

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Fiscal Year 2018-2019



CITY OF REDLANDS
CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June, 30, 2019

CITY COUNCIL

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

Paul T. Barich
Council Member

Toni Momberger
Council Member

Eddie Tejeda
Council Member

Jeanne Donaldson, City Clerk
Robert Dawes, City Treasurer

Janice McConnell, Assistant City Manager

Prepared by:
Management Services / Finance Department

CITY OF REDLANDS
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Year Ended June 30, 2019
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MANAGEMENT SERVICES
DEPARTMENT
FINANCE DIVISION

City of
REDLANDS

Incorporated 1888
35 Cajon Street, Redlands, CA 92373

Danielle Garcia
Management Services/Finance
Director

Farrah Jenner
Assistant Finance Director

December 30, 2019

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

It is the policy of the City of Redlands to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the City of Redlands (the City) for the Fiscal Year ended June 30, 2019.

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

The City's financial statements have been audited by Eide Bailly, LLP, an independent firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the Fiscal Year ended June 30, 2019, 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 opinion that the City's financial statements for the Fiscal Year ended June 30, 2019 were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (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 report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Redlands, incorporated in 1888, is located 63 miles east of Los Angeles, 110 miles north of San Diego, and 500 miles southeast of San Francisco. It lies within the San Bernardino Valley in the southwestern portion of San Bernardino County, covering an area of 36 square miles, within the heart of the Inland Empire. It serves a population of 71,441.

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, housing and community services, maintenance and improvement of streets and related structures, traffic safety maintenance and improvement, and a full range of recreational and cultural programs for citizen participation, as well as being the home of the historic A. K. Smiley Public Library.

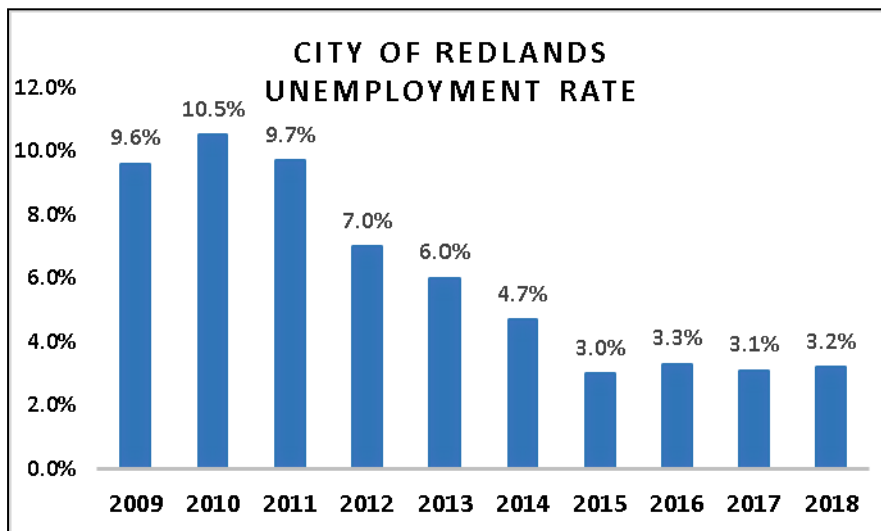
The annual budget serves as the foundation for the City's financial planning and control. On an annual basis in early April, the department heads of the City submit requests for appropriations to the City Manager. The City Manager, along with the Finance Director and executive staff develop a balanced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

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

ECONOMIC CONDITION AND OUTLOOK

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

Local economy. The City of Redlands' economy is based largely in the service and trade sectors (health care, retail trade, technology, and education) and light manufacturing. Since 2007-2008, the vacancy rate for industrial and manufacturing space has declined significantly as the City expanded its manufacturing and industrial base. This growth has added to the relative stability of the unemployment rate over the years since the 2007-2009 economic recession. During that time the unemployment rate rose to a high in 2010 of 10.5%, declining in the following years to reach 3.2% by 2018.

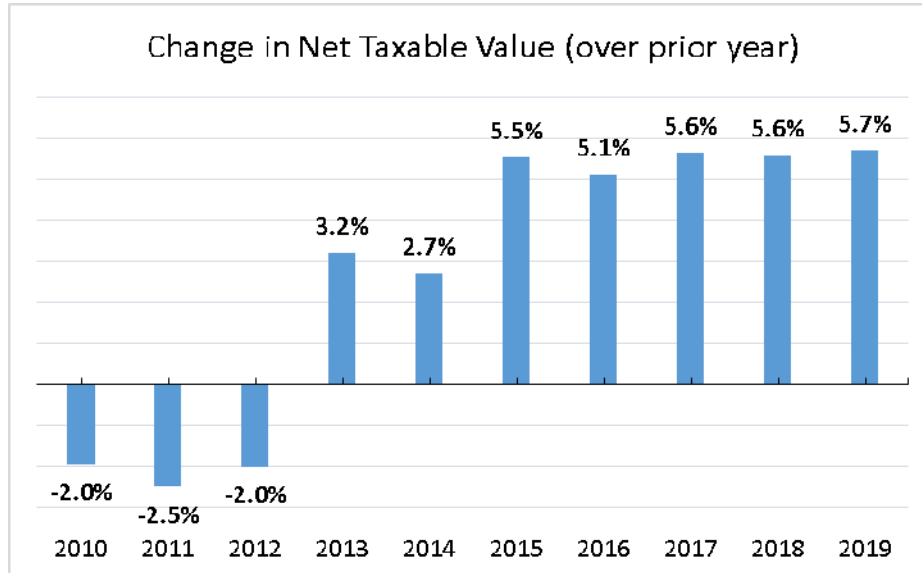


The City has land available for industrial/commercial/office use with only a portion of these areas utilized. Major industries with headquarters or divisions located within the City's boundaries or in close proximity include computer technology manufacturers, electrical controls, furniture manufacturing, and several financial and insurance institutions. Major employers in the City, or within the vicinity, include the Redlands Unified School District, Esri (Environmental Systems Research Institute), Redlands Community Hospital, Amazon Fulfillment Center, Beaver Medical Group, City of Redlands, the University of Redlands, and Loma Linda University Behavioral Medical Center.

Within the City, there is an unincorporated 1,100-acre island of parcels known as the "Donut Hole" located in the northwestern portion of the city. A number of large warehouse distribution centers were developed over the past several years in the Donut Hole, alongside a variety of retail establishments and approximately 600 units of multi-family housing. Some of the major Donut Hole employers include Burlington Coat Factory Distribution Center, Superior Building Products and Caddo Hardware, with each providing additional job opportunities to the community.

The City's property tax base grew steadily from \$3.2 billion in Fiscal Year 2000-2001 to \$7.6 billion in Fiscal Year 2008-2009. However, as a result of the economic recession, the City of Redlands experienced three consecutive years of decreases in net taxable value until the 2012-2013 tax roll when property values started to regain ground and economic recovery began. The

City has since experienced consistent and significant growth in assessed value as described by the following chart:



This year's gains are measured at approximately 5.7% for FY 2018-2019, showing seven consecutive years of growth. Accordingly, it is anticipated that the City will exceed \$10 billion in net taxable value within the next fiscal year if this trend remains in place.

The following land use categories contributed significant increases in assessed values between the prior Fiscal Year (2017-2018) and Fiscal Year 2018-2019:

- SBE Nonunitary – 10.1%
 - This value increase is attributed to Southern California Edison's Mountainview Generating Station, which is a state-assessed property
 - State-assessed property is not subject to the provisions of Proposition 13 and is assessed at its fair market value as of January 1 each year.
- Unsecured – 18.1%
 - 80% of this growth attributed to leased improvement assessments on property owned by Esri.
- Commercial – 4.3%
- Industrial – 3.5%
- Residential – 5.3%

The sales volume for single family residences decreased slightly in 2018, but the median price increased just over 10% from the prior year. This is indicative of the new residential development that has contributed to higher median prices. The primary driver of growth in assessed home value was reassessment due to prior year transfers of ownership, constituting 32% of all growth in the City. The annual CPI adjustment was the second largest growth factor, contributing 25% of overall growth in assessed value. Lastly, new construction also contributed a significant amount in value growth at 9%. This new construction activity is represented in parcel subdivision, where 72 parcels were dropped from the tax roll and 281 were added.

In addition to the stability of the local housing market and growth in assessed value, there were notable additions to the business and housing landscape. Within the donut hole, the Summit Apartments broke ground during the start of fiscal year 2018-19 and completed construction in late 2019. This housing development adds 281 units and joins two other recently constructed apartment complexes, Circa 2020 (306 units) and The Crossings (340 units) also located in the

Donut Hole. The newly constructed Redlands Packinghouse District added new tenants to its packing house-themed retail and restaurant center, including Plant Powered Fast Food, a fast-casual vegan restaurant; Auggies Coffee Roasters, a Redlands-based coffee shop opening its second location in the City and fifth location across Southern California; and Chase Bank, relocating from a nearby location.

Other notable business openings in fiscal year 2018-19 include the following:

- In February 2019, the Studio Movie Grill held its grand opening and established itself as the new brand for the former Krikorian Movie Theater, completing major interior renovations and the installation of new digital projection and sound systems. Studio Movie Grill offers patrons in-theater dining and a full service bar.
- Several new fast-casual restaurants also opened: Machete Taqueria, Red Oyster Cult, Bluewater Poke, and My Crepes.
- In addition to these businesses, the Redlands Visitor Center also opened. The Visitor Center is designed to be a hub for members of the public to find information and maps of local businesses in the City, information on recreational trails and other similar opportunities and to build awareness of the various attractions and events in Redlands.

During FY 2018-19, many development projects were approved that will positively impact sales tax and property tax bases in the City. These projects include:

- Packing House District Phase II - consisting of two new commercial buildings on 3.9 vacant acres for retail and restaurant uses. Plans for future tenants include a flagship restaurant, a local brewery and distillery, as well as retail and office spaces.
- The Redlands Public Market – the rehabilitation and adaptive reuse of a building that historically housed the Mutual Orange Company packing plant during the first several decades of the twentieth century. The development will renovate the existing building into a multi-tenant retail and food hall facility. Includes a new 5,760 sq. ft. boardwalk around exterior of building, and new outdoor dining patio.
- Marriot Springhill Suites Hotel - A new hotel with 88 guest rooms, approximately 55,465 sq. ft. of floor area, parking lot, and related site improvements on a vacant 1.67 acre lot.
- Hilton Home2 Suites Hotel – A new hotel with 77 guest rooms, approximately 44,540 sq. ft. of floor area, parking lot, and related site improvements on a vacant 1.67 acre lot.

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

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

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

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

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

Long-term financial outlook/planning.

The City is at the beginning of several major changes as it enters its 132nd year of incorporation. A major impetus for this change is the construction of the Redlands Passenger Rail Project, a \$355 million 9-mile rail line connecting Redlands to the San Bernardino Transit center. It is expected that the rail service will officially start in 2022. A total of five train stops are planned within the City, with three slated to be constructed and operational to coincide with the start of the rail service. It is expected that the rail service will generate additional travel to Redlands as a destination for shopping and entertainment.

Another significant impact of the new rail service is its role in helping to shape development within the City. As a mature City, with its managed growth strategies and long history of commercial and residential property development, Redlands is mostly built-out. However, the recently adopted General Plan 2035 provides for a transit village strategy surrounding each of the first three rail stations located at the University of Redlands, downtown Redlands, and the Esri Campus at New York Street. The goals of the transit village are to encourage development in the core of the City, making more efficient uses of existing infrastructure, and to provide more housing opportunities within walking distance of transit, retail, commercial and office access. The key components of transit-oriented development include mixed-land use, excellent pedestrian facilities, and compact infill growth patterns.

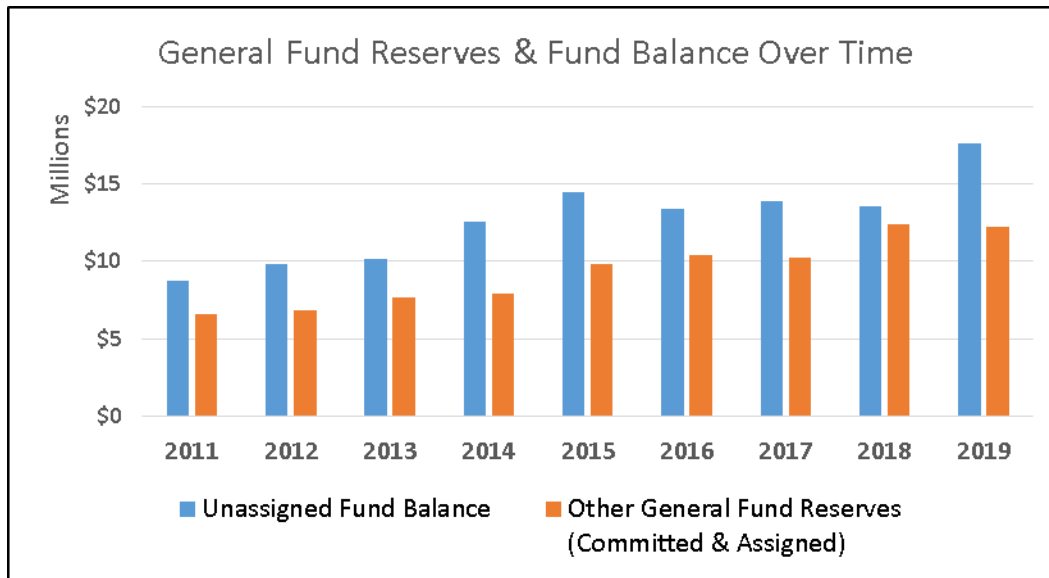
This growth strategy marks a departure from the existing growth management regulations that overlay property within City limits. A series of growth control measures that were approved by voters roughly 20 to 30 years ago currently limit how many housing units may be built in a single year and limit the density of development on a property Citywide. In order to facilitate the goals of transit-oriented development and the City's Transit Villages Specific Plan, the Council has voted to put forth a measure on the March 2020 ballot that would ask voters to exempt the transit village planning areas from the restrictions of the aforementioned growth control measures.

Each of these topics bears on the local forecasts for economic development, property & sales tax revenues, housing market, and employment rates. The transit villages, if enabled by a vote of the residents of Redlands, would accommodate appropriate development around a transit station in a manner that makes it convenient and attractive for residents, workers, shoppers and others to patronize transit as well as local businesses.

Infrastructure replacement costs will likely require a larger proportion of the annual general fund appropriations in order to keep pace with the rate of repairs and capital improvement as public buildings, sidewalks, traffic signals, and heavy equipment age. However, the City has already addressed several large infrastructure maintenance needs in the General Fund, including resurfacing two-thirds of City streets, capital replacement of existing parks equipment

and renovation of other recreational facilities, and incremental repairs to curbs, gutters and alleys.

Through the current economic cycle, the City has worked to adjust its financial position and strengthen its reserves in the general fund according to the City Council’s direction, balancing ongoing needs with strategic priorities.



The graph above 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 2018-2019, the City’s reserves for capital projects included: \$1.9 million for parking improvements in the downtown, \$1.4 million in parks, equipment, facilities and building capital, and \$520,000 for unfunded mandates.

With continued cost-savings and a steady economy, the General Fund reported unassigned fund balance of \$17.65 million at the close of Fiscal Year 2018-2019. Further review of the General Fund is included within Management’s Discussion and Analysis which follows the independent auditor’s report.

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

At the statewide level, California’s Adopted Budget for fiscal year 2019-20 referenced that while growth in the state’s gross domestic product is outpacing the nation as a whole, there are several considerations to be made. Some of these considerations include projections of slower economic growth, stagnant wages, and federal tax and fiscal policy changes. The state is preparing for uncertain times and its budget aims for structural balance. Sound fiscal management at the state level bodes well for the City because it enables greater State government capacity to support cities in addressing regional issues like homelessness and natural disasters, and it will make the state less likely to manipulate revenue policies to balance its budget in the event of an economic slowdown.

Other considerations at the state level include the various policy decisions presided over by the CalPERS Board that can have direct bearing on the City’s financial obligations to the pension fund. There are three key policy areas that affect employers, such as the City, and can cause

contribution amounts to change and the measurements of unfunded accrued liability to fluctuate. Those policy areas include: asset allocation across investment portfolios, which, in turn affects the second area; discount rate (or rate of return on investments of the fund); and the amortization policy, which governs the payment of unfunded accrued liability. In December 2016, the Board adopted a policy to lower the discount rate (or rate of return) from 7.5% to 7% with a three-year phase in beginning with fiscal year 2016-17. As of fiscal year 2018-19, the lowered discount rate of 7% was fully implemented. Implications for the City include higher pension costs and considerations of establishing a stabilization fund in order to build budget resiliency against future policy changes by the CalPERS Board. More specific information is presented in Note 8 of the Notes to the Basic Financial Statements.

At the federal level, the risk of a U.S. recession remains, with the current expansion poised to become the longest in modern history. Both the nation and California are at unemployment levels only seen near the end of an economic cycle. While it is difficult to predict when the period of expansion will end and reverse, it is predicted that the rate of expansion will slow in the coming year. Effects of such a slowdown would be felt at statewide and local levels in the form of slower growth in property and sales taxes, fewer opportunities for capital grants from the federal government and increased pressures from the issues concerning homelessness and affordable housing needs.

Other more specific topics nationally include federal policies on sales tax and funding for infrastructure. In June 2018, the U.S. Supreme Court issued a decision in the case of South Dakota v. Wayfair that overturned a previous ruling and provided that the antiquated physical presence standard no longer stands in the way of developing laws to reflect the 21st century retail marketplace. What remains to be seen is how the federal government will respond to this decision. Several bills have been advanced in Congress to modernize and create a uniform sales tax framework. None have been successful. In terms of infrastructure funding, the federal government is an instrumental part of addressing aging transportation networks and other public infrastructure. The City has received significant federal grant awards used in the capital improvement of sidewalks, ADA ramps and pedestrian crossing safety enhancements; traffic signal construction; and the capital replacement of critical public safety equipment. The National League of Cities' State of the Cities report indicated that continued partnership with the federal government on infrastructure/capital funding is a top priority.

Relevant Financial Policies

The City has adopted a set of financial policies based on best management practices and GFOA standards. These policies direct the administration of the budget, accounting practices, purchasing, debt, capital financing, investments, and capital assets. Central to the management of the budget and reserves are two policies: the Balanced Budget Policy – Ordinance No. 2660 (2007) and the Fund Balance Policy established by Resolution No. 7346 (2013). The Balanced Budget Policy requires that the City Council to adopt a balanced budget on an annual basis wherein total financial sources meet or exceed the total financial requirements of the City, excluding one-time capital expenditures. This ensures a structural balance of revenues and expenditures and creates sustainability with regard to ongoing appropriations. The Fund Balance Policy provides that it is the policy of the City to assign a minimum of 45% of the General Fund's excess of Revenues over Expenses (the surplus – if any) each fiscal year for general fund assigned reserves in the categories of Capital Equipment, Building Purchases and/or Improvements, and Unfunded Mandates in equal proportion. This policy has contributed to the City's ability to invest in capital replacement of aging infrastructure of parks and public buildings as well as funding the replacement of critical public safety vehicles and equipment.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Redlands for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018. This was the sixteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Danielle Garcia
Management Services / Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Redlands
California**

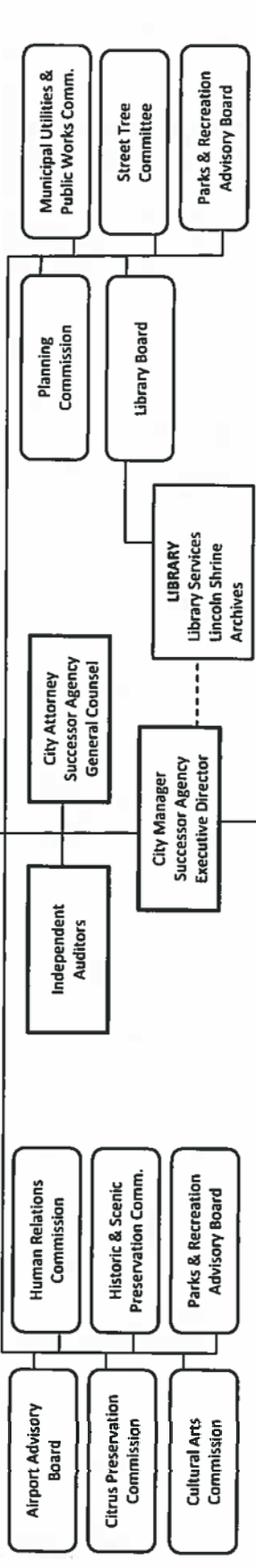
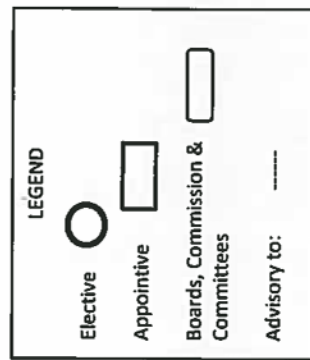
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

City of Redlands, CA
 Organizational Chart
 Approved By:
Janice McConnell
 Janice McConnell
 Assistant City Manager
 Effective July, 2019



- OFFICE OF THE CITY MANAGER**
- Administration
 - Budget
 - Emergency Operations Mgmt.
 - Disaster Preparedness
 - Public Information Office
 - Media Unit / Redlands TV
 - Public Information
 - Purchasing / Stores
 - Human Resources/Risk Management
 - Benefits Administration
 - Employee & Labor Relations
 - Employee Services
 - Liability & Claims Administration
 - Recruitment & Selection
 - Safety Administration
 - Training
 - Volunteer & Intern Resources
 - Worker's Compensation Admin.

- DEVELOPMENT SERVICES**
- Building & Safety
 - CDBG
 - Economic Development
 - Environmental Review
 - One Stop Permit Center
 - Planning (current and long range)

- MANAGEMENT SERVICES**
- Finance
 - Accounting
 - Budget
 - Business License
 - Customer Service
 - Debt Management
 - Internal Audit
 - Payroll
 - Receivables
 - Revenue Collection
 - Division of Innovation & Technology
 - Information Management Systems
 - GIS, Client Services, Operations
 - Organizational Efficiency (PATH)

- FIRE**
- Emergency Medical Services
 - Fire/Arson Investigations
 - Community Risk Reduction
 - Fire Suppression
 - Household Hazardous / E-Waste

- POLICE**
- Animal Control
 - Community Policing Bureau
 - Investigations Bureau
 - Patrol Services Bureau
 - Professional Standards
 - Special Operations Bureau
 - Support Services
 - Traffic and Special Events

- MUNICIPAL UTILITIES & ENGINEERING**
- Construction
 - Engineering
 - One Stop Permit Center
 - Water
 - Wastewater

- FACILITIES AND COMMUNITY SERVICES**
- Airport
 - Building Maintenance
 - Cemetery
 - Citrus Groves
 - Code Enforcement
 - Electrical
 - Equipment Maintenance
 - Parks
 - Recycling & Senior Services
 - Solid Waste
 - Streets
 - Street Maintenance
 - Street Trees
 - Sustainability

**CITY OF REDLANDS, CA
PRINCIPAL OFFICERS
AS OF JUNE 30, 2019**

CITY COUNCIL (ELECTED)

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

CITY MANAGER

Janice McConnell (Interim)

CITY CLERK (ELECTED)

Jeanne Donaldson

CITY TREASURER (ELECTED)

Robert Dawes

CITY ATTORNEY

Daniel J. McHugh

DEVELOPMENT SERVICES DIRECTOR

Brian Desatnik

FACILITIES & COMMUNITY SERVICES DIRECTOR

Christopher Boatman

FIRE CHIEF

Nathan Cooke

LIBRARY DIRECTOR

Donald McCue

MANAGEMENT SERVICES/FINANCE DIRECTOR

Danielle Garcia

MUNICIPAL UTILITIES & ENGINEERING DIRECTOR

Christopher Boatman (Interim)

POLICE CHIEF

Chris Catren



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redlands, California (City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement

As discussed in Note 16 to the financial statements, the City changed its methodology for valuing right of way during the year and used the updated methodology to value previously recorded right of way. Accordingly, the beginning net position was updated to reflect the new methodology. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
December 30, 2019

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MANAGEMENT’S DISCUSSION AND ANALYSIS

The information contained in the Management’s Discussion and Analysis (MD&A) introduces the basic financial statements and provides an analytical overview of the City of Redlands financial activities and performance for the fiscal year ended June 30, 2019. Please read the MD&A in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Figure A-1

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

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

Reporting the City as a Whole

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

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

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

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

Reporting the City's Most Significant Funds

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

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

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

Reporting the City’s Fiduciary Responsibilities

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

Statement of Net Position

The following is a condensed Statement of Net Position for the fiscal years ended June 30, 2019 and June 30, 2018, which allows for analysis of the City’s net position as a whole.

Table 1

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other Assets	\$ 72,629,499	\$ 69,528,535	\$ 110,069,697	\$ 92,864,143	\$ 182,699,196	\$ 162,392,678
Capital Assets	445,584,812	657,251,941	171,913,811	171,075,300	617,498,623	828,327,241
Total Assets	518,214,311	726,780,476	281,983,508	263,939,443	800,197,819	990,719,919
Deferred Outflows of Resources						
Pension & OPEB	24,835,778	28,992,849	5,219,539	6,586,741	30,055,317	35,579,590
Long-Term Liabilities Outstanding	210,227,519	220,539,419	96,241,643	96,549,637	306,469,162	317,089,056
Other Liabilities	18,099,644	6,102,834	5,862,836	5,809,595	23,962,480	11,912,429
Total Liabilities	228,327,163	226,642,253	102,104,479	102,359,232	330,431,642	329,001,485
Deferred Inflows of Resources						
Pension & OPEB	3,906,697	1,958,581	941,262	304,089	4,847,959	2,262,670
Net Position						
Net Investments in Capital Assets	443,551,078	655,044,577	150,997,528	150,228,905	594,548,606	805,273,482
Restricted	15,676,686	20,499,351	26,162,608	17,516,341	41,839,294	38,015,692
Unrestricted	(148,411,538)	(148,371,437)	6,544,230	117,617	(141,867,308)	(148,253,820)
Total Net Position	\$ 310,816,226	\$ 527,172,491	\$ 183,704,366	\$ 167,862,863	\$ 494,520,592	\$ 695,035,354

Net position over time may serve as a useful indicator of a government’s financial position, however it may change dramatically year-to-year as a result of changes in accounting practices. Table 1 shows that the net position of the government-wide activities decreased by approximately \$200 million or 29%, from \$695,035,354 in 2018 to \$495,520,592 in 2019.

Governmental activities net position decreased by 41%, from \$527,172,491 at June 30, 2018 to \$310,816,226 at June 30, 2019. Offsetting this decrease, the City's net position for business-type activities increased by 9.4% from \$167,862,863 in 2018 to \$183,704,366 in 2019. The significant decrease in net position in the governmental activities classification is attributed to a prospective revision to the methodology used to estimate the value of right of way as a capital asset. The revised methodology employs the use of current land sales data in estimating a developer's cost to acquire the land. The resulting cost per square foot is then applied to current year additions. The revisions were applied to previously recorded right of way amounts to complete the update of the June 30, 2019 balances. The previous methodology may have overstated the underlying value of the land that constitutes the City's right of way by assuming growth in land values consistent with increases in consumer price index on a baseline established in 2003-2004. For the business-type activities, the increase in net position was a result of increases in cash and investments in the Water and Wastewater funds mainly. Further detail on prior year comparisons is provided below.

