,779)
Investment income (loss)	9,954	4,500	(39,968)	(44,468)
<b>Total revenues</b>	<u>29,954</u>	<u>113,500</u>	<u>36,253</u>	<u>(77,247)</u>
<b>EXPENDITURES:</b>				
Current:				
Highway and streets	100,000	50,000	24,920	25,080
Capital outlay	500,000	550,000	12,480	537,520
<b>Total expenditures</b>	<u>600,000</u>	<u>600,000</u>	<u>37,400</u>	<u>562,600</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(570,046)</u>	<u>(486,500)</u>	<u>(1,147)</u>	<u>485,353</u>
<b>Net change in fund balance</b>	<u>\$ (570,046)</u>	<u>\$ (486,500)</u>	<u>(1,147)</u>	<u>\$ 485,353</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,177,871</u>	
End of year			<u>\$ 1,176,724</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Freeway Interchanges Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 188,998	\$ 188,998
Charges for services	205,000	400,000	387,421	(12,579)
Investment income (loss)	23,475	8,000	(97,255)	(105,255)
<b>Total revenues</b>	<u>228,475</u>	<u>408,000</u>	<u>479,164</u>	<u>71,164</u>
<b>EXPENDITURES:</b>				
Current:				
Highway and streets	-	-	39,793	(39,793)
Capital outlay	2,171,761	2,309,591	1,867,071	442,520
<b>Total expenditures</b>	<u>2,171,761</u>	<u>2,309,591</u>	<u>1,906,864</u>	<u>402,727</u>
<b>Net change in fund balance</b>	<u>\$ (1,943,286)</u>	<u>\$ (1,901,591)</u>	(1,427,700)	<u>\$ 473,891</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>3,046,266</u>	
End of year			<u>\$ 1,618,566</u>	



**City of Redlands**  
**Budgetary Comparison Schedule**  
**Street Lighting District #1 Special Revenue Fund**  
**For the Year Ended June 30, 2022**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 24,300	\$ 25,000	\$ 27,123	\$ 2,123
<b>Total revenues</b>	<u>24,300</u>	<u>25,000</u>	<u>27,123</u>	<u>2,123</u>
<b>EXPENDITURES:</b>				
Current:				
Highway and streets	21,578	20,865	17,269	3,596
<b>Total expenditures</b>	<u>21,578</u>	<u>20,865</u>	<u>17,269</u>	<u>3,596</u>
<b>Net change in fund balance</b>	<u>\$ 2,722</u>	<u>\$ 4,135</u>	9,854	<u>\$ 5,719</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>22,247</u>	
End of year			<u>\$ 32,101</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**CFD 2004-1 Assessment Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 465,000	\$ 540,000	\$ 543,254	\$ 3,254
Investment income (loss)	4,000	1,000	(8,484)	(9,484)
Miscellaneous	-	-	12,500	12,500
<b>Total revenues</b>	<u>469,000</u>	<u>541,000</u>	<u>547,270</u>	<u>6,270</u>
<b>EXPENDITURES:</b>				
Current:				
General government	390,732	396,574	417,608	(21,034)
<b>Total expenditures</b>	<u>390,732</u>	<u>396,574</u>	<u>417,608</u>	<u>(21,034)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>78,268</u>	<u>144,426</u>	<u>129,662</u>	<u>(14,764)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(40,000)	(128,596)	(105,435)	23,161
<b>Total other financing sources (uses)</b>	<u>(40,000)</u>	<u>(128,596)</u>	<u>(105,435)</u>	<u>23,161</u>
<b>Net change in fund balance</b>	<u>\$ 38,268</u>	<u>\$ 15,830</u>	24,227	<u>\$ 8,397</u>
<b>FUND BALANCE:</b>				
Beginning of year			99,811	
End of year			<u>\$ 124,038</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Landscape Maintenance District Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 29,000	\$ 29,000	\$ 6,852	\$ (22,148)
<b>Total revenues</b>	<u>29,000</u>	<u>29,000</u>	<u>6,852</u>	<u>(22,148)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	60,798	60,261	55,535	4,726
<b>Total expenditures</b>	<u>60,798</u>	<u>60,261</u>	<u>55,535</u>	<u>4,726</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(31,798)</u>	<u>(31,261)</u>	<u>(48,683)</u>	<u>(17,422)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	31,798	31,260	48,683	17,423
<b>Total other financing sources (uses)</b>	<u>31,798</u>	<u>31,260</u>	<u>48,683</u>	<u>17,423</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ (1)</u>	<u>-</u>	<u>\$ 1</u>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			<u>\$ -</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Local Transportation Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ -	\$ -	\$ 711	\$ 711
Investment income (loss)	-	594	(6,350)	(6,944)
Miscellaneous	-	44,000	-	(44,000)
<b>Total revenues</b>	<b>-</b>	<b>44,594</b>	<b>(5,639)</b>	<b>(50,233)</b>
<b>EXPENDITURES:</b>				
Current:				
Highway and streets	10,683	118,939	777	118,162
<b>Total expenditures</b>	<b>10,683</b>	<b>118,939</b>	<b>777</b>	<b>118,162</b>
<b>Net change in fund balance</b>	<b>\$ (10,683)</b>	<b>\$ (74,345)</b>	<b>(6,416)</b>	<b>\$ 67,929</b>
<b>FUND BALANCE:</b>				
Beginning of year			201,456	
End of year			<u>\$ 195,040</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**PARIS Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ 56,095	\$ -	\$ 69,152	\$ 69,152
Miscellaneous	-	-	58,339	58,339
<b>Total revenues</b>	<u>56,095</u>	<u>-</u>	<u>127,491</u>	<u>127,491</u>
<b>EXPENDITURES:</b>				
Current:				
Highway and streets	664,634	588,555	611,083	(22,528)
Capital outlay	9,480,716	9,828,724	4,599,736	5,228,988
<b>Total expenditures</b>	<u>10,145,350</u>	<u>10,417,279</u>	<u>5,210,819</u>	<u>5,206,460</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(10,089,255)</u>	<u>(10,417,279)</u>	<u>(5,083,328)</u>	<u>5,333,951</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	5,615,405	5,726,173	2,003,591	(3,722,582)
<b>Total other financing sources (uses)</b>	<u>5,615,405</u>	<u>5,726,173</u>	<u>2,003,591</u>	<u>(3,722,582)</u>
<b>Net change in fund balance</b>	<u>\$ (4,473,850)</u>	<u>\$ (4,691,106)</u>	<u>(3,079,737)</u>	<u>\$ 1,611,369</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>5,271,332</u>	
End of year			<u>\$ 2,191,595</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Public Art Special Revenue Fund**  
**For the Year Ended June 30, 2022**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ -	\$ (331)	\$ (331)
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>(331)</u>	<u>(331)</u>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	-	-	1,601	(1,601)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>1,601</u>	<u>(1,601)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	(1,932)	<u>\$ (1,932)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>13,950</u>	
End of year			<u>\$ 12,018</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Transportation Development Act Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 1,180,448	\$ -	\$ (1,180,448)
<b>Total revenues</b>	<u>-</u>	<u>1,180,448</u>	<u>-</u>	<u>(1,180,448)</u>
<b>EXPENDITURES:</b>				
Current:				
Highway and streets	-	(51,591)	6,545	(58,136)
Capital outlay	-	1,224,724	-	1,224,724
<b>Total expenditures</b>	<u>-</u>	<u>1,173,133</u>	<u>6,545</u>	<u>1,166,588</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 7,315</u>	<u>(6,545)</u>	<u>\$ (13,860)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>(7,221)</u>	
End of year			<u>\$ (13,766)</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Storm Drain Capital Projects Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 165,000	\$ 330,000	\$ 306,559	\$ (23,441)
Investment income (loss)	15,561	7,500	(65,235)	(72,735)
<b>Total revenues</b>	<u>180,561</u>	<u>337,500</u>	<u>241,324</u>	<u>(96,176)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	16,297	16,297	12,428	3,869
Capital outlay	900,000	-	-	-
<b>Total expenditures</b>	<u>916,297</u>	<u>16,297</u>	<u>12,428</u>	<u>3,869</u>
<b>Net change in fund balance</b>	<u>\$ (735,736)</u>	<u>\$ 321,203</u>	228,896	<u>\$ (92,307)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>2,177,049</u>	
End of year			<u>\$ 2,405,945</u>	



**City of Redlands**  
**Budgetary Comparison Schedule**  
**General Debt Service Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 30,000	\$ 30,000	\$ 58,870	\$ 28,870
Investment income (loss)	-	430	(5,949)	(6,379)
<b>Total revenues</b>	<u>30,000</u>	<u>30,430</u>	<u>52,921</u>	<u>22,491</u>
<b>EXPENDITURES:</b>				
Current:				
General government	3,954	3,424	3,423	1
Debt service:				
Principal	1,480,000	1,480,000	1,480,000	-
Interest and fiscal charges	331,692	331,692	331,692	-
<b>Total expenditures</b>	<u>1,815,646</u>	<u>1,815,116</u>	<u>1,815,115</u>	<u>1</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,785,646)</u>	<u>(1,784,686)</u>	<u>(1,762,194)</u>	<u>22,492</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	1,907,565	1,907,565
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>1,907,565</u>	<u>1,907,565</u>
<b>Net change in fund balance</b>	<u>\$ (1,785,646)</u>	<u>\$ (1,784,686)</u>	145,371	<u>\$ 1,930,057</u>
<b>FUND BALANCE:</b>				
Beginning of year			1,674,012	
End of year			<u>\$ 1,819,383</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Simonds Endowment Permanent Fund**  
**For the Year Ended June 30, 2022**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ 95	\$ (1,022)	\$ (1,117)
<b>Total revenues</b>	<u>-</u>	<u>95</u>	<u>(1,022)</u>	<u>(1,117)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 95</u>	<u>(1,022)</u>	<u>\$ (1,117)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>38,117</u>	
End of year			<u>\$ 37,095</u>	

**City of Redlands**  
**Budgetary Comparison Schedule**  
**Pauline Stancliff Memorial Trust Permanent Fund**  
**For the Year Ended June 30, 2022**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ 56	\$ (604)	\$ (660)
<b>Total revenues</b>	<u>-</u>	<u>56</u>	<u>(604)</u>	<u>(660)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 56</u>	(604)	<u>\$ (660)</u>
<b>FUND BALANCE:</b>				
Beginning of year			22,531	
End of year			<u>\$ 21,927</u>	

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## **Non-Major Enterprise Funds**

***Groves Fund*** - This fund is used to account for the farming operations of citrus groves owned by the City.

***Non Potable Water Fund*** - This fund is used to account for non potable water utility operations, projects, debt service costs, and impact fees of the City.