Statement of Net Position - Total Primary Government

- Again, this year, the largest portion of total assets consists of capital assets (e.g., land, infrastructure and equipment), totaling \$617 million or 77% of total assets. These are detailed in Note 4 of the financial statements.
- Net investment in Capital Assets of approximately \$595 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 \$163 million in the City treasury and \$4.15 million of restricted cash and investments held with fiscal agents. These are detailed in Note 2 of the financial statements.
- Deferred outflow of resources related to Pension and OPEB decreased by \$5.5 million net, roughly 15.5%.
- Receivables, totaling \$14.5 million, consist of accounts and taxes receivable.
- Long-term liabilities totaled \$317.8 million, approximately, and represent the City's obligations on debt, pensions, and other post-employment benefits. More information is presented in Notes 5, 8 and 9 of the financial statements.
- Other liabilities increased by \$657,400 to \$12.6 million roughly. This increase is mainly due to higher amounts of accounts and deposits payable recorded as of the end of the fiscal year.
- Deferred inflow of resources related to Pension increased by \$488,000, roughly 21.6%. This change is based on the annual actuarial analysis performed by CalPERS and consists of changes in assumptions and differences between estimated and actual experience.
- Overall investment in capital assets, net of related debt, decreased by 26%. As noted above, this significant change from the previous year is due to a change to accounting estimates for calculating the value of right of way owned by the City and classified as a non-depreciable capital asset.
- Restricted net position, totaling \$41.8 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 -\$141 million represents the unrestricted net position deficit, mainly resulting from the recognition of the net pension liability in fiscal year 2015, in accordance with GASB 68, and the recognition of total OPEB liability in fiscal year 2018, in accordance with GASB 75. Additional details can be found in Note 8 as it pertains to net pension liability and in Note 9 for OPEB liability.

Governmental Activities

- Receivables, totaling \$5.7 million, consists mainly of taxes receivable at \$5.2 million, with the remaining \$417,000 million in accounts receivable.
- The net position of governmental activities decreased by 41%, attributable to the change in accounting estimates used for calculating the value of right of way owned by the City and classified as a non-depreciable capital asset. The revised methodology caused a restatement of net position, reducing it by roughly \$216 million (see Table 2).
- Deferred outflow of resources related to Pension and OPEB decreased by \$4.16 million, roughly 14%. OPEB deferred outflows increased by approximately \$108,400 and this is attributed to the actuarial valuation performed with a measurement date of June 30, 2017. The totals reflect the second year of that valuation. Pension deferred outflows represent a \$4.26 million increase in deferred outflows. This change is based on the annual actuarial analysis performed by CalPERS and consists of changes in assumptions and differences between estimated and actual experience.
- This year, there was a net increase of \$1.7 million in total liabilities, with roughly \$631,000 attributed to increases in other liabilities (advances payable and accrued liabilities) and a net of \$1.05 attributed to long-term debt. Within long-term debt, the amount for Pension and OBEP liabilities increased by \$2.6 million, due to the costs of interest accrued on the unfunded liability and differences between expected an actual experience (e.g., retirement rates, ages, mortality, and expected returns). This was offset by reductions in other long-term liabilities in the amount of \$1.5 million. There are more details available in Note 5, 8 & 9 of the financial statements.
- Deferred inflow of resources related to Pension increased by \$387,900, roughly 19.8%. This change is based on the annual actuarial analysis performed by CalPERS and consists of changes in assumptions and differences between estimated and actual experience. OPEB deferred outflows are presented for the first time for the fiscal year ending 2019 and represent liabilities in the second year of the City's valuation with a measurement date of June 30, 2017.

Business-Type Activities

- The net position of business-type activities increased by 9.4%, attributed to significant increases in current and other (non-capital) assets, which increased by \$17.2 million. This change is attributed to higher cash and investments caused by rate increases across 3 of the 4 major funds, residential development projects throughout the City contributing development impact fees to enterprise CIP funds, and higher than average investment returns.
- Receivables, totaling \$8.4 million, represent an increase of approximately 9% from the prior year. This is mainly due to increases in the unbilled amounts of accounts receivable for the Water and Solid Waste fund, again reflecting the effects of the recent rate increases.
- Total capital assets of \$171.9 million represent 27.8% of total capital assets citywide.
- Deferred outflow of resources related to Pension and OPEB decreased by \$1.37 million, roughly 20.8%. OPEB deferred inflows increased by approximately \$37,300 and this is attributed to the actuarial valuation performed with a measurement date of June 30, 2017. The totals reflect the second year of that valuation. Pension deferred outflows represent a \$1.4 million decrease in deferred outflows. This change is based on the annual actuarial analysis performed by CalPERS and consists of changes in assumptions and differences between estimated and actual experience.
- This year, there was a net decrease of \$308,000 in long-term liabilities. This is representative of repayment of bonds and notes within Water, Solid Waste and Wastewater funds of roughly \$2.8 million offset against an adjustment to the Solid Waste fund's landfill closure liability of approximately \$1.9 million attributed to increased costs for the import of soil closure materials, as well as increases in OPEB liability of \$546,000.
- Deferred inflow of resources related to Pension increased by \$100,500, roughly 33%. This change is based on the annual actuarial analysis performed by CalPERS and consists of changes in

assumptions and differences between estimated and actual experience. OPEB deferred outflows are presented for the first time for the fiscal year ending 2019 and represent liabilities in the second year of the City's valuation with a measurement date of June 30, 2017.

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, 2019 and June 30, 2018:

Table 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Program Revenues						
Charges for services:	\$ 16,627,542	\$ 16,218,906	\$ 57,577,726	\$ 54,005,287	\$ 74,205,268	\$ 70,224,193
Operating grants and contributions	1,867,228	4,469,962	56,555	-	1,923,783	4,469,962
Capital grants and contributions	7,083,735	4,533,292	5,450,817	347,871	12,534,552	4,881,163
General Revenues						
Property taxes	31,833,632	30,067,473	85,928	66,263	31,919,560	30,133,736
Sales taxes	18,838,445	17,177,492	-	-	18,838,445	17,177,492
Franchise taxes	2,221,789	3,224,053	-	-	2,221,789	3,224,053
Other taxes	2,061,674	1,907,344	-	-	2,061,674	1,907,344
Use of money & property	2,421,036	206,304	3,310,733	509,882	5,731,769	716,186
Other	1,498,562	1,689,135	1,770,702	2,457,912	3,269,264	4,147,047
Intergovernmental (unrestricted)	187,586	195,866	-	-	187,586	195,866
Total Revenues	84,641,229	79,689,827	68,252,461	57,387,215	152,893,690	137,077,042
Program Expenses						
General government	16,210,304	12,394,000	-	-	16,210,304	12,394,000
Public safety	53,095,381	32,240,549	-	-	53,095,381	32,240,549
Culture and recreation	4,783,803	4,748,841	-	-	4,783,803	4,748,841
Highway and streets	10,183,231	12,854,490	-	-	10,183,231	12,854,490
Library	2,537,698	2,000,613	-	-	2,537,698	2,000,613
Interest on Long-Term Debt	683,446	834,297	-	-	683,446	834,297
Water	-	-	20,857,656	20,369,100	20,857,656	20,369,100
Disposal	-	-	16,162,875	12,877,703	16,162,875	12,877,703
Sewer	-	-	9,926,236	8,851,848	9,926,236	8,851,848
Groves	-	-	849,678	788,554	849,678	788,554
NP Water	-	-	116,759	125,323	116,759	125,323
Cemetery	-	-	936,535	861,109	936,535	861,109
Aviation	-	-	617,285	466,972	617,285	466,972
Total Expenses	87,493,863	65,072,790	49,467,024	44,340,609	136,960,887	109,413,399
Change in Net Position Before Transfers	(2,852,634)	14,617,037	18,785,437	13,046,606	15,932,803	27,663,643
Transfers	2,943,934	8,243,110	(2,943,934)	(8,243,110)	-	-
Increase (Decrease) in Net Position	91,300	22,860,147	15,841,503	4,803,496	15,932,803	27,663,643
Beginning Net Position	527,172,491	559,848,767	167,862,863	179,928,567	695,035,354	739,777,334
Restatement of Net Position	(216,447,565)	(55,536,423)	-	(16,869,200)	(216,447,565)	(72,405,623)
Beginning Net Position, as Restated	310,724,926	504,312,344	167,862,863	163,059,367	478,587,789	667,371,711
Ending Net Position	\$ 310,816,226	\$ 527,172,491	\$ 183,704,366	\$ 167,862,863	\$ 494,520,592	\$ 695,035,354

Total Primary Government

- Total Governmental Activities revenues for fiscal year 2018-2019 increased by 11.6%. This growth is mainly attributed to an increase \$4 million in charges for service, \$5 million in uses of money and property, and \$7 million in the capital grants and contributions category, detailed below.
- Property tax grew by roughly 6%, or \$1.8 million and sales tax revenue increased by 9.7%, or \$1.7 million, when compared to prior year. This growth is attributed to growth in assessed value in the City and higher amounts of taxable sales within the City.

- Total expenses for the City increased rather significantly in fiscal year 2018-2019 by \$27.1 million.
 - As a result of the revision to the methodology employed to estimate Right-of-Way value, as noted earlier, the prior fiscal year included large additions of capital that were reduced from then-current period measurements of expenses in the governmental funds. In the current year, FY 2018-19, the expenses in the adjustments to expenses in governmental funds are not reduced by this large amount for the Statement of Activities.
 - Other increases in the amount are also attributed to higher expenses in governmental activity caused by the recognition of current OPEB expenses incurred for the reporting period, increases in employee compensation and increased current period pension costs.
- Transfers between governmental activities and business-type activities decreased by \$5.3 million. This is due to above average transfers for expenditures related to project activity in the City's Pavement Accelerated Rehabilitation Implementation Strategy (PARIS) program in the prior fiscal year (2017-2018).

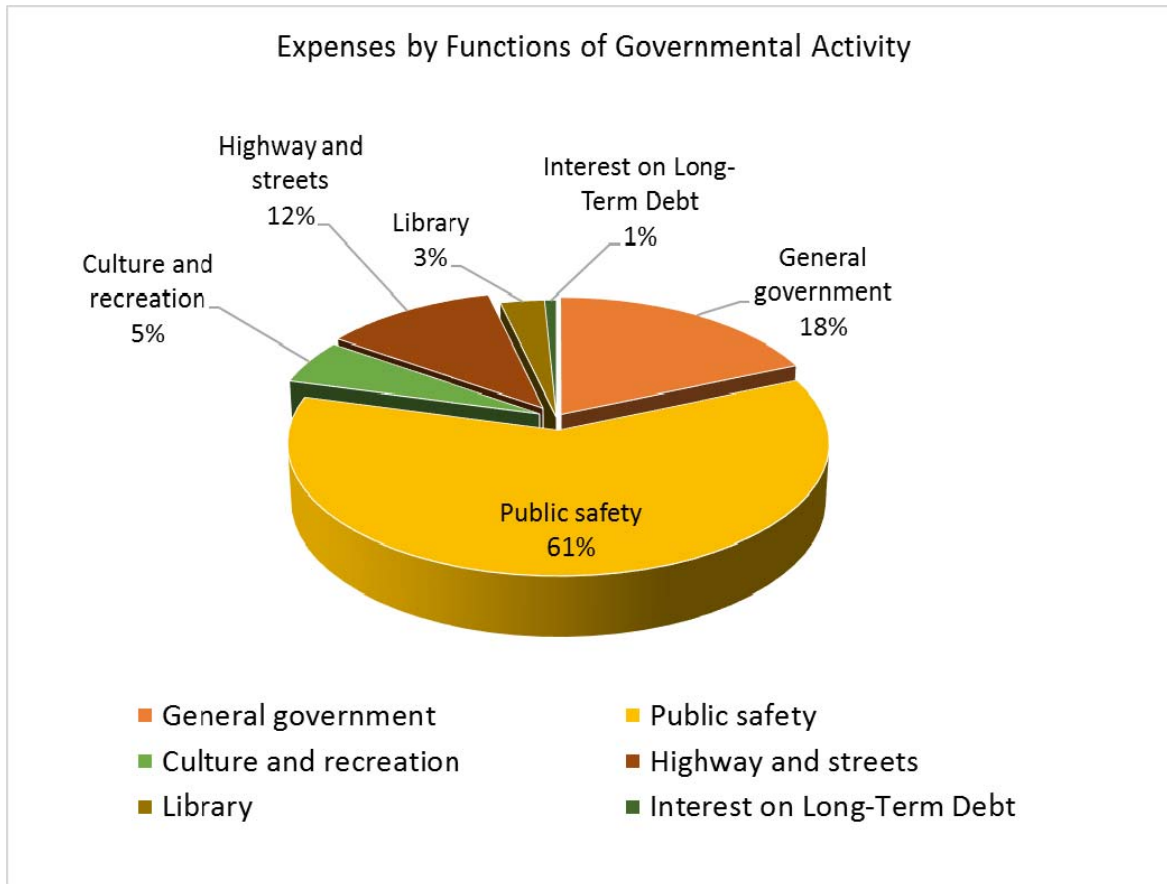
Governmental Activities

- Overall, total revenues increased in fiscal year 2018/2019 by \$4.95 million, or 6.2%.
 - These increases were attributed to positive growth in property taxes, charges for services, and significant increases in investment income from the use of money in the governmental funds.
 - Sales tax increased by 5.9% and sales tax increased by 9.7% exceeding expectations for growth.
- General government expenses increased significantly over fiscal year 2017-2018 expenses, by \$22.2 million or 34.5%.
 - These increases are largely the result of a change in the methodology of accounting for Right-of-Way values. As a result of a revision to the valuation of Right-of-Way, the additions in the current year are lower than the prior year. This lower amount causes less reduction to current period expenses, but not as large of a reduction as in prior years.
 - Also, the increases are attributed to increases in the recognition of OPEB and pension liability, increases in employee compensation, and higher pension costs.

Business-Type Activities

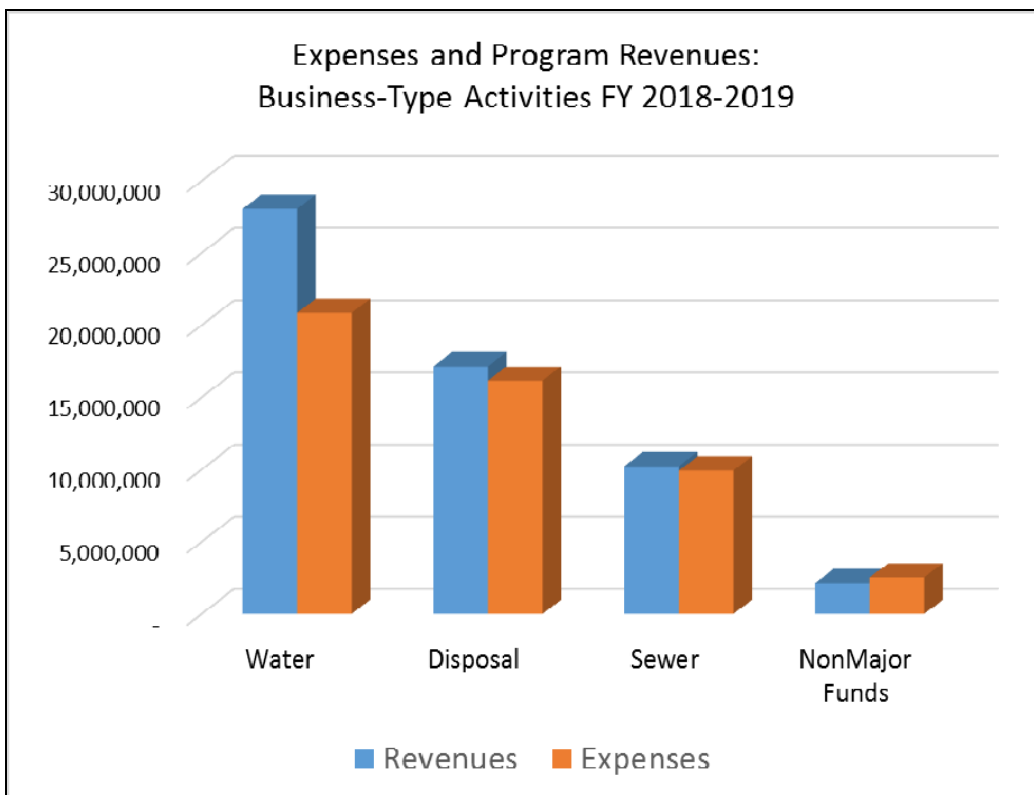
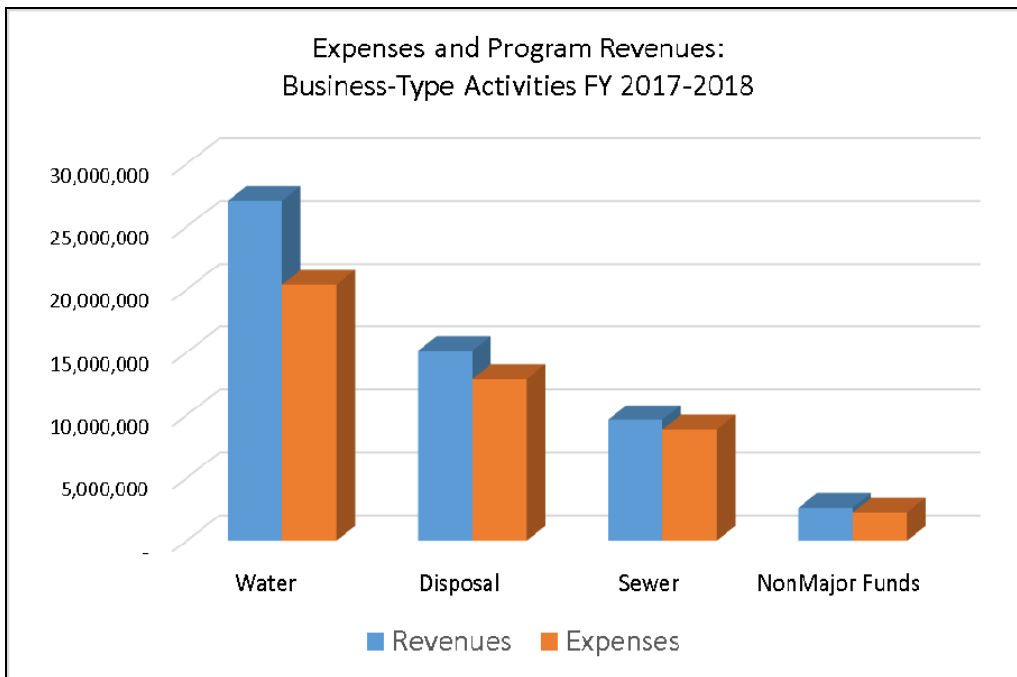
- Overall, ending net position for the business-type activities increased by \$15.8 million, or 9.4%.
- Comparing fiscal year 2017-2018 and fiscal year 2018-2019, total revenues increased by \$10.9 million, or 19%. The increase in revenues is mainly due to:
 - Increased charges for services in Water, Solid Waste and Wastewater funds of \$3.6 million combined as a result of rate increases across all three funds,
 - A significant increase in investment income of \$2.8 million attributed to a strong financial market,
 - And a significant increase of \$5.1 million in non-operating contributions due mainly to the collection of development impact fees from several large residential and commercial developments used to finance capital improvement programs in the City's Water, Solid Waste and Wastewater operations.
- Expenses increased from fiscal year 2017-2018 levels by \$5.1 million, or 11.6%. The programs with the largest increase in expenses were the Water, Solid Waste, and Wastewater funds. Most of these increased expenses were associated with capital improvement projects and higher accumulated depreciation expenses.

Expenses by Function of Governmental Activity



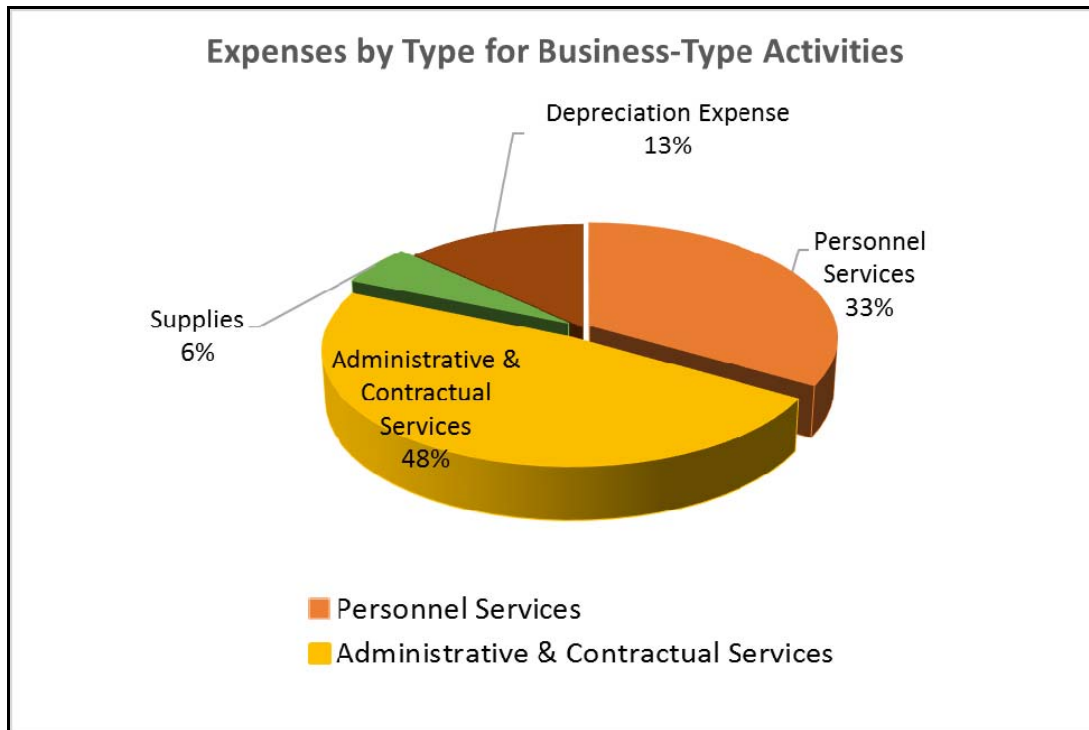
- Expenses overall for governmental activities totaled \$87.5 million, this total represents the cumulative effective of increased pension costs, the recognition of OPEB and deferred inflows related to both. As well, employee compensation is also reflected in this amount.
- Expenses for general government comprise 19% of total governmental activities, or \$16.2 million. General government includes functions such as human resources, finance administration, engineering and City Council.
- Expenses for public safety represent 61% of total governmental activities in the amount of \$53.1 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 12% of all governmental activities, or \$10.1 million. These expenses include spending on the City's Pavement Accelerated Rehabilitation Implementation Strategy (PARIS) program, operations and maintenance as well as other capital repairs to road infrastructure.
- Culture and recreation, Library, and interest on long-term debt comprise 5%, 3%, and 1% of general government respectively, or \$4.8 million, \$2.5 million and \$683,500.

Expenses and Program Revenues : Business Type Activities Fiscal Year Comparison



- Major differences between revenues and expenses for business-type activities are shown in the two charts above.
 - Fiscal year 2018-2019 saw an increase in Water revenues of \$1 million, or 3.8%, and an increase in expenses of \$489,000, or 2.4%. Increased revenues are a result of a rate increase implemented in 2019. Increased expenses are a result of additional street repairs and increased internal service charges, as well as expenses associated with numerous capital improvements completed during the fiscal year.
 - For disposal operations, there was an increase in revenues over fiscal year 2017-2018 in the amount of \$2 million, or 13.6% and an increase in expenses in the amount of \$3.3 million, or 25.5%. Increased revenues are a result of a rate increase implemented in fall of 2019. Increased expenses are a result of the recognition of increased post-closure costs for the current period of approximately \$1.9 million, higher charges for internal service fund costs, and higher contractual service costs for the design and engineering work related to the Phase 4 landfill expansion project.
 - In the Wastewater fund, revenues increased by \$618,000, or 6.4%, and expenses increased by \$1.1 million, or 12.1%. Increased revenues are a result of a rate increase implemented in 2019. Increased expenses were associated with the costs of a comprehensive assessment of Wastewater Treatment Plant operations and facilities, increased costs for internal services, and higher accumulated depreciation over the prior year.
 - Lastly, for nonmajor business-type funds,
 - the Hillside Memorial Cemetery, the Aviation fund, and Non-Potable Water fund, had decreases in operating revenues of \$708,500, or 20.3% collectively, while the Groves fund had an increase in revenues of \$189,000, or 25%. These changes are mainly attributed to prior-year one-time revenues (Cemetery, Aviation), decreased customer usage (Non-Potable Water) or more difficult market conditions (Citrus Groves).
 - Expenses increased in the Cemetery fund by \$75,000, or 8.8% due mainly to capital outlay incurred in the previous fiscal year. Operating expenses in the Groves fund increased slightly by 7.8% (due to higher farming costs and equipment repairs), decreased in Non-Potable Water slightly by 6.8% (due to lower usage) and increased by 32.2%, or \$150,000 in Aviation (due to increased maintenance activity).

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 2019, the total fund balance reported for the general fund was \$39,647,517, an increase of \$3.9 million, or 10.9%, from the prior year fund balance of \$35,734,630. As a measure of the General Fund's liquidity, it can be useful to compare the total fund balance to total fund expenditures, which indicates that fund balance is 59.3% of general fund expenditures, however only \$17,654,773 of the \$39.6 million fund balance is unassigned. The unassigned fund balance of \$17.7 million, together with the \$8.3 million fund balance committed to stabilization arrangement (contingencies), is the only portion of fund balance readily available for spending and represents 39.1% of general fund expenditures. Total general fund expenditures this year were \$66.3 million, which is 4.9% greater than the prior year amount of \$63.3 million, and total general fund revenues were \$72.6 million, or 5.8% greater than the prior year amount of \$68.6 million.

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

- Sales Taxes increased by \$1.6 million, or 9.7% from prior year. The City's sales tax consultant projected a 10.8% increase in sales tax revenue over the prior year totals. Most of this expected growth was due to increases in the construction and auto sales industries. There were also several one-time purchases of large/heavy equipment in business to business transactions.

- Property Taxes increased amply by \$1.76 million, primarily due to strong growth in the City's total assessed values, which grew by a factor of 5.72% on average for the fiscal year. Different property use categories grew at different rates. Most of this growth is due to transfers of ownership and new construction.
- Franchise Fees decreased significantly by \$1 million, or 31%. This change is attributable to a significant decrease in the franchise fee remitted by Southern California Gas Company / Sempra Energy. The amount collected in fiscal year 2018-2019 was \$1,007,769 less than the amount collected in fiscal year 2017-2018. The amount fluctuates year-to-year based on energy price and customer usage.
- Licenses and Permits reflect an increase of \$77,000 or 1.1%, indicating growth in revenues from business licenses and building permits, plan checks and street permits.
- Intergovernmental Revenues decreased by \$554,000, primarily the result prior year grant award being completed for a \$430,000 grant from the Department of Homeland Security's Assistance to Firefighters Grant program.
- Charges for Services reflect an overall increase of \$1.86 million, or 24.8% from prior year. While there are variations over and under in each revenue account, the most significant increase was caused by adjusting the City general government service charge by the consumer price index (CPI) in fiscal year 2018-19 as well as updating its allocation methodology.
- Use of money and property increased significantly due to a higher cash balance in the general fund throughout fiscal year 2018-19. Also, investment returns dramatically improved as the financial market strengthened. As well, Local Agency Investment Fund rate increased a full percent over the prior year.