***Cemetery Fund*** - This fund is used to account for the operations of Hillside Memorial Park Cemetery.

***Aviation Fund*** - This fund is used to account for the operations of the Redlands Municipal Airport.

**City of Redlands**  
**Combining Statement of Net Position**  
**Non-Major Enterprise Funds**  
**June 30, 2022**

	Groves Fund	Non-Potable Water Fund	Cemetery Fund	Aviation Fund	Total
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 114,470	\$ 4,008,828	\$ 3,187,439	\$ 309,993	\$ 7,620,730
Accounts receivable, net	-	50,443	252,961	31,186	334,590
Taxes receivable	-	-	-	272	272
Lease receivable - due within one year	-	-	27,031	107,084	134,115
Due from other governments	-	-	-	1,490	1,490
<b>Total current assets</b>	<b>114,470</b>	<b>4,059,271</b>	<b>3,467,431</b>	<b>450,025</b>	<b>8,091,197</b>
Noncurrent assets:					
Lease receivable - due in more than one year	-	-	47,666	722,591	770,257
Capital assets:					
Non-depreciable	13,570,179	-	638,131	1,165,281	15,373,591
Depreciable, net	131,898	6,509	698,637	2,589,659	3,426,703
<b>Total capital assets</b>	<b>13,702,077</b>	<b>6,509</b>	<b>1,336,768</b>	<b>3,754,940</b>	<b>18,800,294</b>
<b>Total noncurrent assets</b>	<b>13,702,077</b>	<b>6,509</b>	<b>1,384,434</b>	<b>4,477,531</b>	<b>19,570,551</b>
<b>Total assets</b>	<b>13,816,547</b>	<b>4,065,780</b>	<b>4,851,865</b>	<b>4,927,556</b>	<b>27,661,748</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Related to OPEB	-	-	461,753	115,438	577,191
Related to pensions	3,779	6,016	53,825	19,014	82,634
<b>Total deferred outflow of resources</b>	<b>3,779</b>	<b>6,016</b>	<b>515,578</b>	<b>134,452</b>	<b>659,825</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	36,669	67,370	35,912	18,837	158,788
Accrued payroll	5,398	4,353	24,344	1,776	35,871
Interest payable	-	-	1,748	-	1,748
Deposits payable	-	-	1,233,608	10,860	1,244,468
Unearned revenue	-	-	-	25,920	25,920
Compensated absences - due within one year	3	24	15,279	269	15,575
Long-term debt - due within one year	6,819	-	40,771	-	47,590
<b>Total current liabilities</b>	<b>48,889</b>	<b>71,747</b>	<b>1,351,662</b>	<b>57,662</b>	<b>1,529,960</b>
Noncurrent liabilities:					
Advances from other funds	-	-	748,561	779,471	1,528,032
Compensated absences - due in more than one year	3	24	15,279	269	15,575
Long term debt - due in more than one year	19,000	-	90,161	-	109,161
Total OPEB liability	-	-	1,597,466	360,314	1,957,780
Net pension liability	(2,214)	(3,413)	138,760	67,031	200,164
<b>Total noncurrent liabilities</b>	<b>16,789</b>	<b>(3,389)</b>	<b>2,590,227</b>	<b>1,207,085</b>	<b>3,810,712</b>
<b>Total liabilities</b>	<b>65,678</b>	<b>68,358</b>	<b>3,941,889</b>	<b>1,264,747</b>	<b>5,340,672</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to leases	-	-	74,526	824,607	899,133
Related to OPEB	-	-	25,041	6,260	31,301
Related to pensions	28,737	43,267	221,611	65,768	359,383
<b>Total deferred inflows of resources</b>	<b>28,737</b>	<b>43,267</b>	<b>321,178</b>	<b>896,635</b>	<b>1,289,817</b>
<b>NET POSITION</b>					
Net investment in capital assets	13,676,258	6,509	1,205,836	3,754,940	18,643,543
Restricted	298,288	-	110,741	-	409,029
Unrestricted (deficit)	(248,635)	3,953,662	(212,201)	(854,314)	2,638,512
<b>Total net position</b>	<b>\$ 13,725,911</b>	<b>\$ 3,960,171</b>	<b>\$ 1,104,376</b>	<b>\$ 2,900,626</b>	<b>\$ 21,691,084</b>

**City of Redlands**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2022**

	Groves Fund	Non-Potable Water Fund	Cemetery Fund	Aviation Fund	Total
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 863,303	\$ 641,340	\$ 1,139,982	\$ 135,480	\$ 2,780,105
Miscellaneous operating revenue	10,581	-	314,193	238,090	562,864
<b>Total operating revenues</b>	<b>873,884</b>	<b>641,340</b>	<b>1,454,175</b>	<b>373,570</b>	<b>3,342,969</b>
<b>OPERATING EXPENSES:</b>					
Salaries and benefits	158,575	75,772	454,759	130,808	819,914
General and administrative	822,565	464,966	315,622	284,605	1,887,758
Parts and supplies	36,825	380,798	90,010	27,016	534,649
Utilities	100,622	30,893	36,684	42,713	210,912
Depreciation/amortization	28,105	4,339	54,853	227,285	314,582
<b>Total operating expenses</b>	<b>1,146,692</b>	<b>956,768</b>	<b>951,928</b>	<b>712,427</b>	<b>3,767,815</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(272,808)</b>	<b>(315,428)</b>	<b>502,247</b>	<b>(338,857)</b>	<b>(424,846)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income (loss)	-	(109,133)	(68,619)	5,424	(172,328)
Interest expense	(187)	-	(6,515)	(3,220)	(9,922)
Property taxes	-	-	-	73,337	73,337
Operating grants	-	-	-	119,700	119,700
<b>Total nonoperating revenues (expenses)</b>	<b>(187)</b>	<b>(109,133)</b>	<b>(75,134)</b>	<b>195,241</b>	<b>10,787</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(272,995)</b>	<b>(424,561)</b>	<b>427,113</b>	<b>(143,616)</b>	<b>(414,059)</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Capital contributions	-	72,506	-	-	72,506
Transfers in	164,538	-	-	-	164,538
Transfers out	-	(53,262)	-	-	(53,262)
<b>Total capital contributions and transfers</b>	<b>164,538</b>	<b>19,244</b>	<b>-</b>	<b>-</b>	<b>183,782</b>
<b>Changes in net position</b>	<b>(108,457)</b>	<b>(405,317)</b>	<b>427,113</b>	<b>(143,616)</b>	<b>(230,277)</b>
<b>NET POSITION:</b>					
Beginning of year	13,834,368	4,365,488	677,263	3,044,242	21,921,361
End of year	<u>\$ 13,725,911</u>	<u>\$ 3,960,171</u>	<u>\$ 1,104,376</u>	<u>\$ 2,900,626</u>	<u>\$ 21,691,084</u>

**City of Redlands**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2022**

	Groves Fund	Non-Potable Water Fund	Cemetery Fund	Aviation Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 1,098,534	\$ 637,372	\$ 1,136,620	\$ 107,545	\$ 2,980,071
Cash payments to suppliers for goods and services	(1,071,676)	(1,083,524)	(493,882)	(350,804)	(2,999,886)
Cash payments to employees for services	(171,155)	(90,806)	(456,937)	(136,333)	(855,231)
Receipts from other operating revenues	10,581	-	314,193	238,090	562,864
<b>Net cash provided by (used in) operating activities</b>	<b>(133,716)</b>	<b>(536,958)</b>	<b>499,994</b>	<b>(141,502)</b>	<b>(312,182)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Operating grants	-	-	-	118,210	118,210
Property taxes	-	-	-	73,487	73,487
Advances from other funds	-	-	(149,325)	(56,780)	(206,105)
Transfers from other funds	164,538	-	-	-	164,538
Transfers to other funds	-	(53,262)	-	-	(53,262)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>164,538</b>	<b>(53,262)</b>	<b>(149,325)</b>	<b>134,917</b>	<b>96,868</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Cash contributions received from developers	-	72,506	-	-	72,506
Principal payment of long-term debt	(6,791)	-	(40,241)	-	(47,032)
Interest paid on debt	(187)	-	(6,836)	(3,220)	(10,243)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(6,978)</b>	<b>72,506</b>	<b>(47,077)</b>	<b>(3,220)</b>	<b>15,231</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment income (loss)	-	(109,133)	(68,619)	5,424	(172,328)
<b>Net cash provided by (used in) investing activities</b>	<b>-</b>	<b>(109,133)</b>	<b>(68,619)</b>	<b>5,424</b>	<b>(172,328)</b>
<b>Net change in cash and cash equivalents</b>	<b>23,844</b>	<b>(626,847)</b>	<b>234,973</b>	<b>(4,381)</b>	<b>(372,411)</b>
<b>CASH AND CASH EQUIVALENTS:</b>					
Beginning of year	90,626	4,635,675	2,952,466	314,374	7,993,141
End of year	<u>\$ 114,470</u>	<u>\$ 4,008,828</u>	<u>\$ 3,187,439</u>	<u>\$ 309,993</u>	<u>\$ 7,620,730</u>

(Continued)



**City of Redlands**  
**Combining Statement of Cash Flows (Continued)**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2022**

	Groves Fund	Non-Potable Water Fund	Cemetery Fund	Aviation Fund	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO</b>					
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (272,808)	\$ (315,428)	\$ 502,247	\$ (338,857)	\$ (424,846)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	28,105	4,339	54,853	227,285	314,582
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:					
Accounts receivable, net	235,231	(3,968)	(119,916)	(31,186)	80,161
Lease receivable	-	-	26,929	77,466	104,395
Deferred outflows - OPEB related	-	-	(293,265)	(73,317)	(366,582)
Deferred outflows - pension related	1,243	1,976	10,224	2,819	16,262
Accounts payable	(111,664)	(206,867)	(51,566)	3,530	(366,567)
Accrued payroll	(3,541)	71	(2,641)	(4,610)	(10,721)
Deposits payable	-	-	116,725	(5,060)	111,665
Unearned revenue	-	-	-	13,379	13,379
Compensated absences	(1)	(746)	(4,475)	(237)	(5,459)
Total OPEB liability	-	-	380,375	95,094	475,469
Net pension liability	(36,845)	(58,538)	(302,951)	(83,534)	(481,868)
Deferred inflows - lease related	-	-	(27,100)	(82,534)	(109,634)
Deferred inflows - OPEB related	-	-	(7,858)	(1,964)	(9,822)
Deferred inflows - pension related	26,564	42,203	218,413	60,224	347,404
Total adjustments	139,092	(221,530)	(2,253)	197,355	112,664
<b>Net cash provided by operating activities</b>	<b>\$ (133,716)</b>	<b>\$ (536,958)</b>	<b>\$ 499,994</b>	<b>\$ (141,502)</b>	<b>\$ (312,182)</b>

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## **Internal Service Funds**

***General Liability Self-Insurance Fund*** - This fund is used to account for the City's self-insured general and automobile liability programs, which are provided to all City departments and funds.

***Information Technology Fund*** - This fund is used to account for the general maintenance and service of all City computers and phone equipment provided to all City departments.

***Workers' Compensation Self-Insurance Fund*** - This fund is used to account for the City's self-insured Workers' Compensation and General Safety Programs, which are provided to all City departments and funds.

***Equipment Maintenance Fund*** - This fund is used to account for providing ongoing maintenance of all City vehicles and major equipment and to account for vehicle rental services to all City departments.

***Utility Billing Fund*** - This fund is used to account for billing services costs provided for water, sewer, and solid waste.

***Payroll Clearing Fund*** - This fund is used to account for the City's reoccurring payroll obligations.

**City of Redlands**  
**Combining Statement of Net Position**  
**All Internal Service Funds**  
**June 30, 2022**

	General Liability Self-Insurance Fund	Workers' Compensation Self-Insurance Fund	Information Technology Fund	Equipment Maintenance Fund
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 653,227	\$ 3,409,639	\$ 2,413,358	\$ 4,358,271
Accounts receivable, net	-	-	-	52,417
Prepaid items	-	-	60,994	6,665
Inventories	-	-	-	93,140
<b>Total current assets</b>	<b>653,227</b>	<b>3,409,639</b>	<b>2,474,352</b>	<b>4,510,493</b>
Noncurrent assets:				
Capital assets:				
Depreciable, net	-	-	706,072	51,550
<b>Total capital assets</b>	<b>-</b>	<b>-</b>	<b>706,072</b>	<b>51,550</b>
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>706,072</b>	<b>51,550</b>
<b>Total assets</b>	<b>653,227</b>	<b>3,409,639</b>	<b>3,180,424</b>	<b>4,562,043</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Related to OPEB	115,438	115,438	1,342,799	552,807
Related to pensions	44,838	55,766	218,117	148,041
<b>Total deferred outflow of resources</b>	<b>160,276</b>	<b>171,204</b>	<b>1,560,916</b>	<b>700,848</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	128,917	3,132	163,667	638,873
Accrued payroll	3,422	22,373	102,764	35,476
Compensated absences - due within one year	1,153	1,692	86,462	32,976
Claims payable - due within one year	1,297,754	6,085,812	-	-
Long-term debt - due within one year	-	-	-	7,068
<b>Total current liabilities</b>	<b>1,431,246</b>	<b>6,113,009</b>	<b>352,893</b>	<b>714,393</b>
Noncurrent liabilities:				
Compensated absences - due in more than one year	1,153	1,692	86,462	32,976
Claims payable - due in more than one year	1,297,753	6,085,812	-	-
Long term debt - due in more than one year	-	-	-	11,270
Total OPEB liability	439,369	349,422	4,710,671	2,222,483
Net pension liability	235,197	169,472	717,467	664,885
<b>Total noncurrent liabilities</b>	<b>1,973,472</b>	<b>6,606,398</b>	<b>5,514,600</b>	<b>2,931,614</b>
<b>Total liabilities</b>	<b>3,404,718</b>	<b>12,719,407</b>	<b>5,867,493</b>	<b>3,646,007</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to OPEB	6,260	6,260	54,419	33,430
Related to pensions	48,601	172,222	729,153	338,326
<b>Total deferred inflows of resources</b>	<b>54,861</b>	<b>178,482</b>	<b>783,572</b>	<b>371,756</b>
<b>NET POSITION</b>				
Investment in capital assets	-	-	706,072	51,550
Unrestricted (deficit)	(2,646,076)	(9,317,046)	(2,615,797)	1,193,578
<b>Total net position</b>	<b>\$ (2,646,076)</b>	<b>\$ (9,317,046)</b>	<b>\$ (1,909,725)</b>	<b>\$ 1,245,128</b>

(Continued)

**City of Redlands**  
**Combining Statement of Net Position (Continued)**  
**All Internal Service Funds**  
**June 30, 2022**

	Utility Billing Fund	Payroll Clearing Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 1,033,381	\$ 129,068	\$ 11,996,944
Accounts receivable, net	3,548	-	55,965
Prepaid items	-	504,617	572,276
Inventories	-	-	93,140
<b>Total current assets</b>	<b>1,036,929</b>	<b>633,685</b>	<b>12,718,325</b>
Noncurrent assets:			
Capital assets:			
Depreciable, net	-	-	757,622
<b>Total capital assets</b>	<b>-</b>	<b>-</b>	<b>757,622</b>
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>757,622</b>
<b>Total assets</b>	<b>1,036,929</b>	<b>633,685</b>	<b>13,475,947</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Related to OPEB	1,380,983	-	3,507,465
Related to pensions	179,820	-	646,582
<b>Total deferred outflow of resources</b>	<b>1,560,803</b>	<b>-</b>	<b>4,154,047</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	25,697	101,343	1,061,629
Accrued payroll	52,030	459,441	675,506
Compensated absences - due within one year	79,659	-	201,942
Claims payable - due within one year	-	-	7,383,566
Long-term debt - due within one year	-	-	7,068
<b>Total current liabilities</b>	<b>157,386</b>	<b>560,784</b>	<b>9,329,711</b>
Noncurrent liabilities:			
Compensated absences - due in more than one year	79,658	-	201,941
Claims payable - due in more than one year	-	-	7,383,565
Long term debt - due in more than one year	-	-	11,270
Total OPEB liability	4,490,862	-	12,212,807
Net pension liability	750,435	-	2,537,456
<b>Total noncurrent liabilities</b>	<b>5,320,955</b>	<b>-</b>	<b>22,347,039</b>
<b>Total liabilities</b>	<b>5,478,341</b>	<b>560,784</b>	<b>31,676,750</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to OPEB	44,229	-	144,598
Related to pensions	460,171	-	1,748,473
<b>Total deferred inflows of resources</b>	<b>504,400</b>	<b>-</b>	<b>1,893,071</b>
<b>NET POSITION</b>			
Investment in capital assets	-	-	757,622
Unrestricted (deficit)	(3,385,009)	72,901	(16,697,449)
<b>Total net position</b>	<b>\$ (3,385,009)</b>	<b>\$ 72,901</b>	<b>\$ (15,939,827)</b>

(Concluded)

**City of Redlands**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2022**

	General Liability Self-Insurance Fund	Workers' Compensation Self-Insurance Fund	Information Technology Fund	Equipment Maintenance Fund
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 86	\$ 2,740,974	\$ 4,555,519	\$ 6,380,057
Miscellaneous operating revenue	8,642	15,868	-	8,355
<b>Total operating revenues</b>	<b>8,728</b>	<b>2,756,842</b>	<b>4,555,519</b>	<b>6,388,412</b>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	124,940	473,797	1,638,725	664,148
General and administrative	3,637,072	3,910,539	1,942,282	915,134
Parts and supplies	-	6,074	212,246	4,405,467
Utilities	-	-	292,763	3,342
Depreciation/amortization	-	-	275,107	12,956
<b>Total operating expenses</b>	<b>3,762,012</b>	<b>4,390,410</b>	<b>4,361,123</b>	<b>6,001,047</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(3,753,284)</b>	<b>(1,633,568)</b>	<b>194,396</b>	<b>387,365</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income (loss)	87,216	(95,598)	(66,137)	(116,001)
Interest expense	-	-	-	(111)
<b>Total nonoperating revenues (expenses)</b>	<b>87,216</b>	<b>(95,598)</b>	<b>(66,137)</b>	<b>(116,112)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(3,666,068)</b>	<b>(1,729,166)</b>	<b>128,259</b>	<b>271,253</b>
<b>TRANSFERS:</b>				
Transfers in	3,666,404	-	-	-
Transfers out	-	-	-	-
<b>Total transfers</b>	<b>3,666,404</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Changes in net position</b>	<b>336</b>	<b>(1,729,166)</b>	<b>128,259</b>	<b>271,253</b>
<b>NET POSITION:</b>				
Beginning of year	(2,646,412)	(7,587,880)	(2,037,984)	973,875
End of year	<u>\$ (2,646,076)</u>	<u>\$ (9,317,046)</u>	<u>\$ (1,909,725)</u>	<u>\$ 1,245,128</u>

(Continued)

**City of Redlands**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Utility Billing Fund	Payroll Clearing Fund	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 989,775	\$ 1,907,565	\$ 16,573,976
Miscellaneous operating revenue	48,961	-	81,826
<b>Total operating revenues</b>	<b>1,038,736</b>	<b>1,907,565</b>	<b>16,655,802</b>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	987,807	-	3,889,417
General and administrative	700,684	-	11,105,711
Parts and supplies	42,742	-	4,666,529
Utilities	214	-	296,319
Depreciation/amortization	-	-	288,063
<b>Total operating expenses</b>	<b>1,731,447</b>	<b>-</b>	<b>20,246,039</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(692,711)</b>	<b>1,907,565</b>	<b>(3,590,237)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income (loss)	(26,481)	-	(217,001)
Interest expense	-	-	(111)
<b>Total nonoperating revenues (expenses)</b>	<b>(26,481)</b>	<b>-</b>	<b>(217,112)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(719,192)</b>	<b>1,907,565</b>	<b>(3,807,349)</b>
<b>TRANSFERS:</b>			
Transfers in	-	-	3,666,404
Transfers out	-	(1,907,565)	(1,907,565)
<b>Total transfers</b>	<b>-</b>	<b>(1,907,565)</b>	<b>1,758,839</b>
<b>Changes in net position</b>	<b>(719,192)</b>	<b>-</b>	<b>(2,048,510)</b>
<b>NET POSITION:</b>			
Beginning of year	(2,665,817)	72,901	(13,891,317)
End of year	<u>\$ (3,385,009)</u>	<u>\$ 72,901</u>	<u>\$ (15,939,827)</u>

(Concluded)

**City of Redlands**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2022**

	General Liability Self-Insurance Fund	Workers' Compensation Self-Insurance Fund	Information Technology Fund	Equipment Maintenance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 86	\$ 2,740,974	\$ 4,555,519	\$ 7,012,805
Cash payments to suppliers for goods and services	(4,315,839)	(1,620,184)	(2,385,653)	(5,045,627)
Cash payments to employees for services	(128,906)	(518,998)	(1,635,397)	(684,272)
Receipts from other operating activities	8,642	15,868	-	8,355
<b>Net cash provided by (used in) operating activities</b>	<b>(4,436,017)</b>	<b>617,660</b>	<b>534,469</b>	<b>1,291,261</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from other funds	3,666,404	-	-	-
Transfers to other funds	-	-	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>3,666,404</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal payment of long-term debt	-	-	-	(7,040)
Interest paid on debt	-	-	-	(111)
<b>Net cash (used in) capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,151)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income (loss)	87,216	(95,598)	(66,137)	(116,001)
<b>Net cash provided by (used in) investing activities</b>	<b>87,216</b>	<b>(95,598)</b>	<b>(66,137)</b>	<b>(116,001)</b>
<b>Net change in cash and cash equivalents</b>	<b>(682,397)</b>	<b>522,062</b>	<b>468,332</b>	<b>1,168,109</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	1,335,624	2,887,577	1,945,026	3,190,162
End of year	<u>\$ 653,227</u>	<u>\$ 3,409,639</u>	<u>\$ 2,413,358</u>	<u>\$ 4,358,271</u>

(Continued)



**City of Redlands**  
**Combining Statement of Cash Flows (Continued)**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2022**

	General Liability Self-Insurance Fund	Workers' Compensation Self-Insurance Fund	Information Technology Fund	Equipment Maintenance Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (3,753,284)	\$ (1,633,568)	\$ 194,396	\$ 387,365
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	275,107	12,956
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	-	-	-	632,748
Prepaid items	182,219	-	(60,994)	(6,665)
Inventories	-	-	-	757
Deferred outflows - OPEB related	(73,317)	(73,317)	(879,795)	(366,581)
Deferred outflows -pension related	2,738	8,687	34,607	15,662
Accounts payable	(1,023,157)	(8,196)	122,632	284,224
Accrued payroll	(2,648)	2,787	33,240	1,187
Compensated absences	(1,229)	(4,662)	(16,127)	(6,535)
Claims payable	162,171	2,304,625	-	-
Total OPEB liability	95,094	95,094	1,141,124	475,468
Net pension liability	(81,132)	(257,396)	(1,025,441)	(464,087)
Deferred inflows - OPEB related	(1,964)	(1,964)	(23,573)	(9,822)
Deferred inflows - pension related	58,492	185,570	739,293	334,584
Total adjustments	<u>(682,733)</u>	<u>2,251,228</u>	<u>340,073</u>	<u>903,896</u>
<b>Net cash provided by (used in) operating activities:</b>	<b><u>\$ (4,436,017)</u></b>	<b><u>\$ 617,660</u></b>	<b><u>\$ 534,469</u></b>	<b><u>\$ 1,291,261</u></b>

(Continued)

**City of Redlands**  
**Combining Statement of Cash Flows (Continued)**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Utility Billing Fund	Payroll Clearing Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 990,460	\$ 1,910,061	\$ 17,209,905
Cash payments to suppliers for goods and services	(725,800)	(451,670)	(14,544,773)
Cash payments to employees for services	(891,169)	24,165	(3,834,577)
Receipts from other operating activities	48,961	-	81,826
<b>Net cash provided by (used in) operating activities</b>	<b>(577,548)</b>	<b>1,482,556</b>	<b>(1,087,619)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from other funds	-	-	3,666,404
Transfers to other funds	-	(1,907,565)	(1,907,565)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>-</b>	<b>(1,907,565)</b>	<b>1,758,839</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal payment of long-term debt	-	-	(7,040)
Interest paid on debt	-	-	(111)
<b>Net cash (used in) capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>(7,151)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income (loss)	(26,481)	-	(217,001)
<b>Net cash provided by (used in) investing activities</b>	<b>(26,481)</b>	<b>-</b>	<b>(217,001)</b>
<b>Net change in cash and cash equivalents</b>	<b>(604,029)</b>	<b>(425,009)</b>	<b>447,068</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	1,637,410	554,077	11,549,876
End of year	<u>\$ 1,033,381</u>	<u>\$ 129,068</u>	<u>\$ 11,996,944</u>

(Continued)

**City of Redlands**  
**Combining Statement of Cash Flows (Continued)**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Utility Billing Fund	Payroll Clearing Fund	Total
<b>RECONCILIATION OF OPERATING INCOME</b>			
<b>(LOSS) TO NET CASH PROVIDED BY (USED IN)</b>			
<b>OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (692,711)	\$ 1,907,565	\$ (3,590,237)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	288,063
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	685	2,496	635,929
Prepaid items	-	(504,617)	(390,057)
Inventories	-	-	757
Deferred outflows - OPEB related	(953,111)	-	(2,346,121)
Deferred outflows -pension related	21,540	-	83,234
Accounts payable	17,840	52,947	(553,710)
Accrued payroll	5,349	24,165	64,080
Compensated absences	(9,720)	-	(38,273)
Claims payable	-	-	2,466,796
Total OPEB liability	1,236,217	-	3,042,997
Net pension liability	(638,240)	-	(2,466,296)
Deferred inflows - OPEB related	(25,537)	-	(62,860)
Deferred inflows - pension related	460,140	-	1,778,079
Total adjustments	115,163	(425,009)	2,502,618
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (577,548)</b>	<b>\$ 1,482,556</b>	<b>\$ (1,087,619)</b>

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**STATISTICAL SECTION  
(UNAUDITED)**

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## ***CITY OF REDLANDS - STATISTICAL SECTION***

This part of the City of Redlands's annual comprehensive 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 City's overall financial health.