The **Public Facilities Development** fund accounts for the collection and related expenditure of development impact fees designated for constructing new and upgrading existing public facilities. This fund holds Advances Payable to other funds totaling \$8,736,956. The funds and amounts owed include the General Fund in the amount of \$8,497,475, the Storm Drain Construction Fund in the amount of \$93,157, and the Water Fund Administration in the amount of \$146,324. This represents a decrease from last year of \$297,047. These interfund loans were made when impact fee revenues were insufficient to cover 60% share the Public Facilities DIF portion of debt service on the 2003 Lease Revenue Refunding COPs, which matured in fiscal year 2017-2018. DIF revenue collected in these categories is now being used to repay the non-General Fund loans first per a Council directive. As such, the interfund loans owed to the Open Space Fund (227) and Park Development Fund (250) have been repaid in full, including current year interest and all outstanding principal. Most of the decrease noted above is attributed to those repayments.

Major Enterprise Funds. The **Water Fund** has a total net position of \$121 million at the end of the fiscal year, \$15 million of which is unrestricted. The **Disposal Fund** has a total net position deficit of (\$11,024,072) at the end of the fiscal year; unrestricted net position is a deficit of (\$20,086,262). The **Sewer Fund** has a total net position of \$52 million at the end of the fiscal year; \$9.6 million of which is unrestricted. These funds account for the respective utility services provided by the City. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGET

Differences between the final budget and fiscal year 2018-2019 activity of the General Fund can be briefly summarized as follows:

- Total Revenues - \$2,202,315 received in excess of budgeted amounts.
- General Government - \$1,811,818 decrease between the actual amount and the amount appropriated in the budget (savings).
- Public Safety - \$3,180,835 decrease between the actual amount and the amount appropriated in the budget (savings).
- Culture and Recreation - \$30,992 decrease in the actual amount over the amount set in the budget.
- Highways and Streets - \$391,561 decrease between the actual amount and the amount appropriated in the budget (savings).
- Library – \$11,971 decrease between the actual amount and the amount appropriated in the budget (savings).
- Transfers - \$415,444 increase over the amount set in the budget.
- Capital Outlay - \$1,072,942 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:

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>+ (-) Variance</u>
REVENUES			
Taxes	51,465,589	\$ 53,469,435	\$ 2,003,846
License & Permits	6,907,389	7,290,395	383,006
Intergovernmental	1,116,598	466,716	(649,882)
Charges for Service	8,750,551	9,375,173	624,622
Use of Money & Property	697,059	1,038,124	341,065
Miscellaneous	2,313,616	1,008,277	(1,305,339)
Transfers in	2,176,657	2,802,538	625,881
Proceeds from Sale of Property	43,197	222,313	179,116
Total Revenues	<u>73,470,656</u>	<u>75,672,971</u>	<u>2,202,315</u>
EXPENDITURES			
General Government	15,836,891	14,025,073	1,811,818
Public Safety	43,244,818	40,063,983	3,180,835
Culture & Recreation	3,215,676	3,184,684	30,992
Highways & Streets	5,607,098	5,215,537	391,561
Library	2,170,551	2,158,580	11,971
Transfers	5,008,470	5,423,914	(415,444)
Capital Outlay	2,624,331	1,551,389	1,072,942
Debt Service	136,924	136,924	-
Total Expenditures	<u>\$ 77,844,759</u>	<u>\$ 71,760,084</u>	<u>\$ 6,084,675</u>

Actual revenues were over the amended budget estimates by \$2,202,315, or 3%. The largest increase was in the Taxes category at \$2,003,846 – due mainly strong growth in property tax and sales tax revenue. The miscellaneous category had a negative variance of roughly \$1.3 million. This was due mainly to an anticipated transfer of fuel sales revenue from the fleet operations to the General Fund. Net sales of gas tax did not generate a sufficient amount to transfer so no transfer was made. The intergovernmental category was almost \$650,000 under budgeted amounts due to the timing of a grant award. Charges for service increased due to increases in rental property inspections, mutual aid and cost reimbursements, and general government service charges. And transfers into the fund were \$625,881 above budgeted amounts due to the adjustments made to transfer in fixed assets into the fund balance.

Total General Fund expenditures ended the year under budget by 7.8%, or \$6.1 million. It should be noted that a majority of these appropriations were approved for continuance as a result of City Council approval to “carry forward” certain amounts related to projects and ongoing purchases.

General Government expenditures ended the year under budget by 11%. Most of this is attributed to unspent grant funding to offset expenditures which will be carried forward to the following fiscal year.

Public Safety expenditures were under budget by \$3.2 million, or 7.4%. Much of this savings is due to overtime salary savings in the Police Department.

Highways and Streets expenditures were under budget by \$391,561, or 7%. This amount represents some incomplete projects that will be carried forward for completion in the following fiscal year.

Culture and Recreation was under budget by \$30,992, or 1%, this was attributable to higher expenditures in special contractual services in the Parks division offset with salary savings in each division.

Library expenditures were under budget by \$11,971, or 0.6% at year-end. There were miscellaneous line item savings across the Library’s budget.

Actual capital outlay was significantly below budgeted levels, at 40.9% under budget. This is due mainly to the timing of each improvement or project. As noted above, most of these appropriations were continued into the following fiscal year.

There were no variations from the budget in the Debt Service principal and interest payments.

The overall favorable variance of \$6,084,675, or 7.8%, resulted from active monitoring of each categories of expenditures, by all departments as well as the longer timeframe required by certain capital projects and purchases. With the difficult economic conditions that have existed in recent years, budget monitoring has become more critical than ever before, requiring the cooperative efforts of management and staff at every level.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City’s capital assets for its governmental and business-type activities as of June 30, 2019, amounted to \$617 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, water stock, rights of way and construction in progress.

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

The City revised its methodology for estimating the value of right-of-way assets owned by the City. Previously, with the implementation of GASB 34 in 2003 & 2004, the City valued land at the then current market value. Since then, as additions and deletions have occurred, the cost per square foot was adjusted based on the annual average CPI applicable to our area. The CPI, as well as additions, have caused the ROW to increase year-over-year. As a part of periodically revisiting significant estimates, the City evaluated alternative methods of assessing the value of its right-of-way and revised estimates to be based on the estimated acquisition cost per square foot multiplied by the total square footage acquired for current year additions. The City applied this estimate back for additions from the year of the initial GASB 34 valuation of right of way to the current year. The City will continue to use this methodology going forward. The net effect of this change in estimates resulted in a restatement of net position for governmental activities, decreasing it by \$216,447,565.

The City recognized a net increase in infrastructure totaling \$13,983,129 across both governmental and business type activities. This significant increase is the result of the completion of several capital projects. For governmental activities, the completion of PARIS project 1491-1740 added 57 lane miles of improved streets (\$7,602,891). For business type activities, several large water pipeline replacement projects were completed, including the Highland & Crafton Avenue pipeline replacement, the Lugonia Avenue Water Pipeline Replacement, 2017 CIP Water Pipeline Project all of which replaced or added roughly 6.7 miles of new pipeline to the City’s water system.

There were various capital assets and projects placed into service during fiscal year 2018-2019. Other projects included the completion of the Redlands Skate Park; the addition of new bike lanes; the Redlands Passenger Rail Project: Utilities Crossing-Water, Sewer & Storm Drain relocation, purchase of a landfill compactor, airport runway lighting & signage, and installation of a Sister Cities Clock sculpture at Ed Hales Park.

Overall, excepting the restatement of beginning balances for right of way in the governmental activities category, for primary government the City’s net capital assets increased by \$5,166,000 for the fiscal year ended June 30, 2019, or 0.84% over prior year. This is slightly lower than the previous year increases of 1.2%.

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	
	2019	2018	2019	2018	2019	2018
Land	\$ 34,310,743	\$ 32,858,122	\$ 27,273,269	\$ 28,326,013	\$ 61,584,012	\$ 61,184,135
Buildings & Improvements	34,416,872	33,182,818	104,284,135	104,054,079	138,701,007	137,236,897
Machinery/Equip./Vehicles	18,842,048	19,186,734	19,209,338	17,832,821	38,051,386	37,019,555
Infrastructure	236,349,199	229,015,281	178,511,865	171,862,654	414,861,064	400,877,935
Water Stock/Rights	408,125	408,125	9,881,460	9,881,460	10,289,585	10,289,585
Right of Way	248,029,987	463,689,274	-	-	248,029,987	463,689,274
Construction in Progress	592,895	227,452	391,602	1,852,151	984,497	2,079,603
Accumulated Depreciation	(127,365,057)	(121,315,865)	(168,090,797)	(162,733,878)	(295,455,854)	(284,049,743)
Total	\$ 445,584,812	\$ 657,251,941	\$ 171,460,872	\$ 171,075,300	\$ 617,045,684	\$ 828,327,241

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

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

Long-Term Liabilities

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

- At the beginning in fiscal year 2017-2018, GASB 75 was implemented and replaced GASB 45. This change marked a shift in the way OPEB liability is measured and introduced new terminology.
 - As a result of implementing GASB Statement No. 75, a significant increase to recognized OPEB costs was incurred and represented an increase over fiscal year 2016-2017 method of OPEB cost measurement of 195%.
 - For fiscal year 2018-2019, comparison with the prior year is now possible since the new standard is fully implemented. OPEB liability increased 1.68% over fiscal year 2017-2018.
- The City’s pension liability grew by \$885,000, or 0.75%, mainly due to increased payroll costs.
- Capital leases, taxable pension bond, revenue bond and notes payable all experienced decreases as a result of annual debt service and no new additions to such debt.
- Claims payable increased by \$694,000, or 6.5% due to the variance year-to-year in claims filed against the City.
- A significant change in estimates for the landfill closure liability caused an increase of \$1.93 million, or 23.6%, over the prior year amount. This significant increase was due to the recalculation of closure costs, notably the cost of transporting and importing the soil required to construct final closure of the City’s landfill. These were not previously updated to reflect fuel & transportation costs as well as the raw materials cost.

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	
	2019	2018	2019	2018	2019	2018
Capital Lease Obligations	\$ 631,571	\$ 747,927	\$ -	\$ -	\$ 631,571	\$ 747,927
Taxable Pension Bonds	10,015,991	12,452,070	-	-	10,015,991	12,452,070
Revenue Bonds	-	-	7,530,000	8,820,000	7,530,000	8,820,000
Add: Unamortized Premium	-	-	717,335	900,331	717,335	900,331
Notes Payable	-	-	18,129,060	19,440,040	18,129,060	19,440,040
Leases Payable	1,402,163	1,459,437	-	-	1,402,163	1,459,437
Claims Payable	11,410,348	10,716,466	-	-	11,410,348	10,716,466
Compensated Absences	8,523,674	8,324,134	1,179,130	1,119,431	9,702,804	9,443,565
Landfill Closure Liability	-	-	10,105,974	8,178,007	10,105,974	8,178,007
Total OPEB Liability	90,539,229	88,951,334	38,252,951	37,706,715	128,792,180	126,658,049
Net Pension Liability	98,885,737	97,888,051	20,271,999	20,385,113	119,157,736	118,273,164
Total	\$221,408,713	\$220,539,419	\$ 96,186,449	\$ 96,549,637	\$317,595,162	\$317,089,056

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

REQUESTS FOR INFORMATION

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

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

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF NET POSITION
JUNE 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 64,289,863	\$ 98,676,968	\$ 162,966,831
Cash and investments with fiscal agent	1,331,163	2,819,438	4,150,601
Receivables:			
Accounts	489,629	8,382,626	8,872,255
Taxes	5,181,247	201	5,181,448
Internal balances	(146,324)	146,324	-
Prepaid costs	223,565	2,885	226,450
Due from other governments	1,165,913	41,254	1,207,167
Inventory	94,443	-	94,443
Capital assets not being depreciated	283,341,750	37,546,331	320,888,081
Capital assets, net of depreciation	162,243,062	133,914,541	296,157,603
Total Assets	518,214,311	281,530,568	799,744,879
Deferred Outflows of Resources			
Deferred amount related to pensions	21,515,032	4,014,087	25,529,119
Deferred amount related to OPEB	3,320,742	1,205,452	4,526,194
Total Deferred Outflows of Resources	24,835,774	5,219,539	30,055,313
Liabilities			
Accounts payable	2,297,330	2,771,488	5,068,818
Accrued liabilities	2,445,589	249,911	2,695,500
Accrued interest	234,820	195,476	430,296
Unearned revenue	601,987	59,538	661,525
Deposits payable	1,154,273	2,586,423	3,740,696
Noncurrent liabilities:			
Due within one year	11,365,645	2,931,311	14,296,956
Due in more than one year	20,802,553	34,785,382	55,587,935
Net pension liability	98,885,736	20,271,999	119,157,735
Total OPEB liability	90,539,230	38,252,951	128,792,181
Total Liabilities	228,327,163	102,104,479	330,431,642
Deferred Inflows of Resources			
Deferred amount related to pensions	2,346,514	404,560	2,751,074
Deferred amount related to OPEB	1,560,182	536,702	2,096,884
Total Deferred Inflows of Resources	3,906,696	941,262	4,847,958
Net Position			
Net investment in capital assets	443,551,078	150,997,528	594,548,606
Restricted for:			
Quality of life	652,050	-	652,050
PEG fees	469,459	-	469,459
Public safety	2,078,824	-	2,078,824
Highway and streets	8,731,881	-	8,731,881
Capital projects	1,983,738	25,700,008	27,683,746
Debt service	1,382,648	462,600	1,845,248
Endowment - nonexpendable	30,200	-	30,200
Endowment - expendable	28,605	-	28,605
CFD Assessment	319,281	-	319,281
Unrestricted	(148,411,538)	6,544,230	(141,867,308)
Total Net Position	\$ 310,816,226	\$ 183,704,366	\$ 494,520,592

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ (16,210,304)	\$ 11,151,187	\$ 820,654	\$ 309,756
Public safety	(53,095,381)	2,711,769	577,288	264,020
Culture and recreation	(4,783,803)	310,780	347,342	247,719
Highway and streets	(10,183,231)	2,322,468	121,944	6,235,350
Library	(2,537,698)	131,338	-	26,890
Interest on long-term debt	(683,446)	-	-	-
Total Governmental Activities	(87,493,863)	16,627,542	1,867,228	7,083,735
Business-Type Activities:				
Water	(20,857,656)	28,053,989	-	2,720,997
Disposal	(16,162,875)	17,159,911	40,008	301,483
Wastewater	(9,926,236)	10,229,449	-	2,363,706
Groves	(849,678)	930,738	-	-
Non-potable water	(116,759)	528,296	-	64,631
Cemetery	(936,535)	555,256	-	-
Aviation	(617,285)	120,087	16,547	-
Total Business-Type Activities	(49,467,024)	57,577,726	56,555	5,450,817
Total Primary Government	\$ (136,960,887)	\$ 74,205,268	\$ 1,923,783	\$ 12,534,552

General revenues:

Taxes:

- Property taxes, levied for general purpose
- Sales taxes
- Franchise taxes
- Other taxes

Use of money and property

Other

Intergovernmental (unrestricted)

Transfers

Total general revenues and transfers

Change in net position

Net Position at Beginning of Year, as restated

Net position at End of Year

See accompanying notes to basic financial statements.

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,928,707)	\$ -	\$ (3,928,707)
(49,542,304)	-	(49,542,304)
(3,877,962)	-	(3,877,962)
(1,503,469)	-	(1,503,469)
(2,379,470)	-	(2,379,470)
(683,446)	-	(683,446)
<u>(61,915,358)</u>	<u>-</u>	<u>(61,915,358)</u>
-	9,917,330	9,917,330
-	1,338,527	1,338,527
-	2,666,919	2,666,919
-	81,060	81,060
-	476,168	476,168
-	(381,279)	(381,279)
-	(480,651)	(480,651)
-	<u>13,618,074</u>	<u>13,618,074</u>
<u>(61,915,358)</u>	<u>13,618,074</u>	<u>(48,297,284)</u>
31,833,632	85,928	31,919,560
18,838,445	-	18,838,445
2,221,789	-	2,221,789
2,061,674	-	2,061,674
2,421,036	3,310,733	5,731,769
1,498,562	1,770,702	3,269,264
187,586	-	187,586
2,943,934	(2,943,934)	-
<u>62,006,658</u>	<u>2,223,429</u>	<u>64,230,087</u>
91,300	15,841,503	15,932,803
310,724,926	167,862,863	478,587,789
<u>\$ 310,816,226</u>	<u>\$ 183,704,366</u>	<u>\$ 494,520,592</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

		Special Revenue Fund		
	General	Public Facilities Development	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 28,634,955	\$ 824,974	\$ 24,820,422	\$ 54,280,351
Cash and investments with fiscal agent	-	-	1,331,163	1,331,163
Receivables:				
Accounts	307,684	-	40,830	348,514
Taxes	4,597,347	-	583,900	5,181,247
Prepaid costs	210,180	-	325	210,505
Due from other governments	440,935	-	724,978	1,165,913
Due from other funds	479,703	-	-	479,703
Advances to other funds	8,497,474	-	93,157	8,590,631
Total Assets	\$ 43,168,278	\$ 824,974	\$ 27,594,775	\$ 71,588,027
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 1,130,990	\$ -	\$ 319,927	\$ 1,450,917
Accrued payroll	657,946	221	100,184	758,351
Unearned revenues	187,561	-	414,426	601,987
Deposits payable	839,624	-	314,649	1,154,273
Due to other funds	-	-	479,703	479,703
Advances from other funds	-	8,736,956	-	8,736,956
Total Liabilities	2,816,121	8,737,177	1,628,889	13,182,187
Deferred Inflows of Resources				
Unavailable revenue	704,640	-	718,607	1,423,247
Fund Balances				
Nonspendable	8,707,654	-	123,682	8,831,336
Restricted	1,104,848	-	14,541,638	15,646,486
Committed	8,285,676	-	9,738,292	18,023,968
Assigned	3,894,566	-	1,480,036	5,374,602
Unassigned	17,654,773	(7,912,203)	(636,369)	9,106,201
Total Fund Balance	39,647,517	(7,912,203)	25,247,279	56,982,593
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 43,168,278	\$ 824,974	\$ 27,594,775	\$ 71,588,027

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund Balances of Governmental Funds	\$ 56,982,593
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as current financial resources in governmental fund activity.	445,097,336
Long-term liabilities, net pension liability, total OPEB liability, and compensated absences have not been included in the governmental fund activity:	
Capital leases payable	\$ (631,571)
Taxable pension funding bonds	(10,015,991)
I-Bank Sports Park lease	(1,402,163)
Net pension liability	(94,327,645)
Total OPEB liability	(82,729,347)
Compensated absences	<u>(8,254,881)</u>
	(197,361,598)
Deferred outflows of resources related to OPEB	3,084,772
Deferred inflows of resources related to OPEB	(1,452,009)
Deferred outflows of resources related to pensions	20,647,460
Deferred inflows of resources related to pensions	(2,319,553)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(234,820)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.	1,423,247
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	<u>(15,051,202)</u>
Net Position of Governmental Activities	<u>\$ 310,816,226</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2019**

	General Fund	Special Revenue Fund Public Facilities Development	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 53,469,435	\$ -	\$ 2,719,408	\$ 56,188,843
Licenses and permits	7,290,395	590,102	1,482,949	9,363,446
Intergovernmental	466,716	-	3,823,666	4,290,382
Charges for services	9,375,173	-	537,105	9,912,278
Use of money and property	1,038,124	-	785,868	1,823,992
Miscellaneous	1,008,277	-	922,926	1,931,203
Total Revenues	72,648,120	590,102	10,271,922	83,510,144
Expenditures				
Current:				
General government	14,025,073	-	678,036	14,703,109
Public safety	40,063,983	-	5,450,101	45,514,084
Culture and recreation	3,184,684	-	102,055	3,286,739
Highway and streets	5,215,537	14,910	1,335,126	6,565,573
Library	2,158,580	-	-	2,158,580
Capital outlay	1,551,389	-	8,755,888	10,307,277
Debt service:				
Principal retirement	116,356	-	2,572,274	2,688,630
Interest and fiscal charges	20,568	19,453	625,220	665,241
Total Expenditures	66,336,170	34,363	19,518,700	85,889,233
Excess (deficiency) of revenues over (under) expenditures	6,311,950	555,739	(9,246,778)	(2,379,089)
Other Financing Sources (Uses)				
Transfers in	2,802,538	-	13,766,901	16,569,439
Transfers out	(5,423,914)	-	(8,101,171)	(13,525,085)
Proceeds from sale of property	222,313	-	30,300	252,613
Total Other Financing Sources (Uses)	(2,399,063)	-	5,696,030	3,296,967
Net change in fund balances	3,912,887	555,739	(3,550,748)	917,878
Fund Balances, Beginning of Year	35,734,630	(8,467,942)	28,798,027	56,064,715
Fund Balances, End of Year	\$ 39,647,517	\$ (7,912,203)	\$ 25,247,279	\$ 56,982,593

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2019**

Net Change in Fund Balances - Total Governmental Funds		\$ 917,878
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital projects (outlays) as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	\$ 10,307,277	
Expenditures classified in various functions are reclassified as capital additions	1,955,807	
Depreciation expense	<u>(7,705,188)</u>	4,557,896
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal repayments on capital leases	116,356	
Principal repayment of I-Bank Sports Park lease	57,274	
Principal repayments on taxable pension obligation bonds	2,515,000	
Accreted interest on taxable pension obligation bonds	<u>(78,921)</u>	2,609,709
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		60,716
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(354,558)
OPEB contributions are expenditures in the governmental funds, however OPEB expense is measured as the change in the total OPEB liability and related deferred outflows/inflows of resources.		(2,828,962)
Pension contributions are expenditures in the governmental funds, however pension expense is measured as the change in the net pension liability and amortization of deferred inflows and outflows in the statement of activities. This amount represents the net change in pension related amounts.		(5,338,082)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities.		670,433
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.		<u>(203,730)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 91,300</u></u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds			Other Enterprise Funds
	Water	Disposal	Wastewater	
Assets:				
Current:				
Cash and investments	\$ 42,991,316	\$ 16,093,121	\$ 32,230,240	\$ 7,362,291
Receivables:				
Accounts	4,486,371	2,384,789	1,367,594	143,872
Taxes	-	-	-	201
Prepaid costs	-	2,885	-	-
Due from other governments	-	-	-	41,254
Inventory	-	-	-	-
Total Current Assets	47,477,687	18,480,795	33,597,834	7,547,618
Noncurrent:				
Advances to other funds	1,201,359	908,610	-	-
Capital assets - net of accumulated depreciation	111,714,296	7,700,507	33,626,469	18,419,600
Cash and investments with fiscal agent	682,427	2,137,011	-	-
Total Noncurrent Assets	113,598,082	10,746,128	33,626,469	18,419,600
Total Assets	161,075,769	29,226,923	67,224,303	25,967,218
Deferred Outflows of Resources:				
Deferred outflows related to pensions	1,880,553	1,117,276	898,586	117,672
Deferred outflows related to OPEB	626,088	308,372	224,270	46,722
Total Deferred Outflows of Resources	2,506,641	1,425,648	1,122,856	164,394
Total Assets and Deferred Outflows of Resources	\$ 163,582,410	\$ 30,652,571	\$ 68,347,159	\$ 26,131,612
Liabilities, Deferred Inflows of Resources, and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 623,357	\$ 1,348,642	\$ 649,614	\$ 149,875
Accrued payroll	106,601	71,131	62,451	9,728
Interest payable	-	195,476	-	-
Unearned revenues	-	49,538	-	10,000
Deposits payable	1,569,035	37,850	13,260	966,278
Accrued compensated absences	285,527	151,501	159,875	20,256
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	386,047	1,613,333	314,772	-
Total Current Liabilities	2,970,567	3,467,471	1,199,972	1,156,137
Noncurrent:				
Advances from other funds	-	-	-	1,963,645
Accrued compensated absences	285,527	151,502	159,876	20,256
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	10,366,110	12,000,229	1,695,908	-
Total OPEB liability	19,008,695	9,865,598	8,136,136	1,242,522
Net pension liability	9,007,402	5,898,972	4,744,338	621,287
Landfill closure	-	10,105,974	-	-
Total Noncurrent Liabilities	38,667,734	38,022,275	14,736,258	3,847,710
Total Liabilities	41,638,301	41,489,746	15,936,230	5,003,847
Deferred Inflows of Resources:				
Deferred inflows related to pensions	201,759	49,601	133,511	19,689
Deferred inflows related to OPEB	278,752	137,296	99,852	20,802
Total Deferred Inflows of Resources	480,511	186,897	233,363	40,491
Net Position:				
Net investment in capital assets	100,962,139	-	31,615,789	18,419,600
Restricted for capital projects	5,000,000	9,062,190	10,995,517	642,301
Restricted for debt service	462,600	-	-	-
Unrestricted	15,038,859	(20,086,262)	9,566,260	2,025,373
Total Net Position	121,463,598	(11,024,072)	52,177,566	21,087,274
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 163,582,410	\$ 30,652,571	\$ 68,347,159	\$ 26,131,612

See accompanying notes to basic financial statements.

Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Totals	
\$ 98,676,968	\$ 10,009,512
8,382,626	141,115
201	-
2,885	13,060
41,254	-
-	94,443
<u>107,103,934</u>	<u>10,258,130</u>
2,109,969	-
171,460,872	487,477
2,819,438	-
<u>176,390,279</u>	<u>487,477</u>
<u>283,494,213</u>	<u>10,745,607</u>
4,014,087	867,572
1,205,452	235,970
<u>5,219,539</u>	<u>1,103,542</u>
<u>\$ 288,713,752</u>	<u>\$ 11,849,149</u>
\$ 2,771,488	\$ 846,413
249,911	1,687,238
195,476	-
59,538	-
2,586,423	-
617,159	226,622
-	5,705,174
2,314,152	-
<u>8,794,147</u>	<u>8,465,447</u>
1,963,645	-
617,161	226,622
-	5,705,174
24,062,247	-
38,252,951	7,809,883
20,271,999	4,558,091
10,105,974	-
<u>95,273,977</u>	<u>18,299,770</u>
<u>104,068,124</u>	<u>26,765,217</u>
404,560	26,961
536,702	108,173
<u>941,262</u>	<u>135,134</u>
150,997,528	487,477
25,700,008	-
462,600	-
6,544,230	(15,538,679)
<u>183,704,366</u>	<u>(15,051,202)</u>
<u>\$ 288,713,752</u>	<u>\$ 11,849,149</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds			
	Water	Disposal	Wastewater	Other Enterprise Funds
Operating Revenues:				
Sales and service charges	\$ 28,053,989	\$ 17,159,911	\$ 10,229,449	\$ 2,134,377
Miscellaneous	57,677	-	76,616	569,976
Total Operating Revenues	28,111,666	17,159,911	10,306,065	2,704,353
Operating Expenses:				
Personnel services	6,598,103	5,045,973	3,819,240	687,988
Administrative and contractual services	9,371,234	8,729,161	3,688,677	1,429,658
Supplies	1,185,937	743,539	883,021	82,892
Premiums paid out	-	-	-	-
Depreciation expense	3,423,635	1,088,370	1,535,298	271,001
Total Operating Expenses	20,578,909	15,607,043	9,926,236	2,471,539
Operating Income (Loss):	7,532,757	1,552,868	379,829	232,814
Nonoperating Revenues (Expenses):				
Interest revenue	1,321,652	790,561	960,021	238,499
Interest expense	(278,612)	(555,832)	-	(48,718)
Miscellaneous income	147,628	6,041	15	912,749
Miscellaneous expense	(135)	-	-	-
Property taxes	-	-	-	85,928
Grants	-	40,008	-	16,547
Total Nonoperating Revenues (Expenses):	1,190,533	280,778	960,036	1,205,005
Income (Loss) Before Transfers and Contributions	8,723,290	1,833,646	1,339,865	1,437,819
Transfers in	32,033	-	-	1,566,486
Transfers out	(1,111,165)	(1,973,061)	(86,910)	(1,371,317)
Contributions	2,720,997	301,483	2,363,706	64,631
Change in Net Position	10,365,155	162,068	3,616,661	1,697,619
Net Position/(Deficit):				
Beginning of Year	111,098,443	(11,186,140)	48,560,905	19,389,655
End of Year	\$ 121,463,598	\$ (11,024,072)	\$ 52,177,566	\$ 21,087,274

See accompanying notes to basic financial statements.