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**Financial Trends** - These schedules contain trend information to help the reader understand how the City of Ridgecrest's financial performance and well being have changed over time.

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

**City of Redlands**  
**Schedule 1**  
**Net Position by Component**  
**Last Ten Fiscal Years (accrual basis of accounting)**

	Fiscal Years				
	2022	2021	2020	2019	2018
<b>Governmental activities</b>					
Net investment in capital assets,	\$ 537,558,597	\$ 481,259,666	\$ 473,042,917	\$ 443,551,078	\$ 655,044,577
Restricted	11,326,983	14,059,449	17,346,674	15,676,686	20,499,351
Unrestricted	<u>(114,273,699)</u>	<u>(143,979,153)</u>	<u>(154,157,129)</u>	<u>(148,411,538)</u>	<u>(148,371,437)</u>
<b>Total governmental activities net position</b>	<b><u>\$ 434,611,881</u></b>	<b><u>\$ 351,339,962</u></b>	<b><u>\$ 336,232,462</u></b>	<b><u>\$ 310,816,226</u></b>	<b><u>\$ 527,172,491</u></b>
<b>Business type activities</b>					
Net investment in capital assets	\$ 183,665,229	\$ 167,349,714	\$ 165,453,760	\$ 150,997,528	\$ 150,228,905
Restricted	16,677,323	18,031,654	23,794,167	26,162,608	17,516,341
Unrestricted	<u>20,522,584</u>	<u>25,405,456</u>	<u>10,901,482</u>	<u>6,544,230</u>	<u>117,617</u>
<b>Total business type activities net position</b>	<b><u>\$ 220,865,136</u></b>	<b><u>\$ 210,786,824</u></b>	<b><u>\$ 200,149,409</u></b>	<b><u>\$ 183,704,366</u></b>	<b><u>\$ 167,862,863</u></b>
<b>Primary government</b>					
Net investment in capital assets	\$ 721,223,826	\$ 648,609,380	\$ 638,496,677	\$ 594,548,606	\$ 805,273,482
Restricted	28,004,306	32,091,103	41,140,841	41,839,294	38,015,692
Unrestricted	<u>(93,751,115)</u>	<u>(118,573,697)</u>	<u>(143,255,647)</u>	<u>(141,867,308)</u>	<u>(148,253,820)</u>
<b>Total primary government net position</b>	<b><u>\$ 655,477,017</u></b>	<b><u>\$ 562,126,786</u></b>	<b><u>\$ 536,381,871</u></b>	<b><u>\$ 494,520,592</u></b>	<b><u>\$ 695,035,354</u></b>

NOTE:

- (1) The City of Redlands implemented GASB 68 for the fiscal year ended June 30, 2015.  
The Unrestricted Net Position 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 Net Position 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 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**  
**Schedule 1**  
**Net Position by Component (Continued)**  
**Last Ten Fiscal Years (accrual basis of accounting)**

	Fiscal Years				
	2017	2016	2015	2014	2013
<b>Governmental activities</b>					
Net investment in capital assets	\$ 642,109,428	\$ 622,119,006	\$ 625,683,667	\$ 609,555,372	\$ 594,654,756
Restricted	11,100,669	15,258,535	15,584,054	18,466,430	20,158,877
Unrestricted	<u>(93,361,330)</u>	<u>(81,795,361)</u>	<u>(81,181,952)</u>	<u>(21,119,030)</u>	<u>(26,982,114)</u>
Total governmental activities net position	<u>\$ 559,848,767</u>	<u>555,582,180</u>	<u>560,085,769</u>	<u>606,902,772</u>	<u>587,831,519</u>
<b>Business type activities</b>					
Net investment in capital assets	\$ 149,771,777	\$ 163,565,980	\$ 154,904,203	\$ 157,413,884	\$ 146,926,486
Restricted	17,399,398	3,702,600	4,671,097	3,702,600	416,340
Unrestricted	<u>12,757,392</u>	<u>13,253,120</u>	<u>22,953,122</u>	<u>41,100,249</u>	<u>52,104,617</u>
Total business type activities net position	<u>\$ 179,928,567</u>	<u>\$ 180,521,700</u>	<u>\$ 182,528,422</u>	<u>\$ 202,216,733</u>	<u>\$ 199,447,443</u>
<b>Primary government</b>					
Net investment in capital assets	\$ 791,881,205	\$ 785,684,986	\$ 780,587,870	\$ 766,969,256	\$ 741,581,242
Restricted	28,500,067	18,961,135	20,255,151	22,169,030	20,575,217
Unrestricted	<u>(80,603,938)</u>	<u>(68,542,241)</u>	<u>(58,228,830)</u>	<u>19,981,219</u>	<u>25,122,503</u>
Total primary government net position	<u>\$ 739,777,334</u>	<u>\$ 736,103,880</u>	<u>\$ 742,614,191</u>	<u>\$ 809,119,505</u>	<u>\$ 787,278,962</u>

NOTE:

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The Unrestricted Net Position 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 Net Position 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 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**  
**Schedule 2**  
**Changes in Net Position**  
**Last Ten Fiscal Years (accrual basis of accounting)**

	Fiscal Years				
	2022	2021	2020 <sup>4</sup>	2019 <sup>3</sup>	2018 <sup>2</sup>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 26,157,407	\$ 18,717,217	\$ 16,211,056	\$ 16,210,304	\$ 12,394,000
Public protection	61,325,651	57,395,655	57,656,302	53,095,381	32,240,549
Culture and recreation	6,902,767	4,250,967	5,227,381	4,783,803	4,748,841
Highway and streets	9,754,750	11,057,940	4,060,779	10,183,231	12,854,490
Library	2,754,340	2,792,316	2,921,245	2,537,698	2,000,613
Interest and fiscal charges	738,561	888,750	994,894	683,446	834,297
Total governmental activities expenses	<u>107,633,477</u>	<u>95,102,845</u>	<u>87,071,657</u>	<u>87,493,863</u>	<u>65,072,790</u>
Business type activities:					
Water	26,535,646	23,411,564	22,719,142	20,857,656	20,369,100
Disposal	15,637,376	15,026,409	15,194,462	16,162,875	12,877,703
Wastewater (Sewer)	11,764,304	12,077,904	11,242,914	9,926,236	8,851,848
Groves	1,146,879	991,602	845,498	849,678	788,554
Non-Potable Water	956,768	677,088	249,911	116,759	125,323
Cemetery	958,443	1,119,999	1,049,876	936,535	861,109
Aviation	715,647	582,770	637,012	617,285	466,972
Total business type activities expenses	<u>57,715,063</u>	<u>53,887,336</u>	<u>51,938,815</u>	<u>49,467,024</u>	<u>44,340,609</u>
Total primary government expenses	<u>\$ 165,348,540</u>	<u>\$ 148,990,181</u>	<u>\$ 139,010,472</u>	<u>\$ 136,960,887</u>	<u>\$ 109,413,399</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 15,368,391	\$ 13,967,066	\$ 11,482,417	\$ 11,151,187	\$ 10,811,937
Public safety	744,389	669,155	1,769,514	2,711,769	3,076,343
Culture and recreation	748,377	261,090	291,801	310,780	303,222
Highway and streets	355,465	350,025	2,311,254	2,322,468	1,895,996
Library	118,701	418,298	120,623	131,338	131,408
Operating grants and contributions	4,223,681	3,941,740	2,995,658	1,867,228	4,469,962
Capital grants and contributions	28,433,466	11,372,774	32,104,508	7,083,735	4,533,292
Total governmental activities program revenues	<u>49,992,470</u>	<u>30,980,148</u>	<u>51,075,775</u>	<u>25,578,505</u>	<u>25,222,160</u>
Business type activities:					
Charges for services:					
Water	30,131,495	31,217,602	28,014,723	28,053,989	27,030,979
Disposal	21,066,272	19,009,933	18,566,965	17,159,911	15,110,821
Wastewater (Sewer)	11,998,633	10,124,426	10,154,451	10,229,449	9,611,197
Groves	863,303	684,782	481,632	930,738	741,397
Non-Potable Water	641,340	629,395	484,262	528,296	638,313
Cemetery	1,139,982	1,258,104	926,398	555,256	745,347
Aviation	135,480	125,857	133,262	120,087	127,233
Operating grants and contributions	631,695	20,125	55,371	56,555	-
Capital grants and contributions	6,134,627	2,840,765	6,800,041	5,450,817	347,871
Total business type activities program revenues	<u>72,742,827</u>	<u>65,910,989</u>	<u>65,617,105</u>	<u>63,085,098</u>	<u>54,353,158</u>
Total primary government program revenues	<u>\$ 122,735,297</u>	<u>\$ 96,891,137</u>	<u>\$ 116,692,880</u>	<u>\$ 88,663,603</u>	<u>\$ 79,575,318</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	(57,641,007)	(64,122,697)	(35,995,882)	(61,915,358)	(39,850,630)
Business type activities	15,027,764	12,023,653	13,678,290	13,618,074	10,012,549
Total primary government net expense	<u>\$ (42,613,243)</u>	<u>\$ (52,099,044)</u>	<u>\$ (22,317,592)</u>	<u>\$ (48,297,284)</u>	<u>\$ (29,838,081)</u>

**City of Redlands**  
**Schedule 2**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years (accrual basis of accounting)**

	Fiscal Years				
	2017	2016	2015 <sup>1</sup>	2014	2013
<b>Expenses</b>					
Governmental activities:					
General government	\$ 14,391,456	\$ 16,235,478	\$ 10,229,535	\$ 10,423,298	\$ 9,883,877
Public protection	43,263,363	42,097,211	40,920,668	40,235,772	40,027,122
Culture and recreation	4,086,880	3,542,242	3,554,720	3,041,620	2,997,558
Highway and streets	11,271,259	15,594,075	12,043,276	4,002,946	6,839,184
Library	2,304,552	2,023,972	1,929,752	1,913,756	1,968,343
Interest and fiscal charges	936,132	1,123,871	1,297,837	1,447,056	1,589,928
Total governmental activities expenses	<u>76,253,642</u>	<u>80,616,849</u>	<u>69,975,788</u>	<u>61,064,448</u>	<u>63,306,012</u>
Business type activities:					
Water	20,514,340	21,635,151	19,556,198	19,437,970	20,139,662
Disposal	12,274,583	12,172,640	12,201,957	11,131,004	10,313,939
Wastewater (Sewer)	8,979,254	8,956,871	8,030,897	8,505,197	8,080,035
Groves	742,740	841,529	689,839	630,488	12,006,971
Non-Potable Water	434,912	81,152	73,383	81,897	197,393
Cemetery	75,761	1,304,891	681,223	493,616	555,402
Aviation	785,348	609,088	333,061	421,012	317,970
Total business type activities expenses	<u>43,806,938</u>	<u>45,601,322</u>	<u>41,566,558</u>	<u>40,701,184</u>	<u>51,611,372</u>
Total primary government expenses	<u>\$ 120,060,580</u>	<u>\$ 126,218,171</u>	<u>\$ 111,542,346</u>	<u>\$ 101,765,632</u>	<u>\$ 114,917,384</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 10,144,231	\$ 9,270,657	\$ 10,625,356	\$ 10,286,376	\$ 9,181,388
Public safety	2,696,810	3,403,559	1,975,667	1,916,750	1,407,921
Culture and recreation	719,642	286,315	295,199	296,386	343,620
Highway and streets	1,361,187	1,205,141	1,681,146	1,716,965	1,169,364
Library	125,052	33,098	33,270	35,200	34,312
Operating grants and contributions	2,911,259	5,596,864	8,607,394	7,195,092	4,032,286
Capital grants and contributions	2,257,370	1,346,021	4,666,849	2,117,482	987,916
Total governmental activities program revenues	<u>20,215,551</u>	<u>21,141,655</u>	<u>27,884,881</u>	<u>23,564,251</u>	<u>17,156,807</u>
Business type activities:					
Program revenues:					
Water	22,479,655	18,873,106	22,217,588	23,453,512	22,350,078
Disposal	13,657,953	13,504,267	12,887,067	11,623,769	10,669,471
Wastewater (Sewer)	9,340,274	9,531,484	9,688,884	9,576,740	9,092,431
Groves	700,334	507,914	798,577	740,707	471,150
Non-Potable Water	83,905	508,556	499,211	554,914	513,722
Cemetery	514,015	461,997	349,472	371,968	341,950
Aviation	575,846	15,214	16,472	16,704	18,592
Airport	-	-	180,000	180,000	24,285
Airport	816,777	392,189	4,593,429	3,433,586	2,233,877
Total business type activities program revenues	<u>48,168,759</u>	<u>43,794,727</u>	<u>51,230,700</u>	<u>49,951,900</u>	<u>45,715,556</u>
Total primary government program revenues	<u>\$ 68,384,310</u>	<u>\$ 64,936,382</u>	<u>\$ 79,115,581</u>	<u>\$ 73,516,151</u>	<u>\$ 62,872,363</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	(56,038,091)	(59,475,194)	(42,090,907)	(37,500,197)	(46,149,205)
Business type activities	4,361,821	(1,806,595)	9,664,142	9,250,716	(5,895,816)
Total primary government net expense	<u>\$ (51,676,270)</u>	<u>\$ (61,281,789)</u>	<u>\$ (32,426,765)</u>	<u>\$ (28,249,481)</u>	<u>\$ (52,045,021)</u>