Business-Type Activities - Enterprise Funds <u>Totals</u>	Governmental Activities - Internal Service Funds <u></u>
\$ 57,577,726	\$ 14,745,800
704,269	581,990
<u>58,281,995</u>	<u>15,327,790</u>
16,151,304	3,748,403
23,218,730	8,094,038
2,895,389	2,867,665
-	795,987
6,318,304	133,045
<u>48,583,727</u>	<u>15,639,138</u>
<u>9,698,268</u>	<u>(311,348)</u>
3,310,733	208,038
(883,162)	-
1,066,433	-
(135)	-
85,928	-
56,555	-
<u>3,636,352</u>	<u>208,038</u>
13,334,620	(103,310)
1,598,519	1,861,476
(4,542,453)	(1,961,896)
5,450,817	-
15,841,503	(203,730)
<u>167,862,863</u>	<u>(14,847,472)</u>
<u>\$ 183,704,366</u>	<u>\$ (15,051,202)</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds			
	Water	Disposal	Wastewater	Other Enterprise Funds
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 28,272,243	\$ 16,834,029	\$ 10,244,474	\$ 3,562,296
Cash paid to suppliers for goods and services	(11,982,501)	(6,746,660)	(4,204,917)	(1,460,014)
Cash payments for claims	-	-	-	-
Cash paid to employees for services	(5,375,213)	(4,327,059)	(3,255,964)	(598,025)
Net Cash Provided (Used) by Operating Activities	10,914,529	5,760,310	2,783,593	1,504,257
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	14,405,866	7,272,150	969,793	1,566,486
Cash transfers out	(15,484,997)	(9,245,211)	(1,056,703)	(1,371,317)
Advances to other funds	33,492	23,397	-	-
Advances from other funds	-	-	-	(250,574)
Intergovernmental	-	-	-	85,928
Grants received	-	40,008	-	343,704
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,045,639)	(1,907,656)	(86,910)	374,227
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(5,321,034)	(1,770,636)	(244,660)	(367,418)
Principal paid on long term debt	(758,223)	(1,718,654)	(307,095)	-
Interest paid on debt	(278,612)	(580,529)	-	(48,718)
Cash contributions received from developers	2,720,997	301,483	2,363,706	1,064,504
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,636,872)	(3,768,336)	1,811,951	648,368
Cash Flows from Investing Activities:				
Interest received	1,321,652	790,549	960,017	238,497
Net Increase (Decrease) in Cash and Cash Equivalents	7,553,670	874,867	5,468,651	2,765,349
Cash and Cash Equivalents at Beginning of Year	36,120,073	17,355,265	26,761,589	4,596,942
Cash and Cash Equivalents at End of Year	\$ 43,673,743	\$ 18,230,132	\$ 32,230,240	\$ 7,362,291

See accompanying notes to basic financial statements.

Business-Type Activities - Enterprise Funds Totals	Governmental Activities - Internal Service Funds
\$ 58,913,042	\$ 15,220,797
(24,394,092)	(7,332,627)
-	(3,350,608)
<u>(13,556,261)</u>	<u>(3,181,065)</u>
20,962,689	1,356,497
24,214,295	1,861,475
(27,158,228)	(1,961,897)
58,889	-
(250,574)	-
85,928	-
<u>383,712</u>	<u>-</u>
<u>(2,665,978)</u>	<u>(100,422)</u>
(7,703,748)	(355,586)
(2,783,972)	-
(907,859)	-
<u>6,450,690</u>	<u>-</u>
<u>(4,944,889)</u>	<u>(355,586)</u>
3,310,715	208,037
16,662,537	1,108,526
<u>84,833,869</u>	<u>8,900,986</u>
<u>\$ 101,496,406</u>	<u>\$ 10,009,512</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUNDS
 FOR THE YEAR ENDING JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds			Other Enterprise Funds
	Water	Disposal	Sewer	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 7,532,757	\$ 1,552,868	\$ 379,829	\$ 232,814
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	3,423,635	1,088,370	1,535,298	271,001
(Increase) decrease in accounts receivable	(119,187)	(282,182)	(61,171)	853,234
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expense	-	(2,885)	-	-
(Increase) decrease in deferred outflows	604,687	399,155	321,761	41,599
Increase (decrease) in deferred inflows	323,438	-	123,389	23,884
Increase (decrease) in accounts payable	(1,425,330)	800,958	366,781	31,527
Increase (decrease) in accrued payroll	13,980	11,805	15,286	1,586
Increase (decrease) in deposits payable	279,764	(8,595)	(420)	16,142
Increase (decrease) in unearned revenue	-	(35,105)	-	9,576
Increase (decrease) in net pension liability	(50,260)	133,547	(26,473)	(3,466)
Increase (decrease) in total OPEB liability	283,704	139,735	101,625	21,172
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	47,341	34,672	27,688	5,188
Increase (decrease) in landfill closure liability	-	1,927,967	-	-
Total Adjustments	3,381,772	4,207,442	2,403,764	1,271,443
Net Cash Provided (Used) by Operating Activities	\$ 10,914,529	\$ 5,760,310	\$ 2,783,593	\$ 1,504,257
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of premiums on debt	\$ -	\$ 182,991	\$ -	\$ -

See accompanying notes to basic financial statements.

<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 9,698,268	\$ (311,348)
6,318,304	133,045
390,694	(127,482)
-	(8,166)
(2,885)	6,834
1,367,202	308,279
470,711	130,786
(226,064)	390,267
42,657	26,305
286,891	-
(25,529)	-
53,348	(25,431)
546,236	110,093
-	699,569
114,889	23,746
<u>1,927,967</u>	<u>-</u>
<u>11,264,421</u>	<u>1,667,845</u>
<u>\$ 20,962,689</u>	<u>\$ 1,356,497</u>
<u>\$ 182,991</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	Agency Funds	Private-Purpose Trust Fund Successor Agency of the Former RDA
	<u> </u>	<u> </u>
Assets:		
Cash and investments	\$ 5,715,659	\$ 3,297,057
Cash and investments with fiscal agents	2,889,504	1,589
Interest receivable	672,962	-
Total Assets	<u>\$ 9,278,125</u>	<u>3,298,646</u>
Deferred Outflows of Resources:		
Deferred charge on refunding		<u>279,039</u>
Liabilities:		
Accounts payable	\$ 667,812	3,919
Accrued payroll	-	2,740
Accrued interest	-	145,901
Deposits payable	8,610,313	-
Long-term liabilities:		
Due within one year	-	2,240,000
Due in more than one year	-	7,837,120
Total Liabilities	<u>\$ 9,278,125</u>	<u>10,229,680</u>
Net Position:		
Held in trust for other purposes		<u>\$ (6,651,995)</u>

See accompanying notes to basic financial statements.

CITY OF REDLANDS, CALIFORNIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2019**

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions:	
Taxes	\$ 2,590,023
Interest and change in fair value of investments	273,678
Total Additions	<u>2,863,701</u>
Deductions:	
Administrative expenses	250,000
Contractual services	8,671
Interest expense	447,114
Loss on disposal of capital assets	2,750,178
Total Deductions	<u>3,455,963</u>
Change in Net Position	(592,262)
Net Position/(Deficit), Beginning of Year	<u>(6,059,733)</u>
Net Position/(Deficit), End of Year	<u><u>\$ (6,651,995)</u></u>

See accompanying notes to basic financial statements.

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CITY OF REDLANDS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Blended Component Units

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

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

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

Related Organizations

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

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

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Funds

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

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

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

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

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

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Proprietary and Fiduciary Funds

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

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

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

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

C. Fund Classification

The City utilizes the following broad categories of funds:

Major Funds

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Classification (Continued)

General Fund

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

Public Facilities Development

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

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

Water Fund

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

Disposal Fund

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

Wastewater Fund

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

Additionally, the government reports the following fund types:

Special Revenue

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

Capital Project

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

Debt Service Funds

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Classification (Continued)

Internal Service Funds

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

Permanent Fund

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

Agency Funds

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

Private-Purpose Trust Fund

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

D. Investments

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

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

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents

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

F. Capital Assets

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

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

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

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

G. Deferred Outflows/Inflows of Resources

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Deferred Outflows/Inflows of Resources (Continued)

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

H. Encumbrances

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

I. Fund Equity

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

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

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

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

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Fund Equity (Continued)

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, 2019, is \$8,285,676 and is included in committed fund balance. These funds may be used only when the City is faced with an unforeseen or uncontrollable event which includes but is not limited to:

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

J. Inventory

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

K. Compensated Absences

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Cash and Investments with Fiscal Agent

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

M. Property Taxes

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

N. Bond Premiums and Discounts

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

O. Use of Estimates

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

P. Pension Plans

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

CITY OF REDLANDS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. New Accounting Standards

Effective in Future Fiscal Years

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2018. The City has not determined the effect on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after December 15, 2019. The City has not determined the effect on the financial statements.

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. 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City has not determined its effect on the financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City has not determined its effect on the financial statements.

GASB Statement No. 91 – In May 2019, the 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. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The City has not determined the effect of this statement on the financial statements.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 162,966,831
Cash and investments with fiscal agent	4,150,601
Fiduciary funds:	
Cash and investments	9,012,716
Cash and investments with fiscal agent	2,891,093
Total cash and investments	\$ 179,021,241

Cash and investments as of June 30, 2019, consists of the following:

Cash on hand	\$ 5,100,009
Investments	173,921,232
Total cash and investments	\$ 179,021,241

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

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

Investment Types Authorized by State Law	Authorized By Investment Policy	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
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
Medium-Term Notes	Yes	5 years	15%	15%
Mutual Funds	Yes	N/A	10%	10%
Money Market Mutual Funds	Yes	N/A	10%	10%
LAIF	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

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:

Investment Type	Total	Remaining Maturity (in Months)				
		12 Months Or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	49 to 60 Months
Federal Agency Securities	\$ 69,880,555	\$ 12,975,870	\$ 18,067,910	\$ 19,748,554	\$ 8,003,430	\$ 11,084,791
U.S. Treasury Notes	9,002,080	2,981,100	992,620	2,010,080	2,032,810	985,470
Corporate Bonds	24,027,016	8,027,160	6,805,914	7,166,982	2,026,960	-
Certificates of Deposit	18,801,255	4,646,315	3,464,156	3,946,734	3,482,022	3,262,028
Mutual Funds	549,694	549,694	-	-	-	-
Money Market Funds	12,629,485	12,629,485	-	-	-	-
LAIF	29,083,635	29,083,635	-	-	-	-
Held by Fiscal Agent:						
U.S. Treasury Notes	1,771,045	436,654	869,685	7,955	456,751	-
Corporate Bonds	1,783,425	-	-	-	1,783,425	-
Money Market Funds	6,393,042	6,393,042	-	-	-	-
Total	173,921,232	\$ 77,722,955	\$ 30,200,285	\$ 32,880,305	\$ 17,785,398	\$ 15,332,289

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rate of Year End	
				AAA/Aa	Not Rated
Federal Agency Securities	\$ 69,880,555	N/A	\$ -	\$ 69,880,555	\$ -
U.S. Treasury Notes	9,002,080	N/A	9,002,080	-	-
Corporate Bonds	24,027,016	A	-	24,027,016	-
Certificates of Deposit	18,801,255	N/A	-	-	18,801,255
Mutual Funds	549,694	A	-	549,694	-
Money Market Funds	12,629,485	-	-	12,629,485	-
LAIF	29,083,635	N/A	-	-	29,083,635
Held by Fiscal Agent:					
U.S. Treasury Notes	1,771,045	N/A	1,771,045	-	-
Corporate Bonds	1,783,425	A	-	1,783,425	-
Money Market Funds	6,393,042	N/A	-	6,393,042	-
Total	\$ 173,921,232		\$ 10,773,125	\$ 115,263,217	\$ 47,884,890

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation (FHLMC)	Federal agency securities	\$ 30,069,801
Federal National Mortgage Association (FNMA)	Federal agency securities	8,959,470
Federal Home Loan Bank (FHLB)	Federal agency securities	18,498,016
Federal Farm Credit Bank (FFCB)	Federal agency securities	8,994,760

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

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

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

Investment in State Investment Pool

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement

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

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

The City has the following recurring fair value measurements as of June 30, 2019:

Investment Type	Totals	Level	
		1	2
Federal Agency Securities	\$ 69,880,555	\$ -	\$ 69,880,555
U.S. Treasury Notes	10,773,125	10,773,125	-
Corporate Bonds	25,810,441	-	25,810,441
Certificates of Deposit	18,801,255	-	18,801,255
Mutual Funds	549,694	549,694	-
Total leveled investments		<u>\$ 11,322,819</u>	<u>\$ 114,492,251</u>
Uncategorized investments			
LAIF	29,083,635		
Money Market Funds	19,022,527		
Total Investments	<u>\$ 173,921,232</u>		

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Due To/From Other Funds

As of June 30, 2019, the City had the following due to/from other funds:

Funds	Due to other funds Nonmajor Governmental Funds
Due from other funds:	
General Fund	<u>\$ 479,703</u>

The due to/from other fund balances reflect short-term borrowings to cover negative cash balances at June 30, 2019.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

B. Advances To/From Other Funds

As of June 30, 2019, advances to/from other funds were as follows:

Funds	Advances from other funds		Total
	Public Facilities Fund	Nonmajor Proprietary Funds	
Advances to other funds:			
General Fund	\$ 8,497,474	\$ -	\$ 8,497,474
Nonmajor governmental funds	93,157	-	93,157
Water fund	146,324	1,055,035	1,201,359
Disposal fund	-	908,610	908,610
Total	\$ 8,736,955	\$ 1,963,645	\$ 10,700,600

The General Fund has advanced the Public Facilities Development Fund \$8,497,474 to provide funding for capital expenditures and debt service for capital facilities. The balance will be repaid through future development impact fee collections. Additional advances were made to the Public Facilities Fund to assist in debt service payments on the COP's. At June 30, 2019, these advances were from the Storm Drain Construction Fund for \$93,157, and the Water Fund for \$146,324.

The Water Fund and Disposal Fund advanced the Cemetery and Aviation Funds a total of \$1,963,645 to provide funding for capital expenditures.

C. Transfers In/Out:

Transfers in and out for the year ended June 30, 2019, were as follows:

Funds	Transfers Out							Total
	General Fund	Nonmajor Governmental Funds	Water	Disposal	Wastewater	Nonmajor Enterprise Funds	Internal Service Funds	
Transfers In:								
General Fund	\$ -	\$ 1,653,016	\$ 972,522	\$ 64,689	\$ 21,114	\$ 2,557	\$ 88,640	\$ 2,802,538
Nonmajor Governmental Funds	4,010,887	4,878,174	102,412	1,880,660	17,088	1,025,000	1,852,680	13,766,901
Water Fund	4,296	-	-	-	27,737	-	-	32,033
Nonmajor Enterprise Funds	-	1,566,486	-	-	-	-	-	1,566,486
Internal Service Funds	1,408,731	3,495	36,231	27,712	20,971	343,760	20,576	1,861,476
Total	\$ 5,423,914	\$ 8,101,171	\$ 1,111,165	\$ 1,973,061	\$ 86,910	\$ 1,371,317	\$ 1,961,896	\$ 20,029,434

Interfund transfers were used for operations, road impacts, capital asset transfers, deficit repayment and debt payments.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – CAPITAL ASSETS

	Beginning Balance, as restated	Additions	Deletions	Ending Balance
Government activities:				
Capital assets not being depreciated:				
Land	\$ 32,858,122	\$ 1,540,542	\$ (87,921)	\$ 34,310,743
Water rights	408,125	-	-	408,125
Right of way	247,241,709	788,278	-	248,029,987
Construction in progress	227,452	538,278	(172,835)	592,895
Total capital assets not being depreciated	<u>280,735,408</u>	<u>2,867,098</u>	<u>(260,756)</u>	<u>283,341,750</u>
Capital assets being depreciated:				
Infrastructure	229,015,281	9,468,511	(2,134,593)	236,349,199
Buildings and improvements	33,182,818	1,234,054	-	34,416,872
Machinery, equipment and vehicles	19,186,734	941,425	(1,286,111)	18,842,048
Total capital assets being depreciated	<u>281,384,833</u>	<u>11,643,990</u>	<u>(3,420,704)</u>	<u>289,608,119</u>
Less accumulated depreciation:				
Infrastructure	(90,507,379)	(4,891,800)	589,690	(94,809,489)
Buildings and improvements	(15,113,466)	(1,691,190)	-	(16,804,656)
Machinery, equipment and vehicles	(15,695,020)	(1,255,243)	1,199,351	(15,750,912)
Total accumulated depreciation	<u>(121,315,865)</u>	<u>(7,838,233)</u>	<u>1,789,041</u>	<u>(127,365,057)</u>
Total capital assets being depreciated, net	<u>160,068,968</u>	<u>3,805,757</u>	<u>(1,631,663)</u>	<u>162,243,062</u>
Governmental activities:				
Capital Assets, Net	<u>\$ 440,804,376</u>	<u>\$ 6,672,855</u>	<u>\$ (1,892,419)</u>	<u>\$ 445,584,812</u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 28,326,013	\$ -	\$ (1,052,744)	\$ 27,273,269
Water rights	9,881,460	-	-	9,881,460
Construction in progress	1,852,151	353,618	(1,814,167)	391,602
Total capital assets not being depreciated	<u>40,059,624</u>	<u>353,618</u>	<u>(2,866,911)</u>	<u>37,546,331</u>
Capital assets being depreciated:				
Infrastructure	171,862,654	6,858,086	(208,875)	178,511,865
Buildings and improvements	104,054,079	230,056	-	104,284,135
Machinery, equipment and vehicles	17,832,821	2,197,769	(821,252)	19,209,338
Total capital assets being depreciated	<u>293,749,554</u>	<u>9,285,911</u>	<u>(1,030,127)</u>	<u>302,005,338</u>
Less accumulated depreciation:				
Infrastructure	(77,257,314)	(3,113,376)	196,868	(80,173,822)
Buildings and improvements	(69,722,858)	(2,181,686)	-	(71,904,544)
Machinery, equipment and vehicles	(15,753,706)	(1,023,242)	764,517	(16,012,431)
Total accumulated depreciation	<u>(162,733,878)</u>	<u>(6,318,304)</u>	<u>961,385</u>	<u>(168,090,797)</u>
Total capital assets being depreciated, net	<u>131,015,676</u>	<u>2,967,607</u>	<u>(68,742)</u>	<u>133,914,541</u>
Business-type activities:				
Capital Assets, Net	<u>\$ 171,075,300</u>	<u>\$ 3,321,225</u>	<u>\$ (2,935,653)</u>	<u>\$ 171,460,872</u>

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

	Governmental Activities	Business-Type Activities
General government	\$ 316,168	\$ -
Public safety	1,039,164	-
Highway and streets	5,158,803	-
Culture and recreation	1,191,053	-
Water	-	3,423,635
Disposal	-	1,088,370
Wastewater	-	1,535,298
Nonmajor proprietary funds	-	271,001
Internal service	133,045	-
Total	<u>\$ 7,838,233</u>	<u>\$ 6,318,304</u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – LONG-TERM LIABILITIES

Governmental Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Amount Due within One year
Compensated absences	\$ 8,324,134	\$ 4,550,576	\$ 4,166,583	\$ 8,708,127	\$ 4,261,837
Claims payable	10,716,466	2,108,263	1,414,381	11,410,348	5,705,174
2007 Series Taxable Pension					
Funding Bonds	12,950,000	-	2,515,000	10,435,000	1,220,000
Less: (accrued interest)	(497,930)	-	(78,919)	(419,011)	-
Capital leases payable	747,927	-	116,356	631,571	119,555
I-Bank Sports Park Lease	1,459,437	-	57,274	1,402,163	59,079
Total Governmental Activities Long-term Liabilities	\$ 33,700,034	\$ 6,658,839	\$ 8,190,675	\$ 32,168,198	\$ 11,365,645

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities of the internal service funds are included in governmental activities in the statement of net position. At year end, \$4,261,837 in compensated absences are included in governmental activities. For the governmental activities, compensated absences are generally liquidated by the General Fund.

Capital Leases Payable

The City has entered into lease agreements for various equipment purchases. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The assets acquired under capital leases are classified as machinery, equipment and vehicles. The total cost was \$3,104,363. The outstanding balance at June 30, 2019, is \$631,571.

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

Year Ending June 30,	
2020	\$ 136,924
2021	136,924
2022	136,924
2023	136,924
2024	136,924
Total minimum lease payments	684,620
Less: Amount representing interest	(53,049)
Total Minimum Lease Payments	\$ 631,571

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

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, 2019, is \$10,435,000.

The annual debt service requirements are as follows:

Year Ending June 30,	2007 Taxable Pension Funding Bonds	
	Principal	Interest
2020	\$ 1,220,000	\$ 473,488
2021	1,345,000	406,058
2022	1,480,000	331,692
2023	1,620,000	250,097
2024	185,000	207,455
2025-2029	1,160,000	1,034,621
2030-2034	1,805,000	767,408
2035-2037	1,620,000	149,321
	10,435,000	
Less unaccreted interest	(419,011)	
Totals	\$ 10,015,989	\$ 3,620,140

I-Bank Sports Park Lease Payable

On December 1, 2006, the City entered into this agreement for the purpose of obtaining additional funds to complete the Sports Park project. The City has agreed to pay the amount over thirty years commencing on the date of the lease, which carries an annual interest rate of 3.15 percent with principal and interest payments due every six months starting August 1, 2007, and the final payment to be made on August 1, 2036. The City pledged the Community Center to obtain this loan with I-Bank. At June 30, 2019, the outstanding balance of the I-Bank Sports Park lease payable balance was \$1,402,163.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 59,079
2021	60,940
2022	62,859
2023	64,839
2024	66,882
2025-2029	367,369
2030-2034	428,991
2035-2037	291,204
Total	\$ 1,402,163

Business-Type Activities

The following is a summary of changes in business-type long-term liabilities for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Amount Due within One year
Compensated absences	\$ 1,119,431	\$ 1,361,545	\$ 1,246,656	\$ 1,234,320	\$ 617,159
Landfill closure	8,178,007	1,927,967	-	10,105,974	-
Revenue Bonds:					
2013A Solid Waste Revenue	8,820,000	-	1,290,000	7,530,000	1,360,000
Add: unamortized premium	900,331	-	182,994	717,337	-
Total	<u>19,017,769</u>	<u>3,289,512</u>	<u>2,719,650</u>	<u>19,587,631</u>	<u>1,977,159</u>
Notes payable:					
California Recycled Water Project	2,317,775	-	307,095	2,010,680	314,772
Safe Drinking Water Project	2,942,191	-	316,714	2,625,477	161,141
I-Bank Solid Waste	2,699,480	-	123,944	2,575,536	127,674
I-Bank City Streets	2,912,405	-	121,716	2,790,689	125,659
Hinckley Water Treatment Plant Upgrade	8,568,189	-	441,509	8,126,680	224,906
Total notes payable	<u>19,440,040</u>	<u>-</u>	<u>1,310,978</u>	<u>18,129,062</u>	<u>954,152</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 38,457,809</u>	<u>\$ 3,289,512</u>	<u>\$ 4,030,628</u>	<u>\$ 37,716,693</u>	<u>\$ 2,931,311</u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

2012A Wastewater Refunding Revenue Bonds

Wastewater Refunding Revenue Bonds 2012 Series A (issue amount of \$4,655,000), consists of serial bonds with varying interest rates from 2 percent to 4 percent. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually September 1, 2013 through September 1, 2017. The revenues of the Wastewater Fund are pledged as security toward the payment of this debt. The net proceeds were used to refinance the 1999A Wastewater Refunding Revenue Bonds. During the year, the City made the final debt service payment on the Bonds.

2013A Solid Waste Revenue Bonds

The \$13,500,000 of Solid Waste Revenue Bonds, issue of 2013, Series A, consists of serial bonds with varying interest rates from 3 percent to 5 percent. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually September 1, 2014 through September 1, 2023. The revenues of the Disposal Fund are pledged as security toward the payment of this debt. The proceeds were used to finance a portion of the cost of acquisition and construction of street improvements within the City of Redlands. The amount outstanding at June 30, 2019, was \$7,530,000 with an unamortized premium of \$717,337.

The annual debt service requirements are as follows:

Year Ending June 30,	2013A Solid Waste Revenue Refunding Bonds	
	Principal	Interest
2020	\$ 1,360,000	\$ 342,500
2021	1,430,000	272,750
2022	1,500,000	199,500
2023	1,580,000	122,500
2024	1,660,000	41,500
Totals	<u>\$ 7,530,000</u>	<u>\$ 978,750</u>

Pledged Revenues

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

Bond Issuance	Anticipated Net Revenue %	Annual Net Revenues	Annual Debt Service Requirements	Ratio of Net Revenue to Annual Debt Service	Remaining Debt Service Requirements
2013A Solid Waste	110%	\$ 3,855,869	\$ 1,698,750	227%	\$ 8,508,750

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

Notes Payable

California Recycled Water Project

On September 2, 2003, the City entered into a loan agreement with the California Water Resources Control Board in the amount of \$7,918,234 to assist in financing the construction of advanced wastewater treatment facilities at the existing wastewater treatment plant. The note carries an annual interest rate of 2.5 percent with principal and interest payments due annually starting November 30, 2005. The amount outstanding at June 30, 2019, was \$2,010,680.

The annual debt service requirements are as follows:

Year Ending June 30,	California Recycled Water Project	
	Principal	Interest
2020	\$ 314,772	\$ 50,267
2021	322,641	42,398
2022	330,707	34,332
2023	338,975	26,064
2024	347,449	17,590
2025	356,136	8,903
Totals	\$ 2,010,680	\$ 179,554

Safe Drinking Water Project

On January 30, 2004, the City entered into a loan agreement with the State of California, Department of Water Resources in the amount of \$1,664,876 to assist in financing construction of a project which will enable the City to meet safe drinking water standards. As of June 30, 2006, the loan had been increased to \$6,100,844. The note carries an annual interest rate of 2.34 percent with principal and interest payments due every six months starting January 1, 2006. At June 30, 2019, the City has \$2,625,477 in outstanding principal.

The annual debt service requirements are as follows:

Year Ending June 30,	Safe Drinking Water Project	
	Principal	Interest
2020	\$ 324,168	\$ 59,551
2021	331,798	51,921
2022	339,607	44,111
2023	347,600	36,118
2024	355,782	27,937
2025	926,522	32,773
Totals	\$ 2,625,477	\$ 252,411

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

Hinckley Water Treatment Plant Upgrade

On June 21, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Hinckley water treatment plant upgrade. The City may borrow up to \$13,663,033 or the eligible costs of the project, whichever is less. The loan has an interest rate of 2.5017 percent with maturities through 2034. Principal and interest is due every six months starting January 1, 2011. The outstanding balance at June 30, 2019, is \$8,126,680.

The annual debt service requirements are as follows:

Year Ending June 30,	Hinckley Water Treatment Plant Upgrade	
	Principal	Interest
2020	\$ 452,624	\$ 200,492
2021	464,018	189,098
2022	475,699	177,417
2023	487,674	165,442
2024	499,951	153,165
2025-2029	2,694,993	570,587
2030-2034	3,051,721	213,862
Totals	<u>\$ 8,126,680</u>	<u>\$ 1,670,063</u>

I-Bank Solid Waste

On March 2, 2015, the City entered into an agreement for the purpose of obtaining additional funds to complete the Solid Waste project. The City has agreed to pay the amount over twenty years commencing on the date of the loan, which carries an annual interest rate of 3.01 percent with principal and interest payments due every six months starting August 1, 2015. At June 30, 2019, the outstanding balance of the loan was \$2,575,536.

The annual debt service requirements are as follows:

Year Ending June 30,	I-Bank Solid Waste	
	Principal	Interest
2020	\$ 127,674	\$ 75,602
2021	131,517	71,701
2022	135,475	67,683
2023	139,553	63,544
2024	143,754	59,280
2025-2029	786,338	227,815
2030-2034	912,024	100,237
2035	199,201	2,998
Totals	<u>\$ 2,575,536</u>	<u>\$ 668,860</u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

I-Bank City Streets

On July 1, 2016, the City entered into an agreement for the purpose of obtaining funds for the City Streets project. The City has agreed to pay the amount over twenty years commencing on the date of the loan, which carries an annual interest rate of 3.24 percent with principal and interest payments due every six months starting August 1, 2018. At June 30, 2019, the outstanding balance of the loan was \$2,790,689.

The annual debt service requirements are as follows:

Year Ending June 30,	I-Bank City Streets	
	Principal	Interest
2020	\$ 125,659	\$ 88,383
2021	129,730	84,245
2022	133,933	79,974
2023	138,273	75,564
2024	142,753	71,012
2025-2029	786,213	281,436
2030-2034	922,105	143,343
2035-2036	412,023	13,456
Totals	<u>\$ 2,790,689</u>	<u>\$ 837,413</u>

NOTE 6 – CLAIMS PAYABLE

On June 30, 2019, and throughout 2017-2018, the City was self-insured for the first \$1,000,000 per occurrence for commercial general liability and automobile liability. The City purchased excess liability insurance to provide additional coverage of \$10,000,000 per occurrence with a \$10,000,000 aggregate. The City also purchased airport liability insurance including commercial general liability, personal & advertising injury, products completed, and hanger keepers limit in a single limit liability amount of \$10,000,000 per occurrence. For workers' compensation and employer's liability, the City was self-insured for \$1,000,000 per occurrence with excess coverage of \$25,000,000 for worker's compensation per occurrence with a \$25,000,000 aggregate, and \$1,000,000 for employer's liability per occurrence.

At June 30, 2019, \$2,266,000 and \$9,144,348 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, 2019, 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.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 – CLAIMS PAYABLE (CONTINUED)

Reconciliation of the changes in the City’s aggregate liabilities for the year ended June 30, 2019, is as follows:

2018-2019	Beginning of Year	Claims and Changes in Estimate	Claim Payments	End of Year
Liability claims	\$ 1,872,000	\$ 879,149	\$ (485,149)	\$ 2,266,000
Workers' compensation	8,844,466	1,229,113	(929,231)	9,144,348
Total	<u>\$ 10,716,466</u>	<u>\$ 2,108,262</u>	<u>\$ (1,414,380)</u>	<u>\$ 11,410,348</u>

2017-2018	Beginning of Year	Claims and Changes in Estimate	Claim Payments	End of Year
Liability claims	\$ 6,478,383	\$ (1,124,465)	\$ (3,481,918)	\$ 1,872,000
Workers' compensation	8,113,177	1,598,687	(867,398)	8,844,466
Total	<u>\$ 14,591,560</u>	<u>\$ 474,222</u>	<u>\$ (4,349,316)</u>	<u>\$ 10,716,466</u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – FUND BALANCE AND NET POSITION

A. Fund Balance Classifications

At June 30, 2019, the City reports the following fund balance classifications:

	General	Public Facilities Development	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable				
Prepaid costs	\$ 210,180	\$ -	\$ 325	\$ 210,505
Corpus of endowment	-	-	30,200	30,200
Advances to other funds	8,497,474	-	93,157	8,590,631
Restricted				
Donations	635,389	-	16,661	652,050
PEG fees	469,459	-	-	469,459
Public safety	-	-	723,147	723,147
Police programs and equipment	-	-	1,355,677	1,355,677
Street reconstruction/improvement projects	-	-	8,731,881	8,731,881
Debt service	-	-	1,382,648	1,382,648
Storm drain improvements	-	-	1,983,738	1,983,738
Endowment	-	-	28,605	28,605
CFD assessment	-	-	319,281	319,281
Committed				
Stabilization agreement	8,285,676	-	-	8,285,676
Park and open space acquisition/improvement	-	-	1,983,548	1,983,548
Downtown Redlands Business Association	-	-	17,323	17,323
Street reconstruction/improvement projects	-	-	7,737,421	7,737,421
Assigned				
Public works	858,798	-	-	858,798
Capital projects	3,035,768	-	1,480,036	4,515,804
Unassigned	17,654,773	(7,912,203)	(636,369)	9,106,201
Total Fund Balances	<u>\$ 39,647,517</u>	<u>\$ (7,912,203)</u>	<u>\$ 25,247,279</u>	<u>\$ 56,982,593</u>

A net deficit of \$7,912,203 exists in the Public Facilities Development fund due to unpaid advances owed to the General Fund for debt service payments made on the Public Facilities Development fund’s behalf. Future revenues will be used to repay this advance and reduce the fund deficit.

CITY OF REDLANDS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – FUND BALANCE AND NET POSITION (CONTINUED)

B. Fund Balance/Net Position Deficits

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

At June 30, 2019, the following non-major funds have fund deficits:

	<u>Deficit Amount</u>
Special Revenue Funds:	
General Capital Improvement	\$ 348,930
Community Development Block Grant	190,866
Parking Authority	1
Transportation Development Act	96,572
Internal Service Funds:	
Liability Self-Insurance	1,724,597
Information Technology	2,402,683
Workers' Compensation Self-Insurance	7,625,274
Equipment Maintenance	1,208,056
Utility Billing	2,163,492

Special Revenue Funds

A net deficit of \$348,930 exists in the General Capital Improvement Fund. This fund deficit is a result of expenditures that have not been submitted for grant reimbursement. This net deficit will be eliminated when the grant funds are received in future years.

A net deficit of \$190,866 exists in the Community Development Block Grant Fund. This fund deficit is a result of expenditures that have not been submitted for grant reimbursement and reimbursements that have not been received. This net deficit will be eliminated when the grant funds are received in future years.

A net deficit of \$1 exists in the Parking Authority Fund. This fund deficit is a result of grant expenditures in excess of reimbursement. This net deficit will be eliminated during the upcoming fiscal year.

A net deficit of \$96,572 exists in the Transportation Development Act Fund. This fund deficit is a result of grant expenditures in excess of reimbursement. This net deficit will be eliminated during the upcoming fiscal year.

Internal Service Funds

A net deficit of \$1,724,597 exists in the Liability Self-Insurance Fund due to new and existing claims. Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through increased transfers from other funds for cost recovery and instituting cost containment measures.

A net deficit of \$2,402,683 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 \$7,625,274 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, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – FUND BALANCE AND NET POSITION (CONTINUED)

B. Fund Balance/Net Position Deficits (Continued)

Internal Service Funds (Continued)

A net deficit of \$1,208,056 exists in the Equipment Maintenance Fund. This fund deficit is a result of the City’s implementation of GASB Statement No. 68 and 75 which required reporting of the fund’s proportionate share of the City’s net pension liability and other post-employment benefits, respectively. This net pension liability and other post-employment benefits created the corresponding net deficit, these will be reduced by continued pension contributions in future years.

A net deficit of \$2,163,492 exists in the Utility Billing Fund. This fund deficit is a result of the City’s implementation of GASB Statement No. 68 and 75 which required reporting of the fund’s proportionate share of the City’s net pension liability and other post-employment benefits, respectively. This net pension liability and other post-employment benefits created the corresponding net deficit, these will be reduced by continued pension contributions in future years.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

The City of Redlands participates in the California Public Employees Retirement System (CalPERS), a pension plan available to all qualified employees. The Safety Plan is a cost-sharing multiple employer defined benefit pension plan. The Miscellaneous Plan is an agent multiple employer defined benefit pension plan. A summary of pension amounts for the City’s plans at June 30, 2019, is presented below:

	Safety Plan	Miscellaneous Plan	Total
Deferred outflows - pensions	\$ 17,163,981	\$ 8,365,138	\$ 25,529,119
Net pension liability	75,109,650	44,048,085	119,157,735
Deferred inflows - pensions	2,149,769	601,305	2,751,074
Pension expense	11,467,205	7,555,809	19,023,014

Plan Descriptions

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

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

The Plans’ provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous			
	<u>Tier 1</u>	<u>PEPRA</u>		
Hire Date	Prior to January 1, 2013	January 1, 2013 and after		
Benefit formula	2.0% @ 55	2.0% @ 62		
Benefit vesting schedule	5 years of service	5 years of service		
Benefit payments	monthly for life	monthly for life		
Retirement age	minimum 50 yrs	minimum 52 yrs		
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.000% - 2.500%		
Required employee contribution rates	50 yrs - 63+ yrs, 7.000%	52 yrs - 67+ yrs, 7.000%		
Required employer contribution rates	\$2,658,113 plus 8.955%	8.955%		
	Safety Cost-Sharing Rate Plans			
	<u>Safety Fire</u>	<u>Safety Police</u>	<u>PEPRA Fire</u>	
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013	January 1, 2013 and after	
Benefit formula	3.0% @ 50	3.0% @ 50	2.7% @ 57	
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	
Benefit payments	monthly for life	monthly for life	monthly for life	
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs	
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	3.000%, 50+ yrs	2.000% - 2.700%	
Required employee contribution rates	50 yrs - 57+ yrs, 9.000%	9.000%	12.250%	
Required employer contribution rates	\$1,840,337 plus 22.346%	\$2,215,620 plus 22.346%	\$209 plus 12.965%	

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees Covered

As of the valuation date of June 30, 2017, the most recent valuation date, the following employees were covered by the benefit terms of the Miscellaneous Plan:

	<u>Miscellaneous</u>
Active members	327
Transferred members	127
Terminated members	146
Retired members and beneficiaries	484
Total	<u><u>1,084</u></u>

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers to be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plans totaled \$7,448,780 for the Safety Plan and \$4,472,807 for the Miscellaneous Plan during the fiscal year.

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

Proportionate Share of the Net Pension Liability – Safety Plan

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the collective net pension liability of the Safety Plan of \$75,109,650.

The City’s net pension liability for the Plan was measured as the proportionate share of the collective net pension liability of the cost-sharing plan. The net pension liability of the Plan was measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers. The City’s proportionate share of the collective net pension liability of the Plan as of June 30, 2017, and 2018, were as follows:

	<u>Safety</u>
Proportion - June 30, 2017	0.74597%
Proportion - June 30, 2018	0.77945%
Change - Increase/(Decrease)	<u><u>0.03348%</u></u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2017, actuarial valuations were determined using the following assumptions for both Plans:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% ⁽¹⁾
Mortality	Derived using CalPERS' membership data for all funds

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation was based on the results of an experience study for the period of 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

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

In determining the long-term expected 7.15 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the pension funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Class	Target Allocation	Real Return Years 1 - 10	Real Return Years 11+
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100.0%		

Changes in the Net Pension Liability – Miscellaneous Plan

The City’s net pension liability for the Miscellaneous Plan was measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Miscellaneous Plan was measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018. A summary of principal assumptions and methods used to determine the net pension liability is shown under the section Actuarial Assumptions within this note.

The Net Pension Liability for the City’s Miscellaneous as of June 30, 2019, was \$44,048,085. The changes in the Net Pension Liability for the Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2017	\$ 160,260,806	\$ 115,966,940	\$ 44,293,866
Changes Recognized for the Measurement Period			
Service Cost	3,368,018	-	3,368,018
Interest on the Total Pension Liability	11,240,326	-	11,240,326
Differences between Expected and Actual Experience	529,928	-	529,928
Changes of Assumptions	(874,625)	-	(874,625)
Contributions - Employer	-	3,856,431	(3,856,431)
Contributions - Employees	-	1,444,993	(1,444,993)
Net Investment Income	-	9,732,163	(9,732,163)
Benefit Payments	(8,785,537)	(8,785,537)	-
Other Miscellaneous Income/(Expense)	-	(343,451)	343,451
Administrative Expense	-	(180,708)	180,708
Net changes	5,478,110	5,723,891	(245,781)
Balance at June 30, 2018	\$ 165,738,916	\$ 121,690,831	\$ 44,048,085

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows and Inflows of Resources

Safety Plan:

For the year ended June 30, 2019, the City recognized pension expense of \$11,467,205 for the Safety Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 7,448,780	\$ -
Changes in assumptions	6,375,280	-
Differences between Expected and Actual Experience	1,607,731	-
Differences between Projected and Actual Investment Earnings	508,527	-
Changes in proportion and difference between City's contributions and proportionate share of contributions	1,223,663	2,149,769
Total	<u>\$ 17,163,981</u>	<u>\$ 2,149,769</u>

\$7,448,780 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 6,439,176
2021	3,676,092
2022	(2,029,589)
2023	(520,247)
Total	<u>\$ 7,565,432</u>

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Miscellaneous Plan:

For the year ended June 30, 2019, the City recognized pension expense of \$7,555,809 for the Miscellaneous Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Miscellaneous Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 4,472,807	\$ -
Changes of assumptions	3,051,713	601,305
Differences between Expected and Actual Experience	465,614	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	375,004	-
Total	<u>\$ 8,365,138</u>	<u>\$ 601,305</u>

\$4,472,807 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 4,288,535
2021	530,477
2022	(1,207,093)
2023	(320,893)
Total	<u>\$ 3,291,026</u>

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

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

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Miscellaneous Plan	\$ 65,157,866	\$ 44,048,085	\$ 26,533,228
Safety Plan's proportionate share of collective net pension liability	111,440,872	75,109,650	45,342,719

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

	<u>Total</u>
Total OPEB liability	\$ 128,792,181
Deferred outflows related to OPEB	4,526,194
Deferred inflows related to OPEB	2,096,884
OPEB expense	8,756,702

Plan Description

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

City’s Funding Policy

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (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:

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Some retirees are eligible for a medical bridge program, in which the City contributes the amount of the lowest cost single premium rate (\$404.32 in 2017). This amount is reduced back to \$397 after the retiree reaches age 65. Eligibility for the medical bridge program is as follows:

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

Employees Covered by Benefit Terms

At June 30, 2017, the most recent valuation date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	442
Inactive employees or beneficiaries currently receiving benefits	535
Total	<u>977</u>

Total OPEB Liability

The City’s total OPEB liability of \$128,792,181 was measured and actuarially valued as of June 30, 2018. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.750%
Discount Rate	3.62%
Healthcare Cost Trend Rate	7.00% in the first year, trending down to 3.84% over 58 years.

The discount rate used to measure the total OPEB liability is 3.62%, which is based on the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

Mortality rates were based on the 2017 CalPERS actuarial experience study, which assumed future mortality improvements using Society of Actuaries (SOA) Scale BB. The Experience Study report can be obtained on the CalPERS website under Forms and Publications.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	<u>\$ 126,658,049</u>
Changes in the year:	
Service Cost	4,647,747
Interest on the total OPEB liability	4,497,267
Changes in assumptions	(2,485,196)
Benefit payments, including refunds of employee contributions	(3,812,849)
Implicit Rate Subsidy Fulfilled	<u>(712,837)</u>
Net changes	<u>2,134,132</u>
Balance at June 30, 2019	<u><u>\$ 128,792,181</u></u>

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

	<u>1% Decrease (2.62%)</u>	<u>Discount Rate (3.62%)</u>	<u>1% Increase (4.62%)</u>
Total OPEB Liability	\$ 152,553,463	\$ 128,792,181	\$ 109,967,619

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.00 percent decreasing to 2.84 percent) or 1-percentage-point higher (7.00 percent decreasing to 4.84 percent) than the current healthcare cost trend rates:

	<u>1% Decrease (6.00% Decreasing to 2.84%)</u>	<u>Discount Rate (7.00% Decreasing to 3.84%)</u>	<u>1% Increase (8.00% Decreasing to 4.84%)</u>
Total OPEB Liability	\$ 110,312,611	\$ 128,792,181	\$ 152,822,629

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$8,756,702. At June 30, 2019, the City reported deferred outflows/inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 4,526,194	\$ -
Changes of assumptions	-	2,096,884
Total	<u>\$ 4,526,194</u>	<u>\$ 2,096,884</u>

\$4,526,194 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as OPEB expense as follows:

Year ended June 30,	Amortization
2020	\$ 388,312
2021	388,312
2022	388,312
2023	388,312
2024	388,312
2025	155,324
Total	<u>\$ 2,096,884</u>

NOTE 10 – CONTINGENCIES

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – CONSTRUCTION CONTRACTS AND OTHER COMMITMENTS

The following material construction commitments existed at June 30, 2019:

Project Name	Contract Amount	Expenditures to date as of June 30, 2019	Remaining Commitments
Wastewater Treatment Plant Design Consulting Services	\$ 2,867,552	\$ 366,187	\$ 2,501,365
Enterprise Resource Planning System	1,092,299	322,942	769,357
Water Pipeline Street Repairs	800,000	344,648	455,352

NOTE 12 – SOLID WASTE LANDFILL

State and federal laws and regulations require the City to provide financial assurance for closure and post closure costs of the California Street Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for fifteen years after closure. Although closure and post closure activities will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$10,105,974 reported as landfill closure and post closure liability at June 30, 2019, represents the cumulative amount reported to date based on the use of 64.99 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 \$5,443,547 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform closure and post closure activities in 2019 dollars. The City expects to close the landfill in the year 2042. Actual costs may differ due to inflation, changes in technology or changes in regulations.

The City is required by state and federal laws and regulations to maintain adequate funds to provide financial assurance for closure and post closure costs through one of a combination of alternative mechanisms. For closure costs, the City has established an enterprise fund mechanism with a separate fund, the California Street Landfill Closure fund. For post closure costs, the City has entered into a Pledge of Revenue Agreement with the California Integrated Waste Management Board. The City is in compliance with these requirements. At June 30, 2019, \$6,613,740 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.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 13 – DEBT WITHOUT GOVERNMENT COMMITMENT

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

In September 2001, the City issued for and on behalf of the Community Facilities District No. 2001-1 (Northwest Development Project) \$9,255,000 aggregate principal amount of 2001 Special Tax Bonds to finance the acquisition of certain public improvements with appurtenant work and incidental expenses within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2002 to 2015 are serial bonds payable in annual installments of \$170,000 to \$355,000 while bonds maturing in the year 2022 in the amount of \$3,175,000 and bonds maturing in the year 2026 in the amount of \$2,535,000 are term bonds. The interest rates on the bonds range from 3.75 percent to 6.45 percent. The outstanding balance at June 30, 2019, was \$4,515,000.

In February 2004, the City issued for and on behalf of the Community Facilities District No. 2003-1 (Redlands Business Center) \$9,545,000 aggregate principal amount of 2004 Special Tax Bonds to finance the acquisition and construction of certain street improvements, sewers, storm drains, water distribution facilities, and other public improvements within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2006 to 2021 are serial bonds payable in annual installments of \$20,000 to \$270,000, while bonds maturing in the year 2027 in the amount of \$2,255,000 and bonds maturing in the year 2033 in the amount of \$5,280,000 are term bonds. The interest rates on the bonds range from 2.5 percent to 5.9 percent. The outstanding balance at June 30, 2019, was \$8,050,000.

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY

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

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

***NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY
(CONTINUED)***

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

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

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

A. Cash and Investments

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

Cash and investments pooled with the City	\$ 3,297,057
Cash and investments with fiscal agent	1,589
	<u>\$ 3,298,646</u>

B. Notes Receivable

A note in the amount of \$40,000 is receivable in monthly installments of \$182 beginning in July 2010, including interest payments at 0.9 percent due from inception. The note is secured by the deed of trust and assignment of rents and is guaranteed by the debtor. The full amount will be due in June 2030. An additional note of \$150,000 is receivable in monthly installments of \$658 beginning in October 2011, including an interest at 0.51 percent due from inception with annual adjustments to reflect the LAIF rate up to a maximum percentage of 3.17 percent. The note is secured by the deed of trust. The note was fully repaid during the year.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

**NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY
(CONTINUED)**

C. Capital Assets

An analysis of capital assets as of June 30, 2019, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Fiduciary Activities:				
Capital assets not being depreciated:				
Land	\$ 2,703,143	\$ -	\$ (2,703,143)	\$ -
Right of way	100,000	-	(100,000)	-
Total capital assets not being depreciated	2,803,143	-	(2,803,143)	-
Capital assets being depreciated:				
Infrastructure	38,092	-	(38,092)	-
Less accumulated depreciation:				
Infrastructure	(6,666)	-	6,666	-
Total capital assets being depreciated, net	31,426	-	(31,426)	-
Fiduciary activities:				
Capital Assets, Net	\$ 2,834,569	\$ -	\$ (2,834,569)	\$ -

D. Long-Term Debt

The following is a summary of changes in the long-term liabilities of the Successor Agency as of June 30, 2019:

	Balance June 30, 2018	Additions	Repayments	Balance June 30, 2019	Due within One year
Fiduciary Activities					
2016 Refunding Series A	\$ 9,715,000	\$ -	\$ 1,795,000	\$ 7,920,000	\$ 1,860,000
Add: unamortized premium	798,319	-	195,506	602,813	-
2016 Refunding Series B	1,940,000	-	375,000	1,565,000	380,000
Less: unamortized discount	(14,160)	-	(3,467)	(10,693)	-
Total	\$ 12,439,159	\$ -	\$ 2,362,039	\$ 10,077,120	\$ 2,240,000

2016A & B Tax Allocation Bonds

In March of 2016, the Agency issued \$16,610,000 in 2016 Tax Allocation Bonds, Series A and B, with interest rates ranging from 1.00 percent to 4.00 percent. The proceeds of the bonds were used to refund the 1998A, 2003A and 2007A Tax Allocation Bond, to fund a deposit to a debt service reserve account, and to pay costs incurred in connection with the issuance, sale and delivery of the Series 2016A & B bonds. Interest is payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2016. Principal is payable on August 1 each year, commencing August 1, 2016. As of June 30, 2019, the outstanding principal balance on the bonds is \$9,485,000.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED)

D. Long-Term Debt (Continued)

The annual debt service requirements are as follows:

Year Ending June 30,	2016A & B Tax Allocation Bonds	
	Principal	Interest
2020	\$ 2,240,000	\$ 309,638
2021	2,330,000	226,363
2022	2,435,000	141,063
2023	2,480,000	44,668
Totals	\$ 9,485,000	\$ 721,732

NOTE 15 – TAX ABATEMENTS – ECONOMIC DEVELOPMENT INCENTIVES

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

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

The City currently has six of these agreements in effect. For the fiscal year ended June 30, 2019, under this program the City had abatements of sales tax totaling \$567,661. 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.

CITY OF REDLANDS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 16 – RESTATEMENT TO BEGINNING NET POSITION / FUND BALANCE

During the year, the City revised the methodology for estimating value of right of way. Additionally, the City re-valued previously recorded right of way using the same methodology. The impact to beginning net position is as follows:

	Governmental Activities
Beginning of the year, as previously reported Net position	\$ 527,172,491
Adjustment to correct right of way valuation	<u>(216,447,565)</u>
Beginning of the Year, as Restated	<u><u>\$ 310,724,926</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULES BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 35,734,630	\$ 35,734,630	\$ 35,734,630	\$ -
Resources (Inflows):				
Taxes	52,286,895	51,465,589	53,469,435	2,003,846
Licenses and permits	6,824,300	6,907,389	7,290,395	383,006
Intergovernmental	98,585	1,116,598	466,716	(649,882)
Charges for services	7,079,449	8,750,551	9,375,173	624,622
Use of money and property	343,200	697,059	1,038,124	341,065
Miscellaneous	1,838,493	2,313,616	1,008,277	(1,305,339)
Transfers in	2,496,783	2,176,657	2,802,538	625,881
Proceeds from Sale of Property	12,500	43,197	222,313	179,116
Amounts Available for Appropriations	<u>106,714,835</u>	<u>109,205,286</u>	<u>111,407,601</u>	<u>2,202,315</u>
Charges to Appropriations (Outflow):				
General Government				
City council	360,552	361,059	368,815	(7,756)
City clerk	290,484	264,370	280,829	(16,459)
City manager	1,430,087	2,552,407	1,762,633	789,774
Finance	2,036,485	2,519,042	2,447,177	71,865
City attorney	585,869	783,138	850,788	(67,650)
Human resources	3,982,963	4,086,620	3,630,157	456,463
Building maintenance	1,190,425	1,211,820	1,405,087	(193,267)
Development services	2,973,720	4,058,435	3,279,587	778,848
Public safety				-
Police	27,752,419	28,217,955	27,169,971	1,047,984
Fire	14,227,568	15,026,863	12,894,012	2,132,851
Culture and recreation				-
Community services	1,415,270	1,283,212	1,083,514	199,698
Parks	1,904,810	1,932,464	2,101,170	(168,706)
Highway and streets				-
Quality of life	3,846,755	4,183,556	4,241,034	(57,478)
Engineering	965,002	1,423,542	974,503	449,039
Library	2,219,532	2,170,551	2,158,580	11,971
Capital outlay	404,842	2,624,331	1,551,389	1,072,942
Debt service	136,924	136,924	136,924	-
Transfers out	5,429,914	5,008,470	5,423,914	(415,444)
Total Charges to Appropriations	<u>71,153,621</u>	<u>77,844,759</u>	<u>71,760,084</u>	<u>6,084,675</u>
Fund Balance, June 30	<u><u>\$ 35,561,214</u></u>	<u><u>\$ 31,360,527</u></u>	<u><u>\$ 39,647,517</u></u>	<u><u>\$ 8,286,990</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FACILITIES DEVELOPMENT
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (8,467,942)	\$ (8,467,942)	\$ (8,467,942)	\$ -
Resources:				
Licenses and permits	409,000	547,493	590,102	42,609
Amounts Available for Appropriations	(8,058,942)	(7,920,449)	(7,877,840)	42,609
Charges to Appropriations (Outflow):				
Highway and streets	23,122	3,012	14,910	(11,898)
Debt service:				
Interest and fiscal charges	-	-	19,453	(19,453)
Total Charges to Appropriations	23,122	3,012	34,363	(31,351)
Fund Balance, June 30	\$ (8,082,064)	\$ (7,923,461)	\$ (7,912,203)	\$ 11,258

CITY OF REDLANDS, CALIFORNIA

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MISCELLANEOUS PLAN – AGENT MULTIPLE EMPLOYER PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

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

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

Notes to Schedule:

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

Changes of Assumptions: The discount rate of 7.15 percent used for the June 30, 2017, measurement date was decreased from 7.65 percent used for the June 30, 2016, measurement date.