**City of Redlands**  
**Schedule 2**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years (accrual basis of accounting)**

	Fiscal Years				
	2022	2021	2020 <sup>4</sup>	2019 <sup>3</sup>	2018 <sup>2</sup>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 37,769,495	\$ 35,722,886	\$ 33,743,135	\$ 31,833,632	\$ 30,067,473
Sales and taxes	48,232,171	26,541,469	17,510,274	18,838,445	17,177,492
Franchises taxes	2,625,852	2,379,571	2,369,348	2,221,789	3,224,053
Other taxes	2,706,919	2,462,019	2,031,015	2,061,674	1,907,344
Investment income (loss)	(1,546,892)	282,836	1,869,008	2,421,036	206,304
Intergovernmental (unrestricted)	1,308,520	1,455,573	167,157	187,586	195,866
Miscellaneous revenue	1,689,391	3,064,706	1,865,686	1,498,562	1,689,135
Gain on sale of capital assets	-	-	-	-	-
Transfers	48,127,470	3,660,469	1,856,495	2,943,934	8,243,110
<b>Total governmental activities</b>	<b>140,912,926</b>	<b>75,569,529</b>	<b>61,412,118</b>	<b>62,006,658</b>	<b>62,710,777</b>
Business type activities:					
Property taxes	73,337	79,616	81,098	85,928	66,263
Investment income (loss)	(2,746,746)	557,392	3,214,540	3,310,733	509,882
Miscellaneous revenue	1,208,057	1,637,223	1,327,610	1,770,702	2,457,912
Gain on sale of capital assets	44,643,370	-	-	-	-
Extraordinary gain	-	-	-	-	-
Transfers	(48,127,470)	(3,660,469)	(1,856,495)	(2,943,934)	(8,243,110)
<b>Total business type activities</b>	<b>(4,949,452)</b>	<b>(1,386,238)</b>	<b>2,766,753</b>	<b>2,223,429</b>	<b>(5,209,053)</b>
<b>Total primary government</b>	<b>\$ 135,963,474</b>	<b>\$ 74,183,291</b>	<b>\$ 64,178,871</b>	<b>\$ 64,230,087</b>	<b>\$ 57,501,724</b>
<b>Change in Net Position</b>					
Governmental activities	\$ 83,271,919	\$ 11,446,832	\$ 25,416,236	\$ 91,300	\$ 22,860,147
Business type activities	10,078,312	10,637,415	16,445,043	15,841,503	4,803,496
<b>Total primary government</b>	<b>\$ 93,350,231</b>	<b>\$ 22,084,247</b>	<b>\$ 41,861,279</b>	<b>\$ 15,932,803</b>	<b>\$ 27,663,643</b>

NOTE:

- (1) The City of Redlands implemented GASB 68 for the fiscal year ended June 30, 2015.  
The Unrestricted Net Position 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 Net Position 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 'increase in right-of-way value added in FY 2020. More information is available in Management's Discussion and Analysis.

**City of Redlands**  
**Schedule 2**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years (accrual basis of accounting)**

	Fiscal Years				
	2017	2016	2015 <sup>1</sup>	2014	2013
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 28,173,741	\$ 26,424,395	\$ 25,157,824	\$ 24,650,592	\$ 23,536,133
Sales and taxes	16,843,090	18,344,596	16,040,049	15,219,210	15,049,517
Franchises taxes	3,035,317	3,079,571	3,735,682	3,235,114	2,853,021
Other taxes	1,977,985	1,792,527	1,681,618	1,473,576	1,313,022
Investment income (loss)	212,991	800,889	467,427	517,169	58,972
Intergovernmental (unrestricted)	196,602	234,787	424,385	165,974	153,836
Miscellaneous revenue	7,331,734	1,105,258	1,035,134	689,160	2,496,060
Gain on sale of capital assets	-	-	-	-	151,116
Transfers	2,500,914	4,486,199	16,113,690	10,654,350	5,841,908
<b>Total governmental activities</b>	<b>60,272,374</b>	<b>56,268,222</b>	<b>64,655,809</b>	<b>56,605,145</b>	<b>51,453,585</b>
Business type activities:					
Property taxes	40,199	38,109	35,225	34,597	41,673
Investment income (loss)	500,783	1,335,997	921,859	1,053,356	185,475
Miscellaneous revenue	4,627,943	2,911,966	1,152,177	1,032,469	3,686,367
Gain on sale of capital assets	-	-	4,840	28,334	9,736,268
Extraordinary gain	-	-	-	2,024,168	-
Transfers	(2,500,914)	(4,486,199)	(16,113,690)	(10,654,350)	(5,841,908)
<b>Total business type activities</b>	<b>2,668,011</b>	<b>(200,127)</b>	<b>(13,999,589)</b>	<b>(6,481,426)</b>	<b>7,807,875</b>
<b>Total primary government</b>	<b>\$ 62,940,385</b>	<b>\$ 56,068,095</b>	<b>\$ 50,656,220</b>	<b>\$ 50,123,719</b>	<b>\$ 59,261,460</b>
<b>Change in Net Position</b>					
Governmental activities	\$ 4,234,283	\$ (3,206,972)	\$ 22,564,902	\$ 19,104,948	\$ 5,304,380
Business type activities	7,029,832	(2,006,722)	(4,335,447)	2,769,290	1,912,059
<b>Total primary government</b>	<b>\$ 11,264,115</b>	<b>\$ (5,213,694)</b>	<b>\$ 18,229,455</b>	<b>\$ 21,874,238</b>	<b>\$ 7,216,439</b>

NOTE:

- (1) The City of Redlands implemented GASB 68 for the fiscal year ended June 30, 2015.  
The Unrestricted Net Position 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 Net Position 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 'increase in right-of-way value added in FY 2020. More information is available in Management's Discussion and Analysis.

**City of Redlands**  
**Schedule 3**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years (modified accrual basis of accounting)**

	Fiscal Years				
	2022	2021	2020	2019	2018
General fund					
Nonspendable	\$ 8,369,652	\$ 8,327,781	\$ 8,469,766	\$ 8,707,654	\$ 8,734,646
Restricted	1,157,866	1,076,656	1,058,540	1,104,848	1,057,918
Committed	12,663,905	11,863,318	8,285,676	8,285,676	8,285,676
Assigned	31,734,961	4,188,185	3,901,788	3,894,566	4,063,636
Unassigned	39,513,840	29,877,229	19,000,734	17,654,773	13,592,754
Total general fund	<u>93,440,224</u>	<u>55,333,169</u>	<u>40,716,504</u>	<u>39,647,517</u>	<u>35,734,630</u>
All other governmental funds					
Nonspendable	43,400	30,200	104,242	123,682	123,661
Restricted	9,980,754	13,024,622	16,266,437	14,541,638	19,321,372
Committed	11,409,016	10,748,915	11,048,266	9,738,292	8,441,919
Assigned	2,560,682	2,742,004	1,463,122	1,480,036	1,204,854
Unassigned	(6,610,754)	(7,558,978)	(7,740,144)	(8,548,572)	(8,761,721)
Total all other governmental fund	<u>17,383,098</u>	<u>18,986,763</u>	<u>21,141,923</u>	<u>17,335,076</u>	<u>20,330,085</u>
<b>TOTAL FUND BALANCES</b>	<u><u>\$ 110,823,322</u></u>	<u><u>\$ 74,319,932</u></u>	<u><u>\$ 61,858,427</u></u>	<u><u>\$ 56,982,593</u></u>	<u><u>\$ 56,064,715</u></u>

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

(2) The City passed a one-cent sales tax which added significant revenue over budget forecasts, additionally \$7.1 million in unspent appropriations were carried over to the following fiscal year. Lastly the City implemented GASB 84 to recognize special deposits from another fund in the General Fund as committed fund balance.

**City of Redlands**  
**Schedule 3**  
**Fund Balances of Governmental Funds (Continued)**  
**Last Ten Fiscal Years (modified accrual basis of accounting)**

	Fiscal Years				
	2017	2016	2015 <sup>1</sup>	2014	2013
General fund					
Nonspendable	\$ 8,517,994	\$ 8,324,472	\$ 7,481,159	\$ 7,857,633	\$ 7,717,839
Restricted	-	-	-	-	-
Committed	8,122,332	8,122,332	7,935,152	7,903,654	7,644,141
Assigned	2,130,916	2,267,840	1,883,794	-	-
Unassigned	13,927,733	13,454,147	14,510,450	12,586,391	10,116,118
Total general fund	<u>32,698,975</u>	<u>32,168,791</u>	<u>31,810,555</u>	<u>28,347,678</u>	<u>25,478,098</u>
All other governmental funds					
Nonspendable	2,539,567	-	327,340	384,873	384,997
Restricted	9,563,703	15,258,535	15,584,054	18,365,510	20,058,201
Committed	8,013,248	7,212,199	6,698,593	6,816,041	5,921,050
Assigned	3,419,978	-	-	-	-
Unassigned	(10,470,797)	(9,553,680)	(7,849,278)	(8,787,268)	(8,801,461)
Total all other governmental fund	<u>13,065,699</u>	<u>12,917,054</u>	<u>14,760,709</u>	<u>16,779,156</u>	<u>17,562,787</u>
<b>TOTAL FUND BALANCES</b>	<u><u>\$ 45,764,674</u></u>	<u><u>\$ 45,085,845</u></u>	<u><u>\$ 46,571,264</u></u>	<u><u>\$ 45,126,834</u></u>	<u><u>\$ 43,040,885</u></u>

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

(2) The City passed a one-cent sales tax which added significant revenue over budget forecasts, additionally \$7.1 million in unspent appropriations were carried over to the following fiscal year. Lastly the City implemented GASB 84 to recognize special deposits from another fund in the General Fund as committed fund balance.