CITY OF REDLANDS, CALIFORNIA

**SCHEDULE OF PLAN CONTRIBUTIONS
MISCELLANEOUS PLAN – AGENT MULTIPLE EMPLOYER PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

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

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

Note to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percentage of payroll, closed
Assets valuation method	Market value
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the Period from 1997 to 2011.
Mortality	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the Period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF REDLANDS, CALIFORNIA

**SCHEDULE OF THE CITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SAFETY PLAN – COST SHARING EMPLOYER PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

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

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

CITY OF REDLANDS, CALIFORNIA

**SCHEDULE OF PLAN CONTRIBUTIONS
 COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

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

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

CITY OF REDLANDS, CALIFORNIA

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POST EMPLOYMENT BENEFIT PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>	<u>2019</u>
TOTAL OPEB LIABILITY		
Service Cost	\$ 4,517,859	\$ 4,647,747
Interest on the total OPEB liability	4,351,611	4,497,267
Changes in assumptions	-	(2,485,196)
Benefit payments, including refunds of employee contributions	(3,361,882)	(3,812,849)
Implicit rate subsidy fulfilled	<u>(688,731)</u>	<u>(712,837)</u>
Net Change in total OPEB liability	4,818,857	2,134,132
Total OPEB Liability - Beginning	<u>121,839,192</u>	<u>126,658,049</u>
Total OPEB Liability - Ending (a)	<u>\$ 126,658,049</u>	<u>\$ 128,792,181</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered-Employee Payroll	\$ 32,062,170	\$ 31,410,072
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	395.04%	410.03%

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

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

CITY OF REDLANDS, CALIFORNIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTE 1 – BUDGETARY INFORMATION

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

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

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

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

NOTE 2 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures for the year ended June 30, 2019, exceeded the appropriations of the following major funds/departments:

CITY OF REDLANDS, CALIFORNIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government			
City council	\$ 361,059	\$ 368,815	\$ (7,756)
City clerk	264,370	280,829	(16,459)
City attorney	783,138	850,788	(67,650)
Building maintenance	1,211,820	1,405,087	(193,267)
Culture and recreation			
Parks	1,932,464	2,101,170	(168,706)
Highway and streets			
Quality of life	4,183,556	4,241,034	(57,478)
Transfers out	5,008,470	5,423,914	(415,444)
Special revenue:			
Traffic Safety	233,115	274,475	(41,360)
Open Space	-	1,424	(1,424)
Downtown Redlands	386,095	387,431	(1,336)
CFD 2004-1	208,697	209,451	(754)

CITY OF REDLANDS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds			
	Emergency Service	Household Hazardous Waste	State Gas Tax	Air Quality Improvement
Assets:				
Cash and investments	\$ 65,891	\$ 140,777	\$ -	\$ 553,566
Cash and investments with fiscal agent	-	-	-	-
Receivables:				
Accounts	-	10,473	-	-
Taxes	13,067	-	233,012	-
Prepaid costs	-	-	-	-
Due from other governments	-	1,846	-	23,941
Advances to other funds	-	-	-	-
Total Assets	\$ 78,958	\$ 153,096	\$ 233,012	\$ 577,507
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	10,367	16,177	-	-
Accrued payroll	68,590	158	-	-
Unearned revenue	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	78,957	16,335	-	-
Deferred Inflow of Resources:				
Unavailable revenue	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1	136,761	233,012	577,507
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	1	136,761	233,012	577,507
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 78,958	\$ 153,096	\$ 233,012	\$ 577,507

Special Revenue Funds

Traffic Safety	Measure I	Open Space	Downtown Redlands Business Area	Parking Authority	General Capital Improvement
\$ -	\$ 365,403	\$ 1,508,087	\$ 42,502	\$ 13,028	\$ -
-	-	-	-	-	-
-	-	-	2,334	-	-
-	331,975	-	-	-	-
-	-	-	-	-	-
28,418	-	-	2,402	-	348,931
-	-	-	-	-	-
<u>\$ 28,418</u>	<u>\$ 697,378</u>	<u>\$ 1,508,087</u>	<u>\$ 47,238</u>	<u>\$ 13,028</u>	<u>\$ 348,931</u>
9,555	-	-	22,945	2,247	31,078
-	-	-	2,230	-	-
-	-	-	4,740	-	33,633
-	-	-	-	10,782	-
-	-	-	-	-	300,162
<u>9,555</u>	<u>-</u>	<u>-</u>	<u>29,915</u>	<u>13,029</u>	<u>364,873</u>
-	103,697	-	-	-	332,988
-	-	-	-	-	-
18,863	593,681	-	-	-	-
-	-	1,508,087	17,323	-	-
-	-	-	-	-	-
-	-	-	-	(1)	(348,930)
<u>18,863</u>	<u>593,681</u>	<u>1,508,087</u>	<u>17,323</u>	<u>(1)</u>	<u>(348,930)</u>
<u>\$ 28,418</u>	<u>\$ 697,378</u>	<u>\$ 1,508,087</u>	<u>\$ 47,238</u>	<u>\$ 13,028</u>	<u>\$ 348,931</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Special Revenue Funds			
	Community Development Block Grant	Asset Forfeiture	Police Grants	Supplemental Law Enforcement
Assets:				
Cash and investments	\$ -	\$ 1,174,806	\$ 165,971	\$ 385,017
Cash and investments with fiscal agent	-	-	-	-
Receivables:				
Accounts	1,915	-	-	-
Taxes	-	-	-	-
Prepaid costs	-	-	325	-
Due from other governments	191,087	-	31,688	-
Advances to other funds	-	-	-	-
Total Assets	\$ 193,002	\$ 1,174,806	\$ 197,984	\$ 385,017
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	19,070	29,794	-	9,117
Accrued payroll	-	-	4,461	1,244
Unearned revenue	-	-	91,970	284,083
Deposits payable	-	-	-	-
Due to other funds	179,541	-	-	-
Total Liabilities	198,611	29,794	96,431	294,444
Deferred Inflow of Resources:				
Unavailable revenue	185,257	-	-	-
Fund Balances:				
Nonspendable	-	-	325	-
Restricted	-	1,145,012	101,228	90,573
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(190,866)	-	-	-
Total Fund Balance	(190,866)	1,145,012	101,553	90,573
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 193,002	\$ 1,174,806	\$ 197,984	\$ 385,017

Special Revenue Funds

Park and Open Space	Arterial Street Construction	Traffic Signals	Freeway Interchanges	Street Lighting District #1	CFD 2004-1 Assessment
\$ 477,392	\$ 3,721,696	\$ 1,283,765	\$ 2,941,748	\$ 8,896	\$ 360,458
-	-	-	-	-	-
-	-	-	26,108	-	-
-	-	-	-	199	4,188
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 477,392</u>	<u>\$ 3,721,696</u>	<u>\$ 1,283,765</u>	<u>\$ 2,967,856</u>	<u>\$ 9,095</u>	<u>\$ 364,646</u>
1	-	-	6,152	-	4,278
1,930	221	-	730	216	1,087
-	-	-	-	-	-
-	28,554	200,239	-	-	40,000
-	-	-	-	-	-
<u>1,931</u>	<u>28,775</u>	<u>200,239</u>	<u>6,882</u>	<u>216</u>	<u>45,365</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	8,879	319,281
475,461	3,692,921	1,083,526	2,960,974	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>475,461</u>	<u>3,692,921</u>	<u>1,083,526</u>	<u>2,960,974</u>	<u>8,879</u>	<u>319,281</u>
<u>\$ 477,392</u>	<u>\$ 3,721,696</u>	<u>\$ 1,283,765</u>	<u>\$ 2,967,856</u>	<u>\$ 9,095</u>	<u>\$ 364,646</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Special Revenue Funds			
	Landscape Maintenance District	Disaster Recovery	Local Transportation	PARIS
Assets:				
Cash and investments	\$ 334	\$ -	\$ 336,124	\$ 7,621,957
Cash and investments with fiscal agent	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	71	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Advances to other funds	-	-	-	-
Total Assets	\$ 405	\$ -	\$ 336,124	\$ 7,621,957
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	135	-	333	5
Accrued payroll	270	-	-	17,481
Unearned revenue	-	-	-	-
Deposits payable	-	-	35,074	-
Due to other funds	-	-	-	-
Total Liabilities	405	-	35,407	17,486
Deferred Inflow of Resources:				
Unavailable revenue	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	300,717	7,604,471
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	-	-	300,717	7,604,471
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 405	\$ -	\$ 336,124	\$ 7,621,957

Special Revenue Funds		Capital Projects Funds		Debt Service Fund
Public Art	Transportation Development Act	Storm Drain	Safety Hall Replacement	General Debt Service
16,661	\$ 62,100	\$ 1,985,305	\$ 1,480,036	\$ 50,097
-	-	-	-	1,331,163
-	-	-	-	-
-	-	-	-	1,388
-	96,665	-	-	-
-	-	93,157	-	-
<u>\$ 16,661</u>	<u>\$ 158,765</u>	<u>\$ 2,078,462</u>	<u>\$ 1,480,036</u>	<u>\$ 1,382,648</u>
-	158,672	1	-	-
-	-	1,566	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>158,672</u>	<u>1,567</u>	<u>-</u>	<u>-</u>
-	96,665	-	-	-
-	-	93,157	-	-
16,661	-	1,983,738	-	1,382,648
-	-	-	-	-
-	-	-	1,480,036	-
-	(96,572)	-	-	-
<u>16,661</u>	<u>(96,572)</u>	<u>2,076,895</u>	<u>1,480,036</u>	<u>1,382,648</u>
<u>\$ 16,661</u>	<u>\$ 158,765</u>	<u>\$ 2,078,462</u>	<u>\$ 1,480,036</u>	<u>\$ 1,382,648</u>

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CITY OF REDLANDS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Permanent Funds			Total Governmental Funds
	Cemetery Endowment	Simonds Endowment	Pauline Stancliff Memorial Trust	
Assets:				
Cash and investments	\$ -	\$ 36,959	\$ 21,846	\$ 24,820,422
Cash and investments with fiscal agent	-	-	-	1,331,163
Receivables:				
Accounts	-	-	-	40,830
Taxes	-	-	-	583,900
Prepaid costs	-	-	-	325
Due from other governments	-	-	-	724,978
Advances to other funds	-	-	-	93,157
Total Assets	\$ -	\$ 36,959	\$ 21,846	\$ 27,594,775
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	-	-	-	319,927
Accrued payroll	-	-	-	100,184
Unearned revenue	-	-	-	414,426
Deposits payable	-	-	-	314,649
Due to other funds	-	-	-	479,703
Total Liabilities	-	-	-	1,628,889
Deferred Inflow of Resources:				
Unavailable revenue	-	-	-	718,607
Fund Balances:				
Nonspendable	-	10,000	20,200	123,682
Restricted	-	26,959	1,646	14,541,638
Committed	-	-	-	9,738,292
Assigned	-	-	-	1,480,036
Unassigned	-	-	-	(636,369)
Total Fund Balance	-	36,959	21,846	25,247,279
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ -	\$ 36,959	\$ 21,846	\$ 27,594,775

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds			
	Emergency Service	Household Hazardous Waste	State Gas Tax	Air Quality Improvement
Revenues:				
Taxes	\$ 1,106,131	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	7,985	2,764,436	92,345
Charges for services	30	141,048	-	-
Use of money and property	-	-	-	16,035
Miscellaneous	300	-	-	-
Total Revenues	1,106,461	149,033	2,764,436	108,380
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	4,916,277	148,680	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	-	-	830
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	4,916,277	148,680	-	830
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,809,816)	353	2,764,436	107,550
Other Financing Sources (Uses):				
Transfers in	3,781,012	-	-	-
Transfers out	-	(57)	(2,679,471)	-
Proceeds from sale of property	-	-	-	-
Total Other Financings Sources (Uses)	3,781,012	(57)	(2,679,471)	-
Net changes in fund balances	(28,804)	296	84,965	107,550
Fund Balances, Beginning of Year	28,805	136,465	148,047	469,957
Fund Balances, End of Year	\$ 1	\$ 136,761	\$ 233,012	\$ 577,507

Special Revenue Funds					
Traffic Safety	Measure I	Open Space	Downtown Redlands Business Area	Parking Authority	General Capital Improvement
\$ -	\$ 1,233,303	\$ -	\$ -	\$ -	\$ -
266,638	-	71,195	-	-	-
-	-	-	14,644	-	301,285
-	-	-	257,253	-	-
(1)	85,324	31,654	3,110	11,090	-
-	-	-	16,538	-	-
<u>266,637</u>	<u>1,318,627</u>	<u>102,849</u>	<u>291,545</u>	<u>11,090</u>	<u>301,285</u>
-	-	-	386,459	15,036	-
-	-	-	-	-	-
-	-	1,424	-	-	-
-	15,084	-	-	-	218,776
-	-	-	-	-	299,779
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>15,084</u>	<u>1,424</u>	<u>386,459</u>	<u>15,036</u>	<u>518,555</u>
<u>266,637</u>	<u>1,303,543</u>	<u>101,425</u>	<u>(94,914)</u>	<u>(3,946)</u>	<u>(217,270)</u>
-	-	785,000	-	3,686	120,764
(274,475)	(3,084,916)	-	(972)	-	(79,409)
-	-	-	-	-	-
<u>(274,475)</u>	<u>(3,084,916)</u>	<u>785,000</u>	<u>(972)</u>	<u>3,686</u>	<u>41,355</u>
(7,838)	(1,781,373)	886,425	(95,886)	(260)	(175,915)
26,701	2,375,054	621,662	113,209	259	(173,015)
<u>\$ 18,863</u>	<u>\$ 593,681</u>	<u>\$ 1,508,087</u>	<u>\$ 17,323</u>	<u>\$ (1)</u>	<u>\$ (348,930)</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds			
	Community Development Block Grant	Asset Forfeiture	Police Grants	Supplemental Law Enforcement
Revenues:	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Licenses and permits	315,782	-	166,307	157,059
Intergovernmental	-	-	-	-
Charges for services	(1)	39,065	-	12,137
Use of money and property	-	205,940	-	-
Miscellaneous	315,781	245,005	166,307	169,196
Total Revenues				
Expenditures:				
Current:	-	-	-	-
General government	-	148,010	138,007	99,127
Public safety	-	-	-	-
Culture and recreation	70,232	-	-	-
Highway and streets	378,217	156,199	28,302	57,932
Capital outlay				
Debt service:	-	-	-	-
Principal retirement	-	-	-	-
Interest and fiscal charges	448,449	304,209	166,309	157,059
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	(132,668)	(59,204)	(2)	12,137
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of property	-	30,300	-	-
Total Other Financings Sources (Uses)		30,300	-	-
Net changes in fund balances	(132,668)	(28,904)	(2)	12,137
Fund Balances, Beginning of Year	(58,198)	1,173,916	101,555	78,436
Fund Balances, End of Year	\$ (190,866)	\$ 1,145,012	\$ 101,553	\$ 90,573

Special Revenue Funds

Park and Open Space	Arterial Street Construction	Traffic Signals	Freeway Interchanges	Street Lighting District #1	CFD 2004-1 Assessment
\$ -	\$ -	\$ -	\$ -	\$ 24,283	\$ 279,873
208,997	482,425	31,321	293,789	-	-
-	-	-	-	-	-
-	-	-	138,755	-	-
21,099	109,818	41,044	93,572	(2)	9,217
674,336	-	-	-	-	-
<u>904,432</u>	<u>592,243</u>	<u>72,365</u>	<u>526,116</u>	<u>24,281</u>	<u>289,090</u>
-	-	-	-	-	209,040
-	-	-	-	-	-
100,631	-	-	-	-	-
-	12,758	626	334,898	15,349	-
1,038,065	-	-	-	-	-
57,274	-	-	-	-	-
45,070	-	-	-	-	-
<u>1,241,040</u>	<u>12,758</u>	<u>626</u>	<u>334,898</u>	<u>15,349</u>	<u>209,040</u>
<u>(336,608)</u>	<u>579,485</u>	<u>71,739</u>	<u>191,218</u>	<u>8,932</u>	<u>80,050</u>
-	-	-	-	-	-
-	-	-	-	(78)	(411)
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78)</u>	<u>(411)</u>
<u>(336,608)</u>	<u>579,485</u>	<u>71,739</u>	<u>191,218</u>	<u>8,854</u>	<u>79,639</u>
812,069	3,113,436	1,011,787	2,769,756	25	239,642
<u>\$ 475,461</u>	<u>\$ 3,692,921</u>	<u>\$ 1,083,526</u>	<u>\$ 2,960,974</u>	<u>\$ 8,879</u>	<u>\$ 319,281</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds			
	Landscape Maintenance District	Disaster Recovery	Local Transportation	PARIS
Revenues:				
Taxes	\$ 29,024	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	1,554	-
Charges for services	-	-	-	-
Use of money and property	-	-	18,699	179,904
Miscellaneous	-	-	25,712	-
Total Revenues	<u>29,024</u>	<u>-</u>	<u>45,965</u>	<u>179,904</u>
Expenditures:				
Current:				
General government	59,043	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	-	156,623	362,191
Capital outlay	-	-	-	6,797,394
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>59,043</u>	<u>-</u>	<u>156,623</u>	<u>7,159,585</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(30,019)</u>	<u>-</u>	<u>(110,658)</u>	<u>(6,979,681)</u>
Other Financing Sources (Uses):				
Transfers in	29,985	59,110	148,048	6,726,662
Transfers out	-	-	(412,920)	(1,976)
Proceeds from sale of property	-	-	-	-
Total Other Financings Sources (Uses)	<u>29,985</u>	<u>59,110</u>	<u>(264,872)</u>	<u>6,724,686</u>
Net changes in fund balances	(34)	59,110	(375,530)	(254,995)
Fund Balances, Beginning of Year	<u>34</u>	<u>(59,110)</u>	<u>676,247</u>	<u>7,859,466</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,717</u>	<u>\$ 7,604,471</u>

Special Revenue Funds		Capital Projects Funds		Debt Service Fund
Public Art	Transportation Development Act	Storm Drain	Safety Hall Replacement	General Debt Service
\$ -	\$ -	\$ -	\$ -	\$ 46,794
-	-	128,584	-	-
-	2,269	-	-	-
-	-	-	19	-
232	(2)	65,373	43,621	2,971
100	-	-	-	-
<u>332</u>	<u>2,267</u>	<u>193,957</u>	<u>43,640</u>	<u>49,765</u>
-	-	-	8,458	-
-	-	-	-	-
-	-	-	-	-
-	99,008	48,751	-	-
-	-	-	-	-
-	-	-	-	2,515,000
-	-	-	-	580,150
<u>-</u>	<u>99,008</u>	<u>48,751</u>	<u>8,458</u>	<u>3,095,150</u>
<u>332</u>	<u>(96,741)</u>	<u>145,206</u>	<u>35,182</u>	<u>(3,045,385)</u>
16,329	3,625	-	240,000	1,852,680
-	-	-	-	-
-	-	-	-	-
<u>16,329</u>	<u>3,625</u>	<u>-</u>	<u>240,000</u>	<u>1,852,680</u>
16,661	(93,116)	145,206	275,182	(1,192,705)
-	(3,456)	1,931,689	1,204,854	2,575,353
<u>\$ 16,661</u>	<u>\$ (96,572)</u>	<u>\$ 2,076,895</u>	<u>\$ 1,480,036</u>	<u>\$ 1,382,648</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Permanent Funds			Total Governmental Funds
	Cemetery Endowment	Simonds Endowment	Pauline Stancliff Memorial Trust	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 2,719,408
Licenses and permits	-	-	-	1,482,949
Intergovernmental	-	-	-	3,823,666
Charges for services	-	-	-	537,105
Use of money and property	-	1,200	709	785,868
Miscellaneous	-	-	-	922,926
Total Revenues	-	1,200	709	10,271,922
Expenditures:				
Current:				
General government	-	-	-	678,036
Public safety	-	-	-	5,450,101
Culture and recreation	-	-	-	102,055
Highway and streets	-	-	-	1,335,126
Capital outlay	-	-	-	8,755,888
Debt service:				
Principal retirement	-	-	-	2,572,274
Interest and fiscal charges	-	-	-	625,220
Total Expenditures	-	-	-	19,518,700
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	1,200	709	(9,246,778)
Other Financing Sources (Uses):				
Transfers in	-	-	-	13,766,901
Transfers out	(1,566,486)	-	-	(8,101,171)
Proceeds from sale of property	-	-	-	30,300
Total Other Financings Sources (Uses)	(1,566,486)	-	-	5,696,030
Net changes in fund balances	(1,566,486)	1,200	709	(3,550,748)
Fund Balances, Beginning of Year	1,566,486	35,759	21,137	28,798,027
Fund Balances, End of Year	\$ -	\$ 36,959	\$ 21,846	\$ 25,247,279

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICE
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Fund Balance, July 1	\$ 28,805	\$ 28,805	\$ 28,805	\$ -
Resources:				
Taxes	1,100,000	1,100,000	1,106,131	6,131
Charges for services	5,000	-	30	30
Miscellaneous	-	-	300	300
Transfers in	4,415,914	3,856,161	3,781,012	(75,149)
Amounts Available for Appropriations	5,549,719	4,984,966	4,916,278	(68,688)
Charges to Appropriations (Outflow):				
Public safety	5,540,914	4,981,363	4,916,277	65,086
Fund Balance, June 30	\$ 8,805	\$ 3,603	\$ 1	\$ (3,602)

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
HOUSEHOLD HAZARDOUS WASTE
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ 136,465	\$ 136,465	\$ 136,465	\$ -
Resources:				
Intergovernmental	-	5,009	7,985	2,976
Charges for services	96,000	111,000	141,048	30,048
Amounts Available for Appropriations	232,465	252,474	285,498	33,024
Charges to Appropriations (Outflow):				
Public safety	195,446	179,201	148,680	30,521
Transfers out	-	-	57	(57)
Total Charges to Appropriations	195,446	179,201	148,737	30,464
Fund Balance, June 30	\$ 37,019	\$ 73,273	\$ 136,761	\$ 63,488

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STATE GAS TAX
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 148,047	\$ 148,047	\$ 148,047	\$ -
Resources:				
Intergovernmental	<u>2,685,639</u>	<u>2,641,034</u>	<u>2,764,436</u>	<u>123,402</u>
Amounts Available for Appropriations	<u>2,833,686</u>	<u>2,789,081</u>	<u>2,912,483</u>	<u>123,402</u>
Transfers out	<u>2,676,841</u>	<u>2,789,082</u>	<u>2,679,471</u>	<u>109,611</u>
Fund Balance, June 30	<u>\$ 156,845</u>	<u>\$ (1)</u>	<u>\$ 233,012</u>	<u>\$ 233,013</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 469,957	\$ 469,957	\$ 469,957	\$ -
Resources:				
Intergovernmental	87,400	89,000	92,345	3,345
Use of money and property	1,000	9,562	16,035	6,473
Amounts Available for Appropriations	<u>558,357</u>	<u>568,519</u>	<u>578,337</u>	<u>9,818</u>
Charges to Appropriations (Outflow):				
Highway and streets	-	830	830	-
Capital outlay	-	87,000	-	87,000
Total Charges to Appropriations	<u>-</u>	<u>87,830</u>	<u>830</u>	<u>87,000</u>
Fund Balance, June 30	<u><u>\$ 558,357</u></u>	<u><u>\$ 480,689</u></u>	<u><u>\$ 577,507</u></u>	<u><u>\$ 96,818</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Fund Balance, July 1	\$ 26,701	\$ 26,701	\$ 26,701	\$ -
Resources:				
Licenses and permits	160,500	206,414	266,638	60,224
Use of money and property	-	-	(1)	(1)
Amounts Available for Appropriations	<u>187,201</u>	<u>233,115</u>	<u>293,338</u>	<u>60,223</u>
Charges to Appropriations (Outflow):				
Transfers out	<u>160,500</u>	<u>233,115</u>	<u>274,475</u>	<u>(41,360)</u>
Fund Balance, June 30	<u>\$ 26,701</u>	<u>\$ -</u>	<u>\$ 18,863</u>	<u>\$ 18,863</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MEASURE I
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 2,375,054	\$ 2,375,054	\$ 2,375,054	\$ -
Resources:				
Taxes	1,100,000	1,199,609	1,233,303	33,694
Use of money and property	20,000	46,542	85,324	38,782
Amounts Available for Appropriations	<u>3,495,054</u>	<u>3,621,205</u>	<u>3,693,681</u>	<u>72,476</u>
Charges to Appropriations (Outflow):				
Highway and streets	15,209	15,209	15,084	125
Transfers out	<u>3,100,000</u>	<u>3,100,000</u>	<u>3,084,916</u>	<u>15,084</u>
Total Charges to Appropriations	<u>3,115,209</u>	<u>3,115,209</u>	<u>3,100,000</u>	<u>15,209</u>
Fund Balance, June 30	<u><u>\$ 379,845</u></u>	<u><u>\$ 505,996</u></u>	<u><u>\$ 593,681</u></u>	<u><u>\$ 87,685</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
OPEN SPACE
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 621,662	\$ 621,662	\$ 621,662	\$ -
Resources:				
Licenses and permits	50,000	55,355	71,195	15,840
Use of money and property	1,400	13,000	31,654	18,654
Transfers in	-	785,000	785,000	-
Amounts Available for Appropriations	<u>673,062</u>	<u>1,475,017</u>	<u>1,509,511</u>	<u>34,494</u>
Charges to Appropriations (Outflow):				
Culture and recreation	<u>-</u>	<u>-</u>	<u>1,424</u>	<u>(1,424)</u>
Fund Balance, June 30	<u><u>\$ 673,062</u></u>	<u><u>\$ 1,475,017</u></u>	<u><u>\$ 1,508,087</u></u>	<u><u>\$ 33,070</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DOWNTOWN REDLANDS BUSINESS AREA
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Fund Balance, July 1	\$ 113,209	\$ 113,209	\$ 113,209	\$ -
Resources:				
Intergovernmental	-	19,798	14,644	(5,154)
Charges for services	300,000	310,000	257,253	(52,747)
Use of money and property	650	2,597	3,110	513
Miscellaneous	20,000	15,000	16,538	1,538
Amounts Available for Appropriations	<u>433,859</u>	<u>460,604</u>	<u>404,754</u>	<u>(55,850)</u>
Charges to Appropriations (Outflow):				
General government	332,662	386,095	386,459	(364)
Transfers out	<u>-</u>	<u>-</u>	<u>972</u>	<u>(972)</u>
Total Charges to Appropriations	<u>332,662</u>	<u>386,095</u>	<u>387,431</u>	<u>(1,336)</u>
Fund Balance, June 30	<u>\$ 101,197</u>	<u>\$ 74,509</u>	<u>\$ 17,323</u>	<u>\$ (57,186)</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PARKING AUTHORITY
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1, as Restated	\$ 259	\$ 259	\$ 259	\$ -
Resources:				
Use of money and property	12,480	12,675	11,090	(1,585)
Transfers in	-	-	3,686	3,686
Amounts Available for Appropriations	12,739	12,934	15,035	2,101
Charges to Appropriations (Outflow):				
General government	19,296	19,296	15,036	4,260
Fund Balance, June 30	\$ (6,557)	\$ (6,362)	\$ (1)	\$ 6,361