**City of Redlands**  
**Schedule 4**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years (modified accrual basis of accounting)**

	Fiscal Years				
	2022	2021 <sup>2</sup>	2020	2019	2018
<b>Revenues</b>					
Taxes	\$ 92,468,816	\$ 68,307,527	\$ 57,080,368	\$ 56,188,843	\$ 53,608,771
Licenses and permits	8,122,570	7,579,479	9,786,703	9,363,446	8,249,522
Intergovernmental	8,748,788	7,520,076	5,052,310	4,290,382	4,029,164
Charges for services	15,275,610	9,853,495	9,659,518	9,912,278	8,100,020
Use of money and property	(3,135,140)	248,353	1,659,740	1,823,854	185,610
Other miscellaneous	1,577,070	1,712,985	2,846,580	1,930,916	4,866,979
Total revenues	<u>123,057,714</u>	<u>95,221,915</u>	<u>86,085,219</u>	<u>83,509,719</u>	<u>79,040,066</u>
<b>Expenditures</b>					
Current:					
General government	23,345,899	16,897,961	14,842,765	14,702,684	12,830,680
Public safety	50,048,806	50,208,365	48,554,670	45,514,084	45,246,205
Culture and recreation	5,346,330	3,154,163	3,244,432	3,286,739	2,870,721
Highway and streets	4,491,032	4,657,068	6,998,840	6,565,573	7,033,817
Library	2,601,164	2,426,448	2,464,463	2,158,580	1,989,717
Other pass-through payments	-	-	-	-	-
Capital outlay	47,887,675	11,067,756	4,819,364	10,307,277	6,132,826
Debt service:					
Principal	2,061,323	1,708,629	1,477,188	2,688,630	3,043,767
Interest and fiscal charges	612,391	488,363	548,472	665,241	812,002
Total expenditures	<u>136,394,620</u>	<u>90,608,753</u>	<u>82,950,194</u>	<u>85,888,808</u>	<u>79,959,735</u>
Excess of revenues over (under) expenditures	<u>(13,336,906)</u>	<u>4,613,162</u>	<u>3,135,025</u>	<u>(2,379,089)</u>	<u>(919,669)</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of property	-	1,425,889	89,657	252,613	1,975,203
Inception of finance purchase agreement	3,275,547	362,413	-	-	-
Inception of lease payable	196,119	-	-	-	-
Contributions to other governments	-	-	-	-	-
Transfers in	69,860,227	14,158,728	12,557,880	16,569,439	19,326,814
Transfers out	(23,491,596)	(11,759,357)	(10,906,728)	(13,525,085)	(9,788,204)
Total other financing sources (uses)	<u>49,840,297</u>	<u>4,187,673</u>	<u>1,740,809</u>	<u>3,296,967</u>	<u>11,513,813</u>
<b>Extraordinary items</b>					
Dissolution of Redevelopment Agency	-	-	-	-	-
Total extraordinary items	<u>49,840,297</u>	<u>4,187,673</u>	<u>1,740,809</u>	<u>3,296,967</u>	<u>11,513,813</u>
Net change in fund balances	<u>\$ 36,503,391</u>	<u>\$ 8,800,835</u>	<u>\$ 4,875,834</u>	<u>\$ 917,878</u>	<u>\$ 10,594,144</u>
Restatements	\$ -	\$ 3,660,669	\$ -	\$ -	\$ -
Debt service as a percentage of non-capital expenditures <sup>1</sup>	3.0%	2.8%	2.6%	4.4%	5.2%

NOTE:

<sup>1</sup> 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.

<sup>2</sup> The City's tax revenue was bolstered by the passage of a new one-cent local sales tax and a favorable tax reallocation from its Amazon fulfillment center.



**City of Redlands**  
**Schedule 4**  
**Changes in Fund Balances of Governmental Funds (Continued)**  
**Last Ten Fiscal Years (modified accrual basis of accounting)**

	Fiscal Years				
	2017	2016	2015	2014	2013
<b>Revenues</b>					
Taxes	\$ 51,196,332	\$ 49,641,089	\$ 46,615,173	\$ 44,578,492	\$ 42,751,693
Licenses and permits	8,482,996	7,321,567	11,582,473	8,668,245	6,090,892
Intergovernmental	4,266,267	3,637,854	5,602,252	6,305,374	4,455,718
Charges for services	7,484,890	7,469,738	7,283,095	7,186,570	6,711,043
Use of money and property	191,541	717,504	431,301	491,377	52,596
Other miscellaneous	3,958,621	3,785,796	1,900,979	1,472,348	2,974,531
Total revenues	<u>75,580,647</u>	<u>72,573,548</u>	<u>73,415,273</u>	<u>68,702,406</u>	<u>63,036,473</u>
<b>Expenditures</b>					
Current:					
General government	12,351,772	12,915,590	11,041,353	10,562,420	4,844,346
Public safety	42,755,811	40,337,356	37,891,668	37,633,605	12,829,516
Culture and recreation	2,611,210	2,481,223	2,791,661	2,631,892	473,128
Highway and streets	5,695,084	5,034,090	6,107,137	5,913,207	2,673,089
Library	1,942,607	1,909,442	1,824,593	1,762,608	2,724,788
Other pass-through payments	-	-	-	-	5,044,076
Capital outlay	15,476,158	11,481,823	23,146,625	13,431,527	6,931,137
Debt service:					
Principal	3,115,653	3,947,223	3,701,474	3,948,940	439,424
Interest and fiscal charges	976,711	1,158,384	1,343,002	1,489,466	291,385
Total expenditures	<u>84,925,006</u>	<u>79,265,131</u>	<u>87,847,513</u>	<u>77,373,665</u>	<u>36,250,889</u>
Excess of revenues over (under) expenditures	<u>(9,344,359)</u>	<u>(6,691,583)</u>	<u>(14,432,240)</u>	<u>(8,671,259)</u>	<u>26,785,584</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of property	6,272,810	311,189	16,083	185,625	350
Inception of finance purchase agreement	-	-	-	-	-
Inception of lease payable	-	-	-	-	-
Contributions to other governments	-	-	(100,919)	-	-
Transfers in	15,430,085	15,911,839	29,941,931	20,792,923	18,682,589
Transfers out	(11,558,209)	(9,720,247)	(13,980,425)	(10,187,645)	(11,307,814)
Total other financing sources (uses)	<u>10,144,686</u>	<u>6,502,781</u>	<u>15,876,670</u>	<u>10,790,903</u>	<u>7,375,125</u>
Dissolution of Redevelopment Agency	-	-	-	-	-
Total other financing sources (uses)	<u>10,144,686</u>	<u>6,502,781</u>	<u>15,876,670</u>	<u>10,790,903</u>	<u>7,375,125</u>
Net change in fund balances	<u>\$ 800,327</u>	<u>\$ (188,802)</u>	<u>\$ 1,444,430</u>	<u>\$ 2,119,644</u>	<u>\$ 34,160,709</u>
Restatements	\$ -	\$ -	\$ -	\$ (33,695)	\$ 8,587
Debt service as a percentage of non-capital expenditures <sup>1</sup>	5.9%	7.5%	8.1%	9.5%	2.5%

<sup>1</sup> 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.

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**City of Redlands**  
**Schedule 5**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Taxable Assessed Value	Total Direct Tax Rate
2022	11,148,507	342,259	(72,875)	11,417,891	11,417,891	0.21869
2021	10,700,129	358,630	(73,396)	10,985,363	10,985,363	0.21864
2020	10,187,750	361,653	(74,204)	10,475,199	10,475,199	0.21874
2019	9,564,308	387,527	(74,744)	9,877,091	9,877,091	0.21877
2018	9,090,915	328,121	(76,265)	9,342,771	9,342,771	0.21877
2017	8,616,414	309,224	(76,808)	8,848,830	8,848,830	0.21877
2016	8,112,897	337,359	(74,030)	8,376,226	8,376,226	0.21877
2015	7,725,648	316,364	(75,033)	7,966,979	7,966,979	0.21913
2014	7,311,929	313,408	(76,552)	7,548,785	7,548,785	0.22927
2013	7,127,034	301,158	(78,056)	7,350,136	7,350,136	0.28450

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**  
**Schedule 6**  
**Assessed Value and Estimated Actual Value of Taxable Property by Major Type**  
**Last Ten Fiscal Years**

CATEGORY	Fiscal Years				
	2022	2021	2020	2019	2018
Residential	7,407,486	7,072,365	6,708,893	6,246,593	5,935,215
Commercial	1,299,726	1,253,237	1,176,203	1,085,468	1,040,344
Industrial	1,361,167	1,326,479	1,253,275	1,201,011	1,160,879
Government	15,553	2,883	576	548	522
Institutional	21,841	20,405	18,506	18,463	17,188
Irrigated	25,897	27,275	28,199	26,136	26,471
Miscellaneous	36,104	37,025	33,513	39,302	27,016
Recreational	55,431	51,028	50,098	49,887	49,678
Vacant Land	270,853	222,964	232,018	199,973	200,329
SBE Nonunitary	654,449	686,469	686,469	696,927	633,273
Unsecured	360,182	358,629	361,653	387,527	328,121
Unknown	-	-	-	-	-
<b>Total Assessed Value</b>	<b>11,508,689</b>	<b>11,058,759</b>	<b>10,549,403</b>	<b>9,951,835</b>	<b>9,419,036</b>
Less: Exemptions	(72,875)	(73,396)	(74,204)	(74,744)	(76,265)
<b>Taxable Assessed Value</b>	<b>11,435,814</b>	<b>10,985,363</b>	<b>10,475,199</b>	<b>9,877,091</b>	<b>9,342,771</b>
<b>Total Direct Rate</b>	<b>0.21869</b>	<b>0.21864</b>	<b>0.21874</b>	<b>0.21877</b>	<b>0.21877</b>

NOTES:

Exempt values are not included in Total

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum 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 of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value 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.

\* Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

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

**City of Redlands**  
**Schedule 6**  
**Assessed Value and Estimated Actual Value of Taxable Property by Major Type (Continued)**  
**Last Ten Fiscal Years**

CATEGORY	Fiscal Years				
	2017	2016	2015	2014*	2013
Residential	5,643,230	5,355,614	5,102,276	4,781,493	4,603,792
Commercial	988,145	959,063	941,128	920,337	919,179
Industrial	1,035,053	790,087	774,960	675,107	641,987
Government	513	505	1,478	498	488
Institutional	16,293	16,172	15,809	15,906	14,083
Irrigated	26,750	26,691	30,844	41,179	27,292
Miscellaneous	26,495	23,785	22,390	20,217	19,068
Recreational	32,808	32,520	31,962	31,852	34,762
Vacant Land	209,375	277,305	231,763	234,071	249,220
SBE Nonunitary	637,752	631,155	573,038	591,269	610,154
Unsecured	309,224	337,359	316,364	313,408	301,158
Unknown	-	-	-	-	7,009
<b>Total Assessed Value</b>	<b>8,925,638</b>	<b>8,450,256</b>	<b>8,042,012</b>	<b>7,625,337</b>	<b>7,428,192</b>
Less: Exemptions	(76,808)	(74,030)	(75,033)	(76,552)	(78,056)
<b>Taxable Assessed Value</b>	<b>8,848,830</b>	<b>8,376,226</b>	<b>7,966,979</b>	<b>7,548,785</b>	<b>7,350,136</b>
<b>Total Direct Rate</b>	<b>0.21877</b>	<b>0.21877</b>	<b>0.21913</b>	<b>0.22927</b>	<b>0.28450</b>

**City of Redlands**  
**Schedule 7**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2022	2021	2020	2019	2018
City Share of Basic Levy (1)	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
County Superintendent	0.00740	0.00740	0.00750	0.00750	0.00750
Inland Empire Joint Resource Conservation District	0.00050	0.00050	0.00050	0.00050	0.00050
Educational Revenue Augmentation Fund	0.22110	0.22110	0.22110	0.22110	0.22110
Flood Control Zone 3	0.02560	0.02560	0.02560	0.02560	0.02560
Flood Control Zone 8	0.00088	0.00088	0.00088	0.00088	0.00088
Redlands Unified	0.30160	0.30160	0.30160	0.30160	0.30160
San Bernardino Community College	0.05130	0.05130	0.05130	0.05130	0.05130
San Bernardino Valley Municipal Water	0.02640	0.02640	0.02630	0.02630	0.02630
San Bernardino Valley Water Conservation District	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>
Redlands Debt Service	-	-	-	-	-
Redlands Unified	0.03600	0.03600	0.03390	0.03240	0.04940
San Bernardino Community College	0.06510	0.06510	0.05620	0.04070	0.03760
San Bernardino Unified	0.10340	0.10340	0.09690	0.11260	0.10070
San Bernardino Valley Municipal Water	0.14250	0.14250	0.14250	0.15250	0.15250
Total Voter Approved Rate	<u>0.34700</u>	<u>0.34700</u>	<u>0.32950</u>	<u>0.33820</u>	<u>0.34020</u>
Total Direct and Overlapping Rate	<u>1.34700</u>	<u>1.34700</u>	<u>1.32950</u>	<u>1.33820</u>	<u>1.34020</u>
City Share of 1% Levy Per Prop 13 (3)	0.21878	0.21878	0.21878	0.21878	0.21878
Redlands Debt Service	-	-	-	-	-
City Direct Rate (4)	<b>0.21869</b>	<b>0.21864</b>	<b>0.21874</b>	<b>0.21877</b>	<b>0.21877</b>