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL CAPITAL IMPROVEMENT
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ (173,015)	\$ (173,015)	\$ (173,015)	\$ -
Resources:				
Intergovernmental	-	5,965,490	301,285	(5,664,205)
Transfers in	79,409	-	120,764	120,764
Amounts Available for Appropriations	<u>(93,606)</u>	<u>5,792,475</u>	<u>249,034</u>	<u>(5,543,441)</u>
Charges to Appropriations (Outflow):				
Highway and streets	-	274,831	218,776	56,055
Capital outlay	-	5,576,005	299,779	5,276,226
Transfers out	-	79,409	79,409	-
Total Charges to Appropriations	<u>-</u>	<u>5,930,245</u>	<u>597,964</u>	<u>5,332,281</u>
Fund Balance, June 30	<u>\$ (93,606)</u>	<u>\$ (137,770)</u>	<u>\$ (348,930)</u>	<u>\$ (211,160)</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ (58,198)	\$ (58,198)	\$ (58,198)	\$ -
Resources:				
Intergovernmental	337,079	743,970	315,782	(428,188)
Use of money and property	-	-	(1)	(1)
Amounts Available for Appropriations	<u>278,881</u>	<u>685,772</u>	<u>257,583</u>	<u>(428,189)</u>
Charges to Appropriations (Outflow):				
Highway and streets	115,475	110,963	70,232	40,731
Capital outlay	<u>276,344</u>	<u>635,158</u>	<u>378,217</u>	<u>256,941</u>
Total Charges to Appropriations	<u>391,819</u>	<u>746,121</u>	<u>448,449</u>	<u>297,672</u>
Fund Balance, June 30	<u><u>\$ (112,938)</u></u>	<u><u>\$ (60,349)</u></u>	<u><u>\$ (190,866)</u></u>	<u><u>\$ (130,517)</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
ASSET FORFEITURE
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,173,916	\$ 1,173,916	\$ 1,173,916	\$ -
Resources:				
Use of money and property	-	25,391	39,065	13,674
Miscellaneous	-	130,468	205,940	75,472
Proceeds from sale of property	-	30,300	30,300	-
Amounts Available for Appropriations	<u>1,173,916</u>	<u>1,360,075</u>	<u>1,449,221</u>	<u>89,146</u>
Charges to Appropriations (Outflow):				
Public safety	196,620	187,982	148,010	39,972
Capital outlay	<u>35,000</u>	<u>132,016</u>	<u>156,199</u>	<u>(24,183)</u>
Total Charges to Appropriations	<u>231,620</u>	<u>319,998</u>	<u>304,209</u>	<u>15,789</u>
Fund Balance, June 30	<u><u>\$ 942,296</u></u>	<u><u>\$ 1,040,077</u></u>	<u><u>\$ 1,145,012</u></u>	<u><u>\$ 104,935</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
POLICE GRANTS
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ 101,555	\$ 101,555	\$ 101,555	\$ -
Resources:				
Intergovernmental	<u>27,804</u>	<u>234,469</u>	<u>166,307</u>	<u>(68,162)</u>
Amounts Available for Appropriations	<u>129,359</u>	<u>336,024</u>	<u>267,862</u>	<u>(68,162)</u>
Charges to Appropriations (Outflow):				
Public safety	39,604	219,752	138,007	81,745
Capital outlay	<u>-</u>	<u>28,302</u>	<u>28,302</u>	<u>-</u>
Total Charges to Appropriations	<u>39,604</u>	<u>248,054</u>	<u>166,309</u>	<u>81,745</u>
Fund Balance, June 30	<u><u>\$ 89,755</u></u>	<u><u>\$ 87,970</u></u>	<u><u>\$ 101,553</u></u>	<u><u>\$ 13,583</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 78,436	\$ 78,436	\$ 78,436	\$ -
Resources:				
Intergovernmental	115,590	160,710	157,059	(3,651)
Use of money and property	6,500	7,437	12,137	4,700
Amounts Available for Appropriations	<u>200,526</u>	<u>246,583</u>	<u>247,632</u>	<u>1,049</u>
Charges to Appropriations (Outflow):				
Public safety	113,538	101,120	99,127	1,993
Capital outlay	-	57,711	57,932	(221)
Total Charges to Appropriations	<u>113,538</u>	<u>158,831</u>	<u>157,059</u>	<u>1,772</u>
Fund Balance, June 30	<u><u>\$ 86,988</u></u>	<u><u>\$ 87,752</u></u>	<u><u>\$ 90,573</u></u>	<u><u>\$ 2,821</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PARK AND OPEN SPACE
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 812,069	\$ 812,069	\$ 812,069	\$ -
Resources:				
Licenses and permits	800,000	140,000	208,997	68,997
Use of money and property	2,000	13,062	21,099	8,037
Miscellaneous	-	639,523	674,336	34,813
Amounts Available for Appropriations	<u>1,614,069</u>	<u>1,604,654</u>	<u>1,716,501</u>	<u>111,847</u>
Charges to Appropriations (Outflow):				
Culture and recreation	30,640	86,577	100,631	(14,054)
Capital outlay	-	1,126,672	1,038,065	88,607
Debt service:				
Principal retirement	57,274	57,274	57,274	-
Interest and fiscal charges	45,070	45,070	45,070	-
Total Charges to Appropriations	<u>132,984</u>	<u>1,315,593</u>	<u>1,241,040</u>	<u>74,553</u>
Fund Balance, June 30	<u><u>\$ 1,481,085</u></u>	<u><u>\$ 289,061</u></u>	<u><u>\$ 475,461</u></u>	<u><u>\$ 186,400</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
ARTERIAL STREET CONSTRUCTION
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 3,113,436	\$ 3,113,436	\$ 3,113,436	\$ -
Resources:				
Licenses and permits	47,000	466,800	482,425	15,625
Use of money and property	-	66,923	109,818	42,895
Amounts Available for Appropriations	<u>3,160,436</u>	<u>3,647,159</u>	<u>3,705,679</u>	<u>58,520</u>
Charges to Appropriations (Outflow):				
Highway and streets	15,122	3,012	12,758	(9,746)
Capital outlay	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total Charges to Appropriations	<u>1,015,122</u>	<u>1,003,012</u>	<u>12,758</u>	<u>990,254</u>
Fund Balance, June 30	<u><u>\$ 2,145,314</u></u>	<u><u>\$ 2,644,147</u></u>	<u><u>\$ 3,692,921</u></u>	<u><u>\$ 1,048,774</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SIGNALS
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ 1,011,787	\$ 1,011,787	\$ 1,011,787	\$ -
Resources:				
Licenses and permits	40,000	31,000	31,321	321
Use of money and property	4,929	25,734	41,044	15,310
Amounts Available for Appropriations	<u>1,056,716</u>	<u>1,068,521</u>	<u>1,084,152</u>	<u>15,631</u>
Charges to Appropriations (Outflow):				
Highway and streets	<u>12,000</u>	<u>160,000</u>	<u>626</u>	<u>159,374</u>
Fund Balance, June 30	<u><u>\$ 1,044,716</u></u>	<u><u>\$ 908,521</u></u>	<u><u>\$ 1,083,526</u></u>	<u><u>\$ 175,005</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
FREEWAY INTERCHANGES
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Fund Balance, July 1	\$ 2,769,756	\$ 2,769,756	\$ 2,769,756	\$ -
Resources:				
Licenses and permits	200,000	282,000	293,789	11,789
Charges for services	-	112,646	138,755	26,109
Use of money and property	10,625	58,550	93,572	35,022
Amounts Available for Appropriations	<u>2,980,381</u>	<u>3,222,952</u>	<u>3,295,872</u>	<u>72,920</u>
Charges to Appropriations (Outflow):				
Highway and streets	35,328	2,389,814	334,898	2,054,916
Capital outlay	-	71,293	-	71,293
Total Charges to Appropriations	<u>35,328</u>	<u>2,461,107</u>	<u>334,898</u>	<u>2,126,209</u>
Fund Balance, June 30	<u><u>\$ 2,945,053</u></u>	<u><u>\$ 761,845</u></u>	<u><u>\$ 2,960,974</u></u>	<u><u>\$ 2,199,129</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING DISTRICT #1
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Fund Balance, July 1	\$ 25	\$ 25	\$ 25	\$ -
Resources:				
Taxes	25,428	27,500	24,283	(3,217)
Use of money and property	-	-	(2)	(2)
Transfers in	4,000	4,292	-	(4,292)
Amounts Available for Appropriations	<u>29,453</u>	<u>31,817</u>	<u>24,306</u>	<u>(7,511)</u>
Charges to Appropriations (Outflow):				
Highway and streets	31,851	31,815	15,349	16,466
Transfers out	-	-	78	(78)
Total Charges to Appropriations	<u>31,851</u>	<u>31,815</u>	<u>15,427</u>	<u>16,388</u>
Fund Balance, June 30	<u>\$ (2,398)</u>	<u>\$ 2</u>	<u>\$ 8,879</u>	<u>\$ 8,877</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CFD 2004-1 ASSESSMENT
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 239,642	\$ 239,642	\$ 239,642	\$ -
Resources:				
Taxes	200,000	265,013	279,873	14,860
Use of money and property	-	5,365	9,217	3,852
Amounts Available for Appropriations	<u>439,642</u>	<u>510,020</u>	<u>528,732</u>	<u>18,712</u>
Charges to Appropriations (Outflow):				
General government	206,802	208,697	209,040	(343)
Transfers out	-	-	411	(411)
Total Charges to Appropriations	<u>206,802</u>	<u>208,697</u>	<u>209,451</u>	<u>(754)</u>
Fund Balance, June 30	<u><u>\$ 232,840</u></u>	<u><u>\$ 301,323</u></u>	<u><u>\$ 319,281</u></u>	<u><u>\$ 17,958</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
LANDSCAPE MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Fund Balance, July 1	\$ 34	\$ 34	\$ 34	\$ -
Resources:				
Taxes	29,308	30,000	29,024	(976)
Transfers in	26,000	32,578	29,985	(2,593)
Amounts Available for Appropriations	55,342	62,612	59,043	(3,569)
Charges to Appropriations (Outflow):				
General government	68,022	62,611	59,043	3,568
Fund Balance, June 30	\$ (12,680)	\$ 1	\$ -	\$ (1)

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DISASTER RECOVERY
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Fund Balance, July 1	\$ (59,110)	\$ (59,110)	\$ (59,110)	\$ -
Resources:				
Transfers in	-	59,110	59,110	-
Amounts Available for Appropriations	(59,110)	-	-	-
Fund Balance, June 30	\$ (59,110)	\$ -	\$ -	\$ -

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
LOCAL TRANSPORTATION
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 676,247	\$ 676,247	\$ 676,247	\$ -
Resources:				
Intergovernmental	-	271,231	1,554	(269,677)
Use of money and property	-	10,372	18,699	8,327
Miscellaneous	-	52,742	25,712	(27,030)
Transfers in	-	-	148,048	148,048
Amounts Available for Appropriations	<u>676,247</u>	<u>1,010,592</u>	<u>870,260</u>	<u>(140,332)</u>
Charges to Appropriations (Outflow):				
Highway and streets	-	390,550	156,623	233,927
Capital outlay	-	300,300	-	300,300
Transfers out	-	412,921	412,920	1
Total Charges to Appropriations	<u>-</u>	<u>1,103,771</u>	<u>569,543</u>	<u>534,228</u>
Fund Balance, June 30	<u>\$ 676,247</u>	<u>\$ (93,179)</u>	<u>\$ 300,717</u>	<u>\$ 393,896</u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PARIS
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 7,859,466	\$ 7,859,466	\$ 7,859,466	\$ -
Resources:				
Use of money and property	-	146,323	179,904	33,581
Transfers in	3,135,412	6,946,157	6,726,662	(219,495)
Amounts Available for Appropriations	<u>10,994,878</u>	<u>14,951,946</u>	<u>14,766,032</u>	<u>(185,914)</u>
Charges to Appropriations (Outflow):				
Highway and streets	379,518	383,977	362,191	21,786
Capital outlay	2,845,000	13,432,301	6,797,394	6,634,907
Transfers out	-	-	1,976	(1,976)
Total Charges to Appropriations	<u>3,224,518</u>	<u>13,816,278</u>	<u>7,161,561</u>	<u>6,654,717</u>
Fund Balance, June 30	<u><u>\$ 7,770,360</u></u>	<u><u>\$ 1,135,668</u></u>	<u><u>\$ 7,604,471</u></u>	<u><u>\$ 6,468,803</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC ART
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources:				
Use of money and property	-	-	232	232
Miscellaneous	-	-	100	100
Transfers in	16,329	16,329	16,329	-
Amounts Available for Appropriations	16,329	16,329	16,661	332
Fund Balance, June 30	\$ 16,329	\$ 16,329	\$ 16,661	\$ 332

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION DEVELOPMENT ACT
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (3,456)	\$ (3,456)	\$ (3,456)	\$ -
Resources:				
Intergovernmental	100,000	1,270,084	2,269	(1,267,815)
Use of money and property	-	(114)	(2)	112
Transfers in	-	3,625	3,625	-
Amounts Available for Appropriations	<u>96,544</u>	<u>1,270,139</u>	<u>2,436</u>	<u>(1,267,703)</u>
Charges to Appropriations (Outflow):				
Highway and streets	<u>100,000</u>	<u>1,270,017</u>	<u>99,008</u>	<u>1,171,009</u>
Fund Balance, June 30	<u><u>\$ (3,456)</u></u>	<u><u>\$ 122</u></u>	<u><u>\$ (96,572)</u></u>	<u><u>\$ (96,694)</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STORM DRAIN
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1	\$ 1,931,689	\$ 1,931,689	\$ 1,931,689	\$ -
Resources:				
Licenses and permits	150,000	116,000	128,584	12,584
Use of money and property	15,000	40,000	65,373	25,373
Amounts Available for Appropriations	<u>2,096,689</u>	<u>2,087,689</u>	<u>2,125,646</u>	<u>37,957</u>
Charges to Appropriations (Outflow):				
Highway and streets	<u>773,145</u>	<u>721,494</u>	<u>48,751</u>	<u>672,743</u>
Fund Balance, June 30	<u><u>\$ 1,323,544</u></u>	<u><u>\$ 1,366,195</u></u>	<u><u>\$ 2,076,895</u></u>	<u><u>\$ 710,700</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SAFETY HALL REPLACEMENT
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,204,854	\$ 1,204,854	\$ 1,204,854	\$ -
Resources:				
Charges for services	-	19	19	-
Use of money and property	2,000	26,000	43,621	17,621
Transfers in	-	240,000	240,000	-
Amounts Available for Appropriations	<u>1,206,854</u>	<u>1,470,873</u>	<u>1,488,494</u>	<u>17,621</u>
Charges to Appropriations (Outflow):				
General government	-	8,458	8,458	-
Capital outlay	-	24	-	24
Total Charges to Appropriations	<u>-</u>	<u>8,482</u>	<u>8,458</u>	<u>24</u>
Fund Balance, June 30	<u><u>\$ 1,206,854</u></u>	<u><u>\$ 1,462,391</u></u>	<u><u>\$ 1,480,036</u></u>	<u><u>\$ 17,645</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Fund Balance, July 1	\$ 2,575,353	\$ 2,575,353	\$ 2,575,353	\$ -
Resources:				
Taxes	4,000	3,491	46,794	43,303
Use of money and property	1,000	1,167	2,971	1,804
Transfers in	3,096,296	3,091,183	1,852,680	(1,238,503)
Amounts Available for Appropriations	<u>5,676,649</u>	<u>5,671,194</u>	<u>4,477,798</u>	<u>(1,193,396)</u>
Charges to Appropriations (Outflow):				
Principal retirement	2,457,762	2,457,762	2,515,000	(57,238)
Interest and fiscal charges	638,533	638,821	580,150	58,671
Total Charges to Appropriations	<u>3,096,295</u>	<u>3,096,583</u>	<u>3,095,150</u>	<u>1,433</u>
Fund Balance, June 30	<u><u>\$ 2,580,354</u></u>	<u><u>\$ 2,574,611</u></u>	<u><u>\$ 1,382,648</u></u>	<u><u>\$ (1,191,963)</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CEMETERY ENDOWMENT
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,566,486	\$ 1,566,486	\$ 1,566,486	\$ -
Resources:				
Miscellaneous	<u>40,300</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Amounts Available for Appropriations	<u>1,606,786</u>	<u>1,596,486</u>	<u>1,566,486</u>	<u>(30,000)</u>
Charges to Appropriations (Outflow):				
Transfers out	<u>-</u>	<u>211,511</u>	<u>1,566,486</u>	<u>(1,354,975)</u>
Fund Balance, June 30	<u><u>\$ 1,606,786</u></u>	<u><u>\$ 1,384,975</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,384,975)</u></u>

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SIMONDS ENDOWMENT
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 35,759	\$ 35,759	\$ 35,759	\$ -
Resources:				
Use of money and property	-	1,000	1,200	200
Amounts Available for Appropriations	35,759	36,759	36,959	200
Fund Balance, June 30	\$ 35,759	\$ 36,759	\$ 36,959	\$ 200

CITY OF REDLANDS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PAULINE STANCLIFF MEMORIAL TRUST
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fund Balance, July 1, as Restated	\$ 21,137	\$ 21,137	\$ 21,137	\$ -
Resources:				
Use of money and property	-	500	709	209
Amounts Available for Appropriations	21,137	21,637	21,846	209
Fund Balance, June 30	\$ 21,137	\$ 21,637	\$ 21,846	\$ 209

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Assets:					
Current:					
Cash and investments	\$ 872,677	\$ 4,035,681	\$ 2,291,466	\$ 162,467	\$ 7,362,291
Receivables:					
Accounts	323	30,779	88,618	24,152	143,872
Taxes	-	-	-	201	201
Due from other governments	-	-	-	41,254	41,254
Total Current Assets	873,000	4,066,460	2,380,084	228,074	7,547,618
Noncurrent:					
Capital assets - net of accumulated depreciation	12,883,441	-	1,082,259	4,453,900	18,419,600
Total Assets	13,756,441	4,066,460	3,462,343	4,681,974	25,967,218
Deferred Outflows of Resources					
Deferred outflows related to pensions	5,975	9,510	76,209	25,978	117,672
Deferred outflows related to OPEB	-	-	37,378	9,344	46,722
Total Deferred Outflows of Resources	5,975	9,510	113,587	35,322	164,394
Total Assets and Deferred Outflows of Resources	\$ 13,762,416	\$ 4,075,970	\$ 3,575,930	\$ 4,717,296	\$ 26,131,612
Liabilities, Deferred Inflows of Resources, and Net Position:					
Liabilities:					
Current:					
Accounts payable	\$ 73,164	\$ 6,389	\$ 45,766	\$ 24,556	\$ 149,875
Accrued payroll	-	2,918	6,176	634	9,728
Unearned revenue	-	-	-	10,000	10,000
Deposits payable	-	-	964,847	1,431	966,278
Accrued compensated absences	42	668	18,730	816	20,256
Total Current Liabilities	73,206	9,975	1,035,519	37,437	1,156,137
Noncurrent:					
Advances from other funds	-	-	1,055,035	908,610	1,963,645
Accrued compensated absences	41	668	18,731	816	20,256
Total OPEB liability	-	-	1,025,260	217,262	1,242,522
Net pension liability	31,546	50,216	402,370	137,155	621,287
Total Noncurrent Liabilities	31,587	50,884	2,501,396	1,263,843	3,847,710
Total Liabilities	104,793	60,859	3,536,915	1,301,280	5,003,847
Deferred Inflow of Resources:					
Deferred inflows related to pensions	2,564	1,687	8,192	7,246	19,689
Deferred inflows related to OPEB	-	-	16,642	4,160	20,802
Total Deferred Inflows of Resources	2,564	1,687	24,834	11,406	40,491
Net Position:					
Net investment in capital assets	12,883,441	-	1,082,259	4,453,900	18,419,600
Restricted	531,560	-	110,741	-	642,301
Unrestricted	240,058	4,013,424	(1,178,819)	(1,049,290)	2,025,373
Total Net Position	13,655,059	4,013,424	14,181	3,404,610	21,087,274
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,762,416	\$ 4,075,970	\$ 3,575,930	\$ 4,717,296	\$ 26,131,612

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Operating Revenues:					
Sales and services charges	\$ 930,738	\$ 528,296	\$ 555,256	\$ 120,087	\$ 2,134,377
Miscellaneous	173,816	-	174,739	221,421	569,976
Total Operating Revenues	<u>1,104,554</u>	<u>528,296</u>	<u>729,995</u>	<u>341,508</u>	<u>2,704,353</u>
Operating Expenses:					
Personnel services	3,206	78,802	505,740	100,240	687,988
Administrative and contractual services	827,876	37,957	340,363	223,462	1,429,658
Supplies	-	-	49,361	33,531	82,892
Depreciation expense	18,596	-	14,956	237,449	271,001
Total Operating Expenses	<u>849,678</u>	<u>116,759</u>	<u>910,420</u>	<u>594,682</u>	<u>2,471,539</u>
Operating Income (Loss)	<u>254,876</u>	<u>411,537</u>	<u>(180,425)</u>	<u>(253,174)</u>	<u>232,814</u>
Nonoperating Revenues (Expenses):					
Interest revenue	19,620	122,366	96,166	347	238,499
Interest expense	-	-	(26,115)	(22,603)	(48,718)
Miscellaneous income	884,815	-	26,889	1,045	912,749
Property taxes	-	-	-	85,928	85,928
Grants	-	-	-	16,547	16,547
Total Nonoperating Revenue (Expenses)	<u>904,435</u>	<u>122,366</u>	<u>96,940</u>	<u>81,264</u>	<u>1,205,005</u>
Income (Loss) Before Transfers and Contributions	<u>1,159,311</u>	<u>533,903</u>	<u>(83,485)</u>	<u>(171,910)</u>	<u>1,437,819</u>
Transfers in	-	-	1,566,486	-	1,566,486
Transfers out	(1,365,000)	(433)	(5,334)	(550)	(1,371,317)
Contributions	-	64,631	-	-	64,631
Changes in Net Position	<u>(205,689)</u>	<u>598,101</u>	<u>1,477,667</u>	<u>(172,460)</u>	<u>1,697,619</u>
Net Position:					
Beginning of Year	<u>13,860,748</u>	<u>3,415,323</u>	<u>(1,463,486)</u>	<u>3,577,070</u>	<u>19,389,655</u>
End of Year	<u>\$ 13,655,059</u>	<u>\$ 4,013,424</u>	<u>\$ 14,181</u>	<u>\$ 3,404,610</u>	<u>\$ 21,087,274</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds				
	Groves	Non-Potable Water	Cemetery	Aviation	Totals
Cash Flows from Operating Activities:					
Cash received from customers	\$ 1,989,046	\$ 497,517	\$ 747,012	\$ 328,721	\$ 3,562,296
Cash paid to suppliers for goods and services	(822,970)	(32,963)	(363,047)	(241,034)	(1,460,014)
Cash paid to employees for services	(1,039)	(73,340)	(442,204)	(81,442)	(598,025)
Net Cash Provided (Used) by Operating Activities	1,165,037	391,214	(58,239)	6,245	1,504,257
Cash Flows from Non-Capital Financing Activities:					
Financing Activities:					
Cash transfers in	-	-	1,566,486	-	1,566,486
Cash transfers out	(1,365,000)	(433)	(5,334)	(550)	(1,371,317)
Advances from other funds	-	-	(24,085)	(226,489)	(250,574)
Intergovernmental	-	-	-	85,928	85,928
Grants received	-	-	-	343,704	343,704
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,365,000)	(433)	1,537,067	202,593	374,227
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	-	(343,307)	(24,111)	(367,418)
Interest paid on long-term debt	-	-	(26,115)	(22,603)	(48,718)
Cash contributions received from developers	999,873	64,631	-	-	1,064,504
Net Cash Provided (Used) by Capital and Related Financing Activities	999,873	64,631	(369,422)	(46,714)	648,368
Cash Flows from Investing Activities:					
Interest received	19,620	122,368	96,166	343	238,497
Net Cash Provided (Used) by Investing Activities	19,620	122,368	96,166	343	238,497
Net Increase (Decrease) in Cash and Cash Equivalents	819,530	577,780	1,205,572	162,467	2,765,349
Cash and Cash Equivalents at Beginning of Year	53,147	3,457,901	1,085,894	-	4,596,942
Cash and Cash Equivalents at End of Year	\$ 872,677	\$ 4,035,681	\$ 2,291,466	\$ 162,467	\$ 7,362,291
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 254,876	\$ 411,537	\$ (180,425)	\$ (253,174)	\$ 232,814
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	18,596	-	14,956	237,449	271,001
(Increase) decrease in accounts receivable	884,492	(30,779)	875	(1,354)	853,234
(Increase) decrease in prepaid expense	-	-	-	-	-
(Increase) decrease in deferred outflows	2,186	3,479	26,721	9,213	41,599
Increase (decrease) in deferred inflows	157	249	18,638	4,840	23,884
Increase (decrease) in accounts payable	4,906	4,994	26,677	(5,050)	31,527
Increase (decrease) in accrued payroll	-	1,415	(357)	528	1,586
Increase (decrease) in deposits payable	-	-	16,142	-	16,142
Increase (decrease) in unearned revenue	-	-	-	9,576	9,576
Increase (decrease) in net pension liability	(176)	(280)	(2,245)	(765)	(3,466)
Increase (decrease) in total OPEB liability	-	-	16,938	4,234	21,172
Increase (decrease) in compensated absences	-	599	3,841	748	5,188
Total Adjustments	910,161	(20,323)	122,186	259,419	1,271,443
Net Cash Provided (Used) by Operating Activities	\$ 1,165,037	\$ 391,214	\$ (58,239)	\$ 6,245	\$ 1,504,257

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019**

	Governmental Activities - Internal Service Funds			
	Liability Self-Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance
Assets:				
Current:				
Cash and investments	\$ 1,094,714	\$ 2,114,320	\$ 2,048,510	\$ 1,348,733
Receivables:				
Accounts	-	-	-	64,703
Prepaid costs	3,582	9,018	-	-
Inventory	-	-	-	94,443
Total Current Assets	<u>1,098,296</u>	<u>2,123,338</u>	<u>2,048,510</u>	<u>1,507,879</u>
Noncurrent:				
Capital assets - net of accumulated depreciation	-	414,143	-	73,334
Total Assets	<u>1,098,296</u>	<u>2,537,481</u>	<u>2,048,510</u>	<u>1,581,213</u>
Deferred Outflows of Resources:				
Deferred outflows related to pensions	56,285	300,707	76,205	194,784
Deferred outflows related to OPEB	9,344	86,457	9,344	46,724
Total Deferred Outflows of Resources	<u>65,629</u>	<u>387,164</u>	<u>85,549</u>	<u>241,508</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,163,925</u>	<u>\$ 2,924,645</u>	<u>\$ 2,134,059</u>	<u>\$ 1,822,721</u>
Liabilities, Deferred Inflows of Resources and Net Position:				
Liabilities				
Current:				
Accounts payable	\$ 34,437	\$ 460,869	\$ 8,202	\$ 335,120
Accrued payroll	2,636	19,935	5,433	9,928
Accrued compensated absences	1,566	96,531	5,247	37,549
Accrued claims and judgements	1,133,000	-	4,572,174	-
Total Current Liabilities	<u>1,171,639</u>	<u>577,335</u>	<u>4,591,056</u>	<u>382,597</u>
Noncurrent:				
Accrued compensated absences	1,566	96,531	5,246	37,549
Accrued claims and judgements	1,133,000	-	4,572,174	-
Total OPEB liability	296,317	3,014,619	206,370	1,544,902
Net pension liability	288,155	1,587,675	388,849	1,028,420
Total Noncurrent Liabilities	<u>1,719,038</u>	<u>4,698,825</u>	<u>5,172,639</u>	<u>2,610,871</u>
Total Liabilities	<u>2,890,677</u>	<u>5,276,160</u>	<u>9,763,695</u>	<u>2,993,468</u>
Deferred Inflows of Resources:				
Deferred inflows related to pensions	(6,315)	9,563	(8,522)	16,505
Deferred inflows related to OPEB	4,160	41,605	4,160	20,804
Total Deferred Inflows of Resources	<u>(2,155)</u>	<u>51,168</u>	<u>(4,362)</u>	<u>37,309</u>
Net Position:				
Net investment in capital assets	-	414,143	-	73,334
Unrestricted	(1,724,597)	(2,816,826)	(7,625,274)	(1,281,390)
Total Net Position	<u>(1,724,597)</u>	<u>(2,402,683)</u>	<u>(7,625,274)</u>	<u>(1,208,056)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position:	<u>\$ 1,163,925</u>	<u>\$ 2,924,645</u>	<u>\$ 2,134,059</u>	<u>\$ 1,822,721</u>