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

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

**City of Redlands**  
**Schedule 7**  
**Direct and Overlapping Property Tax Rates (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2017	2016	2015	2014	2013
City Share of Basic Levy (1)	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
County Superintendent	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
Educational Revenue Augmentation Fund	0.22110	0.22110	0.22110	0.22110	0.22110
Flood Control Zone 3	0.02560	0.02560	0.02560	0.02560	0.02560
Flood Control Zone 8	0.00088	0.00088	0.00088	0.00088	0.00088
Redlands Unified	0.30160	0.30160	0.30160	0.30160	0.30160
San Bernardino Community College	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
San Bernardino Valley Water Conservation District	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>
Redlands Debt Service	-	-	-	0.01050	0.01090
Redlands Unified	0.05240	0.05670	0.05940	0.06290	0.06410
San Bernardino Community College	0.03500	0.04030	0.03930	0.04190	0.04590
San Bernardino Unified	0.07950	0.11820	0.10810	0.13500	0.09980
San Bernardino Valley Municipal Water	<u>0.16250</u>	<u>0.16250</u>	<u>0.16250</u>	<u>0.16250</u>	<u>0.16250</u>
Total Voter Approved Rate	<u>0.32940</u>	<u>0.37770</u>	<u>0.36930</u>	<u>0.41280</u>	<u>0.38320</u>
Total Direct and Overlapping Rate	<u>1.32940</u>	<u>1.37770</u>	<u>1.36930</u>	<u>1.41280</u>	<u>1.38320</u>
City Share of 1% Levy Per Prop 13 (3)	0.21878	0.21878	0.21878	0.21878	0.21878
Redlands Debt Service	-	-	-	0.01050	0.01090
City Direct Rate (4)	<b>0.21877</b>	<b>0.21877</b>	<b>0.21913</b>	<b>0.22927</b>	<b>0.28450</b>

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

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

**City of Redlands**  
**Schedule 8**  
**Top Ten Principal Property Taxpayers**  
**Fiscal Year 2022 and Ten Years Prior**  
**(in Thousands)**

Taxpayer	2022		2013	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Southern California Edison Company	\$ 684,337	6.23%	\$ 628,809	8.72%
PVT Apartments SPE LLC	133,212	1.21%	37,116	0.51%
Ashley Furniture Industries	112,716	1.03%	-	0.00%
NYS New LLC	104,353	0.95%	60,338	0.84%
Prologis LP	95,450	0.87%	82,640	1.15%
AMB Institutional Alliance Fund III	91,845	0.84%	57,000	0.79%
BRE California Redlands LLC	87,819	0.80%	-	0.00%
Teachers Insurance and Annuity Assoc**	86,914	0.79%	-	0.00%
BCI-OEF Redlands DC LP	67,104	0.61%	-	0.00%
2301 W. San Bernardino Ave Invest Group	61,944	0.56%	52,877	0.73%
Redlands Business Center LLC			46,977	0.65%
NP Redlands LLC			35,096	0.49%
Environmental Systems Research Institute			34,274	0.48%
MSWP Redlands LLC			31,716	0.44%
PACGWL LLC				0.00%
<b>Top Ten Total</b>	<b>\$ 1,525,694</b>	<b>13.89%</b>	<b>\$ 1,066,843</b>	<b>14.79%</b>
<b>City Total Net Taxable Assessed Value</b>	<b>\$ 10,985,363</b>		<b>\$ 7,214,180</b>	

\* Formerly known as Prologis-A4 CA IILP

\*\* Pending appeals on parcels

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



**City of Redlands**  
**Schedule 9**  
**Property Tax Levies and Collections <sup>1</sup>**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy <sup>2</sup>		Subsequent Years Collections of Prior Years	Total Collections to Date <sup>2</sup>	
		Amount	Percent of Levy		Amount	Percent of Levy
2022	\$ 49,661,097	\$ 49,517,080	99.71%	\$ 691,484	\$ 50,208,564	101.10%
2021	46,298,808	46,048,794	99.46%	615,108	46,663,902	100.79%
2020	42,472,462	42,173,456	99.30%	524,343	42,697,799	100.53%
2019	41,184,840	40,950,087	99.43%	571,918	41,522,005	100.82%
2018	35,648,742	35,417,025	99.35%	585,973	36,002,998	100.99%
2017	33,814,971	33,547,833	99.21%	561,371	34,109,204	100.87%
2016	31,245,233	31,220,237	99.92%	593,784	31,814,021	101.82%
2015	30,236,660	30,224,565	99.96%	618,909	30,843,474	102.01%
2014	29,697,798	29,620,584	99.74%	834,306	30,454,890	102.55%
2013	29,365,178	28,237,555	96.16%	725,114	28,962,669	98.63%

NOTE:

<sup>1</sup> 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.

<sup>2</sup> 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**  
**Schedule 10**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities					Total Governmental Activities
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Notes / Leases Payable	
2022		\$ 6,172,956	\$ -	\$ -	\$ 5,739,328	\$ 11,912,284
2021	-	7,591,783	-	-	2,147,431	9,739,214
2020	-	8,869,341	-	-	2,148,647	11,017,988
2019	-	10,015,991	-	-	2,033,734	12,049,725
2018	-	12,452,070	-	-	2,207,364	14,659,434
2017	-	14,596,411	-	643,006	2,376,131	17,615,548
2016	-	16,581,841	-	1,466,010	2,656,784	20,704,635
2015	-	18,367,081	-	3,299,014	2,959,007	24,625,102
2014	-	19,966,684	-	5,077,018	2,077,451	27,121,153
2013	585,000	21,400,395	-	6,800,022	2,266,391	31,051,808

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 6/30/2022, that indebtedness has been reduced to \$2,516,003.

Source: City of Redlands

**City of Redlands**  
**Schedule 10**  
**Ratios of Outstanding Debt by Type (Continued)**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Business-type Activities						Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Water Revenue Bonds	Wastewater Revenue Bonds	Solid Waste Revenue Bonds	Certificates of Participation	Notes / Leases Payable	Total Business-type Activities			
2022	\$ -	\$ -	\$ 3,408,353	\$ -	\$ 14,644,928	\$ 18,053,281	\$ 29,965,565	1.05%	409
2021	-	-	5,091,347	-	15,514,242	20,605,589	30,344,803	1.16%	426
2020	-	-	6,704,343	-	16,784,165	23,488,508	34,506,496	1.20%	486
2019	-	-	8,247,337	-	18,129,060	26,376,397	38,426,122	1.54%	542
2018	-	-	9,720,331	-	19,440,040	29,160,371	43,819,805	1.76%	618
2017	-	990,000	11,138,322	-	20,929,311	33,057,633	50,673,181	2.31%	732
2016	-	2,021,443	12,506,313	-	18,819,314	33,347,070	54,051,705	2.41%	774
2015	1,195,000	3,024,098	13,834,309	-	16,429,544	34,482,951	59,108,053	2.63%	847
2014	2,402,890	4,001,754	15,132,303	-	17,496,799	39,033,746	66,154,899	2.92%	947
2013	3,579,945	4,959,409	-	-	14,909,475	23,448,829	54,500,637	2.42%	781

**City of Redlands**  
**Schedule 11**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(In Thousands, except Per Capita)**

Fiscal Year Ended June 30	Outstanding General Bonded Debt					Accumulated Resources to Repay Principal	Net General Bonded Debt	Percent of Assessed Value <sup>1</sup>	Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Total				
2022	-	6,173	-	-	6,173	1,620	4,553	0.04%	62
2021	-	7,592	-	-	7,592	1,480	6,112	0.06%	86
2020	-	8,869	-	-	8,869	1,520	7,349	0.08%	104
2019	-	10,016	-	-	10,016	1,383	8,633	0.10%	122
2018	-	12,452	-	-	12,452	2,575	9,877	0.13%	139
2017	-	14,596	-	643	15,239	2,416	12,823	0.17%	185
2016	-	16,582	-	1,466	18,048	2,265	15,783	0.21%	232
2015	-	18,367	-	3,299	21,666	2,129	19,537	0.27%	280
2014	-	19,967	-	5,077	25,044	3,521	21,523	0.33%	308
2013	585	21,400	-	6,800	28,785	3,708	25,077	0.39%	359

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 6/30/2022, that indebtedness has been reduced to \$2,516,003.

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

**City of Redlands**  
**Schedule 12**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2022**

Net Taxable 2021-2022 Assessed Valuation	\$ 10,417,891,813		
	Percentage Applicable <sup>1</sup>	Outstanding Debt 06/30/22	Estimated Share of Overlapping Debt
<b>Overlapping Tax and Assessment Debt:</b>			
San Bernardino Community College District	13.413%	\$ 730,017,126	\$ 97,917,197
Redlands Unified School District	56.176%	59,303,512	\$ 33,314,341
San Bernardino City Unified School District	0.054%	276,764,806	\$ 149,453
City of Redlands Community Facilities District No. 2001-1	100.000%	3,075,000	\$ 3,075,000
City of Redlands Community Facilities District No. 2003-1	100.000%	7,185,000	\$ 7,185,000
<b>Total Overlapping Tax and Assessment Debt</b>		<b>1,076,345,444</b>	<b>141,640,991</b>
<b>Overlapping General Fund Debt:</b>			
San Bernardino County General Fund Obligations	4.289%	188,035,000	8,064,821
San Bernardino County Pension Obligations	4.289%	119,835,000	5,139,723
San Bernardino County Flood Control District General Fund Obligations	4.289%	44,780,000	1,920,614
San Bernardino City Unified School District	0.054%	83,385,000	45,028
Yucaipa-Calimesa Joint Unified School District Authority	0.681%	5,834,502	39,733
<b>Total Overlapping General Fund Debt</b>		<b>441,869,502</b>	<b>15,209,919</b>
<b>Overlapping Tax Increment Debt</b>			
City of Redlands (Successor Agency) Tax Allocation Bonds	100%	2,500,000	2,500,000
San Bernardino County Inland Valley Tax Allocation Bonds	6.805%	220,470,000	\$ 15,002,984
<b>Total Overlapping Tax Increment Debt</b>		<b>222,970,000</b>	<b>17,502,984</b>
<b>Total Gross Overlapping General Fund Debt</b>		<b>664,839,502</b>	<b>32,712,903</b>
Less: Redlands Unified School District Self-Supporting Qualified Zone Academy Bonds <sup>2</sup>			(502,066)
<b>Total Net Overlapping General Fund Debt</b>			<b>32,210,837</b>
<b>Total Gross Overlapping Debt</b>			<b>\$ 174,353,894</b>
<b>Total Net Overlapping Debt</b>			<b>\$ 173,851,828</b>
<b>Direct Tax and Assessment Debt:</b>			
City of Redlands	100.000%	\$ -	\$ -
<b>Direct General Fund Debt:</b>			
City of Redlands General Fund Obligations	100.000%	-	\$ -
City of Redlands Pension Obligations	100.000%	6,172,956	6,172,956
<b>Total Direct General Fund Debt</b>			<b>6,172,956</b>
<b>Direct Loan/Capital Lease Debt:</b>			
I-Bank Sports Park Lease	100.000%	\$ 1,219,286	\$ 1,219,286
Finance Purchase Agreements and Leases Payable	100.000%	4,520,042	4,520,042
<b>Total Direct General Fund Debt</b>		<b>5,739,328</b>	<b>5,739,328</b>
<b>Total Direct Debt</b>			<b>\$ 11,912,284</b>
<b>Total Gross Direct and Overlapping Debt <sup>3</sup></b>			<b>\$ 186,266,178</b>
<b>Total Net Direct and Overlapping Debt <sup>3</sup></b>			<b>\$ 185,764,112</b>

<sup>1</sup> 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.

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

<sup>3</sup> Excludes tax and revenue anticipation notes, enterprise revenue, and mortgage revenue.

Sources: Avenu Insights and Analytics  
San Bernardino County Assessor (via HdL, Coren & Cone)  
San Bernardino County Auditor-Controller - Property Tax Division

**City of Redlands**  
**Schedule 13**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Legal Debt Margin Calculation	Fiscal Year				
	2022	2021	2020	2019	2018
Assessed valuation	11,435,814,517	10,985,363,463	10,475,199,528	9,877,091,307	9,342,770,314
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,858,953,629	2,746,340,866	2,618,799,882	2,469,272,827	2,335,692,579
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	428,843,044	411,951,130	392,819,982	370,390,924	350,353,887
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	428,843,044	411,951,130	392,819,982	370,390,924	350,353,887
Total debt applicable to the limit as a percentage of debt limit	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**  
**Schedule 13**  
**Legal Debt Margin Information (Continued)**  
**Last Ten Fiscal Years**

Legal Debt Margin Calculation	Fiscal Year				
	2017	2016	2015	2014	2013
Assessed valuation	8,925,637,991	8,450,256,632	8,042,012,336	7,625,337,937	7,428,192,465
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,231,409,498	2,112,564,158	2,010,503,084	1,906,334,484	1,857,048,116
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	334,711,425	316,884,624	301,575,463	285,950,173	278,557,217
Total net debt applicable to limit: General obligation bonds	-	-	-	-	585,000
Legal debt margin	334,711,425	316,884,624	301,575,463	285,950,173	277,972,217
Total debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.0%	0.0%	0.2%

**City of Redlands**  
**Schedule 14**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	<b>Water Revenue Bonds</b>					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2022	-	-	-	-	-	N/A
2021	-	-	-	-	-	N/A
2020	-	-	-	-	-	N/A
2019	-	-	-	-	-	N/A
2018	-	-	-	-	-	N/A
2017*	-	-	-	-	-	N/A
2016*	19,566,403	18,802,920	763,483	1,195,000	17,925	0.63
2015	23,236,963	16,684,682	6,552,281	1,160,000	53,250	5.40
2014	25,638,627	16,837,289	8,801,338	1,125,000	81,900	7.29
2013	25,251,130	15,262,512	9,988,618	1,740,000	220,710	5.09

Fiscal Year Ended June 30	<b>Wastewater Revenue Bonds</b>					
	Wastewater Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2022	-	-	-	-	-	N/A
2021	-	-	-	-	-	N/A
2020	-	-	-	-	-	N/A
2019	-	-	-	-	-	N/A
2018	-	-	-	-	-	N/A
2017*	9,483,891	7,207,159	2,276,732	960,000	58,800	2.23
2016*	9,981,677	7,319,389	2,662,288	925,000	91,875	2.62
2015	9,932,156	6,483,856	3,448,300	900,000	119,250	3.38
2014	11,290,716	6,917,341	4,373,375	880,000	141,550	4.28
2013	9,669,957	6,244,252	3,425,705	1,115,000	244,767	2.52

Fiscal Year Ended June 30	<b>Solid Waste Revenue Bonds</b>					
	Solid Waste Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2022	21,106,844	14,161,410	6,945,434	1,580,000	122,500	4.08
2021	19,780,794	13,669,667	6,111,127	1,500,000	199,500	2.82
2020	19,833,178	13,639,644	6,193,534	1,430,000	272,750	2.86
2019	17,996,521	14,518,673	3,477,848	1,290,000	408,750	1.61
2018	15,507,091	11,060,050	4,447,041	1,235,000	465,700	2.05
2017*	13,899,757	9,911,432	3,988,325	1,185,000	537,800	2.32
2016*	13,974,604	10,437,524	3,537,080	1,145,000	572,150	2.06
2015	13,442,842	10,341,915	3,100,927	1,115,000	516,422	1.90
2014	12,560,609	10,130,417	2,430,192	-	213,642	11.38
2013	-	-	-	-	-	-

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.



**City of Redlands**  
**Schedule 15**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

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Calendar Year	Population (1)	Personal Income (In Thousands)	Per Capita Personal Income (2)	Unemployment Rate (3)
2021	73,288	2,846,286	38,837	2.9%
2020	71,154	2,607,936	36,652	7.4%
2019	70,952	2,882,851	40,631	3.0%
2018	71,441	2,790,914	39,066	3.2%
2017	70,851	2,494,168	35,203	3.1%
2016	69,211	2,195,442	31,721	3.3%
2015	68,040	2,192,657	32,226	3.0%
2014	69,814	2,243,752	32,139	4.7%
2013	69,882	2,265,714	32,422	6.0%
2012	69,813	2,248,258	32,204	7.0%

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**  
**Schedule 16**  
**Principal Employers**  
**Fiscal Year 2022 and Ten Years Prior**

Employer	2022		2013	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
ESRI	2,713	7.73%	1,900	5.16%
Redlands Unified School District*	2,355	6.71%	1,843	5.01%
Redlands Community Hospital	1,319	3.76%	1,250	3.40%
Beaver Medical Group (aka Epic Mgmt)	1,027	2.93%	518	1.41%
Amazon Fulfillment Center (Redlands)**	800	2.28%	-	
University of Redlands	524	1.49%	547	1.49%
City of Redlands	460	1.31%	520	1.41%
Terracina Post Acute	280	0.80%	-	
Loma Linda University Behavioral Medicine Ctr.	256	0.73%	-	
The Home Depot	247	0.70%	-	
La-Z-Boy, Inc.			391	1.06%
United States Postal Service			1,400	3.80%
Verizon			1,240	3.37%
Wal-Mart Stores, Inc.			420	1.14%
Southern CA. Gas Company/Sempra			383	1.04%
<b>Total of Top Employers</b>	<b>9,981</b>	<b>28.44%</b>	<b>10,412</b>	<b>28.29%</b>
<b>Total Employees in City(1)</b>	<b>35,100</b>		<b>36,800</b>	
County "Donut Hole" Employers (2):				
Burlington Coat Factory Distribution Center	1,079	3.07%		
Amazon Fulfillment Center	500	1.42%		
Target	300	0.85%		
Prime Line Products	220	0.63%		
Kohls Retail Store	180	0.51%		
Becton Dickinson Distribution	120	0.34%		
JCPenney	90	0.26%		
<b>Total Employees</b>	<b>2,489</b>	<b>7.09%</b>		

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

\*\*Previous year combined County and City totals

\*\*\* La-Z-Boy, Inc. and Superior Building 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**  
**Schedule 17**  
**Full Time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

FUNCTION/PROGRAM	Fiscal Years									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Full-time employees:										
City clerk's office	2	2	-	1	1	1	1	1	1	-
City manager's office	10	7	9	12	12	11	9	7	7	6
Development services	19	18	17	19	21	22	22	21	19	20
Finance	28	26	24	27	24	27	26	25	24	22
Fire	65	63	62	63	61	60	60	60	58	61
Human resources	11	9	7	9	9	10	8	7	7	5
Library	20	11	18	20	18	17	17	16	16	16
Management information systems			-	-	-	-	-	9	9	9
Department of Innovation & Tech	12	9	12	12	10	9	10	-	-	-
Municipal utilities and engineering:										
Administration	36	26	30	29	33	34	34	34	28	28
Water	48	45	48	50	50	49	49	50	49	49
Wastewater	17	21	23	24	24	24	24	24	24	24
Police	134	112	117	130	126	122	122	121	113	111
Facilities & Community Services <sup>2</sup>										
Administration, parks & streets	67	51	63	63	62	56	56	52	48	46
Equipment maintenance	5	10	4	4	5	5	5	6	6	6
Solid waste	42	38	39	39	33	33	33	32	32	33
Cemetery	4	4	4	4	4	4	4	4	3	3
	<u>520</u>	<u>452</u>	<u>477</u>	<u>506</u>	<u>493</u>	<u>484</u>	<u>480</u>	<u>469</u>	<u>444</u>	<u>439</u>
Part-time employees	51	39	43	68	90	87	87	88	81	81
At-will employees	-	10	-	-	-	-	-	-	-	-
Grant-funded employees <sup>1</sup>	1	1	1	7	7	10	10	10	10	12
Limited Term Position	-	1	-	-	4	1	1	-	-	-
	<u>572</u>	<u>503</u>	<u>521</u>	<u>581</u>	<u>594</u>	<u>582</u>	<u>578</u>	<u>567</u>	<u>535</u>	<u>532</u>

<sup>1</sup> Includes both full & part time positions.

<sup>2</sup> 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**  
**Schedule 18**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

FUNCTION/PROGRAM	Fiscal Years				
	2022	2021	2020	2019	2018
Police:					
Calls for service <sup>1</sup>	44,746	44,259	52,520	52,914	54,370
Emergency calls for service <sup>1</sup>	68,761	649	808	815	708
Citations issued <sup>1</sup>	2,135	4,239	6,837	5,449	7,347
Fire:					
Number of incidents	11,386	10,636	10,789	10,760	10,684
Inspections performed <sup>1</sup>	1,688	1,362	6,429	5,821	4,075
Building and safety:					
Permits issued	2,764	2,078	2,159	2,111	2,408
Inspections performed	15,613	12,017	11,211	9,431	9,381
Parks and recreation:					
Community center attendance	28,245	13,645	45,022	48,500	51,000
Senior center attendance	17,763	5,822	20,175	25,109	24,970
Joslyn center attendance	870	1,206	18,257	22,679	20,498
Youth sports attendance	31,266	4,774	10,032	12,396	12,870
Adult sports attendance	7,223	6,524	2,480	3,200	1,800
Water:					
Number of services	22,639	22,537	22,380	22,440	22,113
Average daily consumption (thousands of gallons)	29,317	22,560	25,926	26,670	30,328
Solid waste:					
Recycled materials (tons)	23,307	24,703	23,952	25,474	23,758
Refuse disposed (tons)	47,567	61,631	52,476	51,769	51,798
Library:					
Number of volumes	149,577	148,652	146,379	146,173	144,173

Source: City of Redlands

**City of Redlands**  
**Schedule 18**  
**Operating Indicators by Function/Program (Continued)**  
**Last Ten Fiscal Years**

FUNCTION/PROGRAM	Fiscal Years				
	2017	2016	2015	2014	2013
Police:					
Calls for service <sup>1</sup>	40,159	47,488	55,972	54,529	52,349
Emergency calls for service <sup>1</sup>	517	578	538	504	592
Citations issued <sup>1</sup>	5,299	7,062	6,733	6,571	7,617
Fire:					
Number of incidents	10,484	10,169	9,354	8,980	8,946
Inspections performed <sup>1</sup>	2,827	2,186	1,974	2,234	2,208
Building and safety:					
Permits issued	2,110	1,947	1,932	2,150	1,600
Inspections performed	10,015	8,293	4,486	7,839	7,717
Parks and recreation:					
Community center attendance	44,725	42,625	31,238	19,100	21,084
Senior center attendance	24,415	28,675	29,415	27,891	24,897
Joslyn center attendance	21,554	23,795	21,846	16,932	19,934
Youth sports attendance	12,271	11,521	21,102	2,100	5,677
Adult sports attendance	2,830	5,760	7,200	20,340	6,534
Water:					
Number of services	22,378	21,842	21,842	21,732	23,845
Average daily consumption (thousands of gallons)	20,989	18,679	24,631	29,900	28,375
Solid waste:					
Recycled materials (tons)	22,287	22,805	20,611	26,570	25,756
Refuse disposed (tons)	52,527	52,826	49,416	72,228	65,887
Library:					
Number of volumes	144,887	144,122	140,667	142,989	143,436

Source: City of Redlands

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**City of Redlands**  
**Schedule 19**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

FUNCTION/PROGRAM	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	1	1	1	1	2	2	2	2	2	2
Fire:										
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	300	300	368	368	368	319	316	316	315	315
Traffic signals (city-owned)	73	73	73	72	69	68	68	68	68	68
Parks and recreation:										
Parks (acreage)	333	333	333	327	295	295	295	295	295	279
Groves (acreage)	199	199	199	180	164	164	159	159	159	159
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	400	400	388	388	388	385	386	386	390	386
Maximum daily production capacity (thousands of gallons)	34,900	34,900	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Non Potable Water *										
Water mains (miles)	34	34	34	34	34	34	33	32	30	29
Maximum daily production capacity (thousands of gallons)	4,100	4,100	14,000	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Wastewater:										
Sewers (miles)	247	247	245	245	245	245	245	245	243	242
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

Source: City of Redlands

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