Governmental Activities - Internal Service Funds

<u>Utility Billing</u>	<u>Payroll Clearing</u>	<u>Total</u>
\$ 1,768,950	\$ 1,634,285	\$ 10,009,512
3,348	73,064	141,115
-	460	13,060
-	-	94,443
<u>1,772,298</u>	<u>1,707,809</u>	<u>10,258,130</u>
-	-	487,477
<u>1,772,298</u>	<u>1,707,809</u>	<u>10,745,607</u>
239,591	-	867,572
84,101	-	235,970
<u>323,692</u>	<u>-</u>	<u>1,103,542</u>
<u>\$ 2,095,990</u>	<u>\$ 1,707,809</u>	<u>\$ 11,849,149</u>
\$ 6,394	\$ 1,391	\$ 846,413
15,788	1,633,518	1,687,238
85,729	-	226,622
-	-	5,705,174
<u>107,911</u>	<u>1,634,909</u>	<u>8,465,447</u>
85,730	-	226,622
-	-	5,705,174
2,747,675	-	7,809,883
1,264,992	-	4,558,091
<u>4,098,397</u>	<u>-</u>	<u>18,299,770</u>
<u>4,206,308</u>	<u>1,634,909</u>	<u>26,765,217</u>
15,730	-	26,961
37,444	-	108,173
<u>53,174</u>	<u>-</u>	<u>135,134</u>
-	-	487,477
<u>(2,163,492)</u>	<u>72,900</u>	<u>(15,538,679)</u>
<u>(2,163,492)</u>	<u>72,900</u>	<u>(15,051,202)</u>
<u>\$ 2,095,990</u>	<u>\$ 1,707,809</u>	<u>\$ 11,849,149</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019**

	Governmental Activities - Internal Service Funds			
	Liability Self-Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance
Operating Revenues:				
Sales and service charges	\$ 2,511	\$ 3,652,351	\$ 2,420,057	\$ 5,510,908
Miscellaneous	11,505	-	-	-
Total Operating Revenues	<u>14,016</u>	<u>3,652,351</u>	<u>2,420,057</u>	<u>5,510,908</u>
Operating Expenses:				
Personnel services	186,580	1,372,058	386,424	790,845
Administrative and contractual services	1,545,465	2,039,472	1,689,039	1,868,292
Supplies	32	39,595	2,839	2,802,594
Premiums paid out	635,335	-	160,652	-
Depreciation expense	-	101,015	-	32,030
Total Operating Expenses	<u>2,367,412</u>	<u>3,552,140</u>	<u>2,238,954</u>	<u>5,493,761</u>
Operating Income (Loss)	<u>(2,353,396)</u>	<u>100,211</u>	<u>181,103</u>	<u>17,147</u>
Nonoperating Revenues (Expenses):				
Interest revenue	7,913	54,611	54,683	34,268
Total Nonoperating Revenues (Expenses)	<u>7,913</u>	<u>54,611</u>	<u>54,683</u>	<u>34,268</u>
Income (Loss) Before Transfers	<u>(2,345,483)</u>	<u>154,822</u>	<u>235,786</u>	<u>51,415</u>
Transfers in	1,040,000	340,000	-	-
Transfers out	(1,024)	(57,911)	(2,122)	(42,602)
Changes in Net Position	<u>(1,306,507)</u>	<u>436,911</u>	<u>233,664</u>	<u>8,813</u>
Net Position:				
Beginning of Year	<u>(418,090)</u>	<u>(2,839,594)</u>	<u>(7,858,938)</u>	<u>(1,216,869)</u>
End of Fiscal Year	<u>\$ (1,724,597)</u>	<u>\$ (2,402,683)</u>	<u>\$ (7,625,274)</u>	<u>\$ (1,208,056)</u>

Governmental Activities - Internal Service Funds

Utility Billing	Payroll Clearing	Total
\$ 1,307,293	\$ 1,852,680	\$ 14,745,800
570,485	-	581,990
<u>1,877,778</u>	<u>1,852,680</u>	<u>15,327,790</u>
1,012,496	-	3,748,403
951,770	-	8,094,038
22,605	-	2,867,665
-	-	795,987
-	-	133,045
<u>1,986,871</u>	<u>-</u>	<u>15,639,138</u>
<u>(109,093)</u>	<u>1,852,680</u>	<u>(311,348)</u>
56,568	(5)	208,038
<u>56,568</u>	<u>(5)</u>	<u>208,038</u>
<u>(52,525)</u>	<u>1,852,675</u>	<u>(103,310)</u>
-	481,476	1,861,476
<u>(5,558)</u>	<u>(1,852,679)</u>	<u>(1,961,896)</u>
<u>(58,083)</u>	<u>481,472</u>	<u>(203,730)</u>
<u>(2,105,409)</u>	<u>(408,572)</u>	<u>(14,847,472)</u>
<u>\$ (2,163,492)</u>	<u>\$ 72,900</u>	<u>\$ (15,051,202)</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019**

	Governmental Activities - Internal Service Funds			
	Liability Self-Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 14,016	\$ 3,652,351	\$ 2,420,057	\$ 5,452,441
Cash paid to suppliers for goods and services	-	(1,664,900)	-	(4,684,570)
Cash payments for claims	(1,797,960)	-	(1,552,648)	-
Cash paid to employees for services	(156,552)	(1,167,594)	(340,638)	(674,458)
Net Cash Provided (Used) by Operating Activities	(1,940,496)	819,857	526,771	93,413
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	1,040,000	340,000	-	-
Cash transfers out	(1,024)	(57,911)	(2,122)	(42,602)
Net Cash Provided (Used) by Non-Capital Financing Activities	1,038,976	282,089	(2,122)	(42,602)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(355,586)	-	-
Cash Flows from Investing Activities:				
Interest received	7,915	54,612	54,693	34,260
Net Increase (Decrease) in Cash and Cash Equivalents	(893,605)	800,972	579,342	85,071
Cash and Cash Equivalents at Beginning of Year	1,988,319	1,313,348	1,469,168	1,263,662
Cash and Cash Equivalents at End of Year	\$ 1,094,714	\$ 2,114,320	\$ 2,048,510	\$ 1,348,733
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (2,353,396)	\$ 100,211	\$ 181,103	\$ 17,147
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	-	101,015	-	32,030
(Increase) decrease in accounts receivable	-	-	-	(58,467)
(Increase) decrease in prepaids	(3,582)	8,755	-	-
(Increase) decrease in inventory	-	-	-	(8,166)
(Increase) decrease in deferred outflows	19,675	107,107	26,651	69,806
Increase (decrease) in deferred inflows	5,590	49,481	6,089	25,906
Increase (decrease) in accounts payable	(7,546)	405,412	7,072	(5,518)
Increase (decrease) in accrued payroll	640	2,916	1,016	(446)
Increase (decrease) in net pension liability	(1,608)	(8,858)	(2,169)	(5,738)
Increase (decrease) in total OPEB liability	4,234	42,344	4,234	21,172
Increase (decrease) in claims and judgments	394,000	-	299,882	5,687
Increase (decrease) in compensated absences	1,497	11,474	2,893	-
Total Adjustments	412,900	719,646	345,668	76,266
Net Cash Provided (Used) by Operating Activities	\$ (1,940,496)	\$ 819,857	\$ 526,771	\$ 93,413

Governmental Activities - Internal Service Funds

	Utility Billing	Payroll Clearing	Total
\$	1,877,917	\$ 1,804,015	\$ 15,220,797
	(983,157)	-	(7,332,627)
	-	-	(3,350,608)
	(841,823)	-	(3,181,065)
	<u>52,937</u>	<u>1,804,015</u>	<u>1,356,497</u>
	-	481,475	1,861,475
	(5,558)	(1,852,680)	(1,961,897)
	<u>(5,558)</u>	<u>(1,371,205)</u>	<u>(100,422)</u>
	-	-	(355,586)
	<u>56,562</u>	<u>(5)</u>	<u>208,037</u>
	103,941	432,805	1,108,526
	<u>1,665,009</u>	<u>1,201,480</u>	<u>8,900,986</u>
\$	<u>1,768,950</u>	<u>\$ 1,634,285</u>	<u>\$ 10,009,512</u>
\$	<u>(109,093)</u>	<u>\$ 1,852,680</u>	<u>\$ (311,348)</u>
	-	-	133,045
	139	(69,154)	(127,482)
	-	1,661	6,834
	-	-	(8,166)
	85,040	-	308,279
	43,720	-	130,786
	(8,782)	(371)	390,267
	2,980	19,199	26,305
	(7,058)	-	(25,431)
	38,109	-	110,093
	-	-	699,569
	7,882	-	23,746
	<u>162,030</u>	<u>(48,665)</u>	<u>1,667,845</u>
\$	<u>52,937</u>	<u>\$ 1,804,015</u>	<u>\$ 1,356,497</u>

CITY OF REDLANDS, CALIFORNIA

**COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2019**

	Special Deposits	Community Facilities District Trust	Totals
Assets:			
Cash and investments	\$ 5,715,659	\$ -	\$ 5,715,659
Cash and investments with fiscal agents	-	2,889,504	2,889,504
Receivables:			
Accrued interest	672,962	-	672,962
Total Assets	\$ 6,388,621	\$ 2,889,504	\$ 9,278,125
Liabilities:			
Accounts payable	\$ 667,812	\$ -	\$ 667,812
Deposits payable	5,720,809	2,889,504	8,610,313
Total Liabilities	\$ 6,388,621	\$ 2,889,504	\$ 9,278,125

CITY OF REDLANDS, CALIFORNIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 4,635,205	\$ 9,387,398	\$ 8,306,944	\$ 5,715,659
Receivables:				
Accrued interest	381,277	685,671	393,986	672,962
Total Assets	<u>\$ 5,016,482</u>	<u>\$ 10,073,069</u>	<u>\$ 8,700,930</u>	<u>\$ 6,388,621</u>
Liabilities:				
Accounts payable	\$ 333,231	\$ 8,619,294	\$ 8,284,713	\$ 667,812
Deposits payable	4,683,251	6,267,628	5,230,070	5,720,809
Total Liabilities	<u>\$ 5,016,482</u>	<u>\$ 14,886,922</u>	<u>\$ 13,514,783</u>	<u>\$ 6,388,621</u>
 <u>Community Facilities District Trust</u>				
Assets:				
Cash and investments with fiscal agents	<u>\$ 2,807,857</u>	<u>\$ 1,526,545</u>	<u>\$ 1,444,898</u>	<u>\$ 2,889,504</u>
Liabilities:				
Deposits payable	<u>\$ 2,807,857</u>	<u>\$ 1,587,422</u>	<u>\$ 1,505,775</u>	<u>\$ 2,889,504</u>
 <u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 4,635,205	\$ 9,387,398	\$ 8,306,944	\$ 5,715,659
Cash and investments with fiscal agents	2,807,857	1,526,545	1,444,898	2,889,504
Receivables:				
Accrued interest	381,277	685,671	393,986	672,962
Total Assets	<u>\$ 7,824,339</u>	<u>\$ 11,599,614</u>	<u>\$ 10,145,828</u>	<u>\$ 9,278,125</u>
Liabilities:				
Accounts payable	\$ 333,231	\$ 8,619,294	\$ 8,284,713	\$ 667,812
Deposits payable	7,491,108	7,855,050	6,735,845	8,610,313
Total Liabilities	<u>\$ 7,824,339</u>	<u>\$ 16,474,344</u>	<u>\$ 15,020,558</u>	<u>\$ 9,278,125</u>

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STATISTICAL SECTION

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

	2010	2011	2012	2013	2014	2015 ¹	2016	2017	2018 ²	2019 ³
Governmental activities:										
Invested in capital assets	552,406,654	568,588,535	592,254,886	594,654,756	609,555,372	625,683,667	622,119,006	642,109,428	655,044,577	443,551,078
Restricted	28,304,090	24,855,791	19,135,526	20,158,877	18,466,430	15,584,054	15,258,535	11,100,669	20,499,351	15,676,686
Unrestricted	(2,664,585)	(8,498,201)	(28,840,249)	(26,982,114)	(21,119,030)	(81,181,952)	(81,795,361)	(93,361,330)	(148,371,437)	(148,411,538)
Total governmental activities	578,046,159	584,946,125	582,550,163	587,831,519	606,902,772	560,085,769	555,582,180	559,848,767	527,172,491	310,816,226
Business-type activities:										
Invested in capital assets	131,748,403	130,856,115	132,535,317	146,926,486	157,413,884	154,904,203	163,565,980	149,771,777	150,228,905	150,997,528
Restricted	4,166,635	4,212,895	4,259,155	416,340	3,702,600	4,671,097	3,702,600	17,399,398	17,516,341	26,162,608
Unrestricted	45,773,154	53,408,410	61,219,702	52,104,617	41,100,249	22,953,122	13,253,120	12,757,392	117,617	6,544,230
Total business-type activities	181,688,192	188,477,420	198,014,174	199,447,443	202,216,733	182,528,422	180,521,700	179,928,567	167,862,863	183,704,366
Primary government:										
Invested in capital assets	684,155,057	699,444,650	724,790,203	741,581,242	766,969,256	780,587,870	785,684,986	791,881,205	805,273,482	594,548,606
Restricted	32,470,725	29,068,686	23,394,681	20,575,217	22,169,030	20,255,151	18,961,135	28,500,067	38,015,692	41,839,294
Unrestricted	43,108,569	44,910,209	32,379,453	25,122,503	19,981,219	(58,228,830)	(68,542,241)	(80,603,938)	(148,253,820)	(141,867,308)
Total primary government	759,734,351	773,423,545	780,564,337	787,278,962	809,119,505	742,614,191	736,103,880	739,777,334	695,035,354	494,520,592

NOTE:

- (1) The City of Redlands implemented GASB 68 for the fiscal year ended June 30, 2015.
- (2) The City of Redlands implemented GASB 75 for the fiscal year ended June 30, 2018.
- (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.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
General government	15,277,666	11,803,705	9,468,848	9,883,877	10,423,298	10,229,535	16,235,478	14,391,456	12,394,000	16,210,304
Public safety	40,002,463	38,587,942	39,036,010	40,027,122	40,235,772	40,920,668	42,097,211	43,263,363	32,240,549	53,095,381
Culture and recreation	3,610,031	3,349,080	2,810,345	2,997,558	3,041,620	3,554,720	3,542,242	4,086,880	4,748,841	4,783,803
Highway and streets	8,391,171	9,380,254	8,465,455	6,839,184	4,002,946	12,043,276	15,594,075	11,271,259	12,854,490	10,183,231
Library	2,167,109	1,964,269	1,820,554	1,968,343	1,913,756	1,929,752	2,023,972	2,304,552	2,000,613	2,537,698
Interest and fiscal charges	6,957,598	3,456,262	2,120,151	1,589,928	1,447,056	1,297,837	1,123,871	936,132	834,297	683,446
Total governmental activities expenses	76,406,038	68,541,512	63,721,363	63,306,012	61,064,448	69,975,788	80,616,849	76,253,642	65,072,790	87,493,863
Business-type activities:										
Water	15,813,173	16,211,193	15,328,398	20,139,662	19,437,970	19,556,198	21,635,151	20,514,340	20,369,100	20,857,656
Disposal	9,344,247	9,217,359	8,925,740	10,313,939	11,131,004	12,201,957	12,172,640	12,274,583	12,877,703	16,162,875
Wastewater	7,888,041	7,882,670	7,643,531	8,080,035	8,505,197	8,030,897	8,956,871	8,979,254	8,851,848	9,926,236
Aviation	250,732	287,854	335,501	317,970	421,012	333,061	609,088	785,348	466,972	617,285
Cemetery	494,949	503,445	522,711	555,402	493,616	681,223	1,304,891	75,761	861,109	936,535
Groves	717,394	656,608	941,578	12,006,971	630,488	689,839	841,529	742,740	788,554	849,678
NP Water	411,980	142,541	203,890	197,393	81,897	73,383	81,152	434,912	125,323	116,759
Total business-type activities expenses	34,920,516	34,901,670	33,901,349	51,611,372	40,701,184	41,566,558	45,601,322	43,806,938	44,340,609	49,467,024
Total primary government expenses	111,326,554	103,443,182	97,622,712	114,917,384	101,765,632	111,542,346	126,218,171	120,060,580	109,413,399	136,960,887
Program revenues:										
Governmental activities:										
Charges for services:										
General government	5,112,805	8,562,031	8,654,843	9,181,388	10,283,376	10,625,356	9,270,657	10,144,231	10,811,937	11,151,187
Public safety	1,330,555	1,711,440	1,394,932	1,407,921	1,916,750	1,975,667	3,403,559	2,696,810	3,076,343	2,711,769
Culture and recreation	222,454	293,028	220,020	343,620	296,386	295,199	286,315	719,642	303,222	310,780
Highway and streets	1,159,894	909,511	1,123,342	1,169,364	1,716,965	1,681,146	1,205,141	1,361,187	1,895,996	2,322,468
Library	44,333	34,456	35,086	34,312	35,200	33,270	33,098	125,052	131,408	131,338
Operating grants and contributions	10,048,934	5,883,602	6,160,827	4,032,286	7,195,092	8,607,394	5,596,864	2,911,259	4,469,962	1,867,228
Capital grants and contributions	11,513,845	8,488,204	1,146,004	987,916	2,117,482	4,666,849	1,346,021	2,257,370	4,533,292	7,083,735
Total governmental activities program revenues	29,432,820	25,882,272	18,735,054	17,156,807	23,564,251	27,884,881	21,141,655	20,215,551	25,222,160	25,578,505
Business-type activities:										
Charges for services:										
Water	17,918,992	18,666,325	20,319,999	22,350,078	23,453,512	22,217,588	18,873,106	22,479,655	27,030,979	28,053,989
Disposal	8,893,718	10,013,969	10,079,232	10,669,471	11,623,769	12,887,067	13,504,267	13,657,953	15,110,821	17,159,911
Sewer	7,650,779	8,200,777	8,653,651	9,092,431	9,576,740	9,688,884	9,531,484	9,340,274	9,611,197	10,229,449
Aviation	292,300	210,155	11,721	18,592	16,704	16,472	15,214	575,846	127,233	120,087
Cemetery	419,284	360,923	311,420	341,950	371,968	349,472	461,997	514,015	745,347	555,256
Groves	551,266	432,136	778,378	471,150	740,707	798,577	507,914	700,334	741,397	930,738
NP Water	529,891	570,107	474,349	513,722	554,914	499,211	508,556	83,905	638,313	528,296
Operating grants and contributions	186,999	871,940	1,301	24,285	180,000	180,000	-	-	-	56,555
Capital grants and contributions	960,605	531,096	1,821,907	2,233,877	3,433,586	4,593,429	392,189	816,777	347,871	5,450,817
Total business-type activities program revenues	37,403,834	39,668,288	42,451,958	45,715,556	49,951,900	51,230,700	43,794,727	48,168,759	54,353,158	63,085,098
Total primary government program revenues	66,836,654	65,550,560	61,187,012	62,872,363	73,516,151	79,115,581	64,936,382	68,384,310	79,575,318	88,663,603

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net revenues (expenses):										
Governmental activities	(46,973,218)	(42,659,240)	(44,986,309)	(46,149,205)	(37,500,197)	(42,090,907)	(59,475,194)	(56,038,091)	(39,850,630)	(61,915,358)
Business-type activities	2,483,318	4,766,618	8,550,609	(5,895,816)	9,250,716	9,664,142	(1,806,595)	4,361,821	10,012,549	13,618,074
Total net revenues (expenses)	(44,489,900)	(37,892,622)	(36,435,700)	(52,045,021)	(28,249,481)	(32,426,765)	(61,281,789)	(51,676,270)	(29,838,081)	(48,297,284)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	29,907,393	30,098,303	26,741,406	23,536,133	24,650,592	25,157,824	26,424,395	28,173,741	30,067,473	31,833,632
Sales taxes	11,669,250	12,090,894	12,903,249	15,049,517	15,219,210	16,040,049	18,344,596	16,843,090	17,177,492	18,838,445
Franchise taxes	2,886,836	3,227,606	2,826,459	2,853,021	3,235,114	3,735,682	3,079,571	3,035,317	3,224,053	2,221,789
Other taxes	1,167,543	1,065,671	1,198,772	1,313,022	1,473,576	1,681,618	1,792,527	1,977,985	1,907,344	2,061,674
Use of money & property	746,194	647,310	665,553	58,972	517,169	467,427	800,889	212,991	206,304	2,421,036
Intergovernmental (unrestricted)	370,373	480,868	165,876	153,836	165,974	424,385	234,787	196,602	195,866	187,586
Other	-	642,842	273,246	2,496,060	689,160	1,035,134	1,105,258	7,331,734	1,689,135	1,498,562
Gain/(loss) on sale of capital assets	-	-	-	151,116	-	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of Redevelopment agency (Note 18)	-	-	21,444,268	-	-	-	-	-	-	-
Transfers	(54,449)	573,115	856,972	5,841,908	10,654,350	16,113,690	4,486,199	2,500,914	8,243,110	2,943,934
Total governmental activities	46,693,140	48,826,609	67,075,801	51,453,585	56,605,145	64,655,809	56,268,222	60,272,374	62,710,777	62,006,658
Business-type activities:										
Property taxes	38,082	68,098	37,808	41,673	34,597	35,225	38,109	40,199	66,263	85,928
Use of money & property	1,488,031	610,787	757,749	185,475	1,053,356	921,859	1,335,997	500,783	509,882	3,310,733
Other	-	922,642	914,887	3,686,367	1,032,469	1,152,177	2,911,966	4,627,943	2,457,912	1,770,702
Gain on sale of capital assets	-	516,500	34,949	9,736,268	28,334	4,840	-	-	-	-
Extraordinary gain	-	-	-	-	2,024,168	-	-	-	-	-
Transfers	54,449	(573,115)	(856,972)	(5,841,908)	(10,654,350)	(16,113,690)	(4,486,199)	(2,500,914)	(8,243,110)	(2,943,934)
Total business-type activities	1,580,562	1,544,912	888,421	7,807,875	(6,481,426)	(13,995,589)	(200,127)	2,668,011	(5,209,053)	2,223,429
Total primary government	48,273,702	50,371,521	67,964,222	59,261,460	50,123,719	50,656,220	56,068,095	62,940,385	57,501,724	64,230,087
Changes in net position										
Governmental activities	(280,078)	6,167,369	22,089,492	5,304,380	19,104,948	22,564,902	(3,206,972)	4,234,283	22,860,147	91,300
Business-type activities	4,063,880	6,311,530	9,439,030	1,912,059	2,769,290	(4,335,447)	(2,006,722)	7,029,832	4,803,496	15,841,503
Total primary government	3,783,802	12,478,899	31,528,522	7,216,439	21,874,238	18,229,455	(5,213,694)	11,264,115	27,663,643	15,932,803

CITY OF REDLANDS

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011 ¹	2012	2013	2014	2015 ²	2016	2017	2018	2019
General fund:										
Reserved	11,947,625	-	-	-	-	-	-	-	-	-
Unreserved	5,802,815	-	-	-	-	-	-	-	-	-
Nonspendable	-	6,046,174	6,598,127	7,717,839	7,857,633	7,481,159	8,324,472	8,517,994	8,734,646	8,707,654
Restricted	-	-	-	-	-	-	-	-	1,057,918	1,104,848
Committed	-	6,605,311	6,855,311	7,644,141	7,903,654	7,935,152	8,122,332	8,122,332	8,285,676	8,285,676
Assigned	-	-	-	-	-	1,883,794	2,267,840	2,130,916	4,063,636	3,894,566
Unassigned	-	8,767,650	9,773,767	10,116,118	12,586,391	14,510,450	13,454,147	13,927,733	13,592,754	17,654,773
Total general fund	17,750,440	21,419,135	23,227,205	25,478,098	28,347,678	31,810,555	32,168,791	32,698,975	35,734,630	39,647,517
All other governmental funds:										
Reserved	10,779,313	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	15,648,593	-	-	-	-	-	-	-	-	-
Debt service fund	977,863	-	-	-	-	-	-	-	-	-
Capital projects fund	2,272,252	-	-	-	-	-	-	-	-	-
Nonspendable	-	548,166	361,351	384,997	384,873	327,340	-	2,539,567	123,661	123,682
Restricted	-	19,604,935	19,035,151	20,058,201	18,365,510	15,584,054	15,258,535	9,563,703	19,321,372	14,541,638
Committed	-	6,193,677	5,609,361	5,921,050	6,816,041	6,698,593	7,212,199	8,013,248	8,441,919	9,738,292
Assigned	-	-	-	-	-	-	-	3,419,978	1,204,854	1,480,036
Unassigned	-	(1,399,875)	(7,711,358)	(8,801,461)	(8,787,268)	(7,849,278)	(9,553,680)	(10,470,797)	(8,761,721)	(8,548,572)
Total all other governmental funds	29,678,021	24,946,903	17,294,505	17,562,787	16,779,156	14,760,709	12,917,054	13,065,699	20,330,085	17,335,076

NOTE:

(1) The City of Redlands implemented GASB 54 in 2011 which changes the reporting of fund balance.

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	45,816,050	46,974,366	43,669,886	42,751,693	44,578,492	46,615,173	49,641,089	51,196,332	53,608,771	56,188,843
Licenses and permits	5,216,551	4,760,789	5,628,860	6,090,892	8,668,245	11,582,473	7,321,567	8,482,996	8,249,522	9,363,446
Intergovernmental	5,219,602	7,030,818	5,947,380	4,455,718	6,305,374	5,602,252	3,637,854	4,266,267	4,029,164	4,290,382
Charges for services	6,433,198	7,043,801	6,934,677	6,711,043	7,186,570	7,283,095	7,469,738	7,484,890	8,100,020	9,912,278
Use of money and property	1,497,930	647,310	626,072	52,596	491,377	431,301	717,504	191,541	185,610	1,823,854
Other	1,132,620	1,226,613	632,943	2,974,531	1,472,348	1,900,979	3,785,796	3,958,621	4,866,979	1,930,916
Total revenues	65,315,951	67,683,697	63,439,818	63,036,473	68,702,406	73,415,273	72,573,548	75,580,647	79,040,066	83,509,719
Expenditures										
Current:										
General government	14,533,699	11,506,994	9,788,982	10,080,042	10,562,420	11,041,353	12,915,590	12,351,772	12,830,680	14,702,684
Public safety	35,576,831	34,796,584	35,502,542	36,619,437	37,633,605	37,891,668	40,337,356	42,755,811	45,246,205	45,514,084
Highway and streets	4,131,236	4,651,164	4,250,686	4,122,692	5,913,207	6,107,137	5,034,090	5,695,084	2,870,721	3,286,739
Culture and recreation	2,940,479	2,701,864	2,121,891	2,400,303	2,631,892	2,791,661	2,481,223	2,611,210	7,033,817	6,565,573
Library	1,986,391	1,853,094	1,722,370	1,762,796	1,762,608	1,824,593	1,909,442	1,942,607	1,989,717	2,158,580
SERAF Obligation	2,389,188	491,892	-	-	-	-	-	-	-	-
Other pass-through payments	424,628	777,095	524,481	-	-	-	-	-	-	-
Capital outlay	3,650,267	5,403,411	3,176,270	7,470,985	13,431,527	23,146,625	11,481,823	15,476,158	6,132,826	10,307,277
Debt service:										
Principal	5,192,896	5,400,124	5,636,144	3,771,848	3,948,940	3,701,474	3,947,223	3,115,653	3,043,767	2,688,630
Interest and fiscal charges	3,834,596	3,783,017	2,717,604	1,672,907	1,489,466	1,343,002	1,158,384	976,711	812,002	665,241
Underwriters' fees	-	-	-	-	-	-	-	-	-	-
Total expenditures	74,600,211	71,365,239	65,440,970	67,901,010	77,373,665	87,847,513	79,265,131	84,925,006	79,599,735	85,888,808
Excess (deficiency) of revenues over (under) expenditures	(9,344,260)	(3,681,542)	(2,001,152)	(4,864,537)	(8,671,259)	(14,432,240)	(6,691,583)	(9,344,359)	(919,669)	(2,379,089)
Other financing sources (uses):										
Transfers in	14,225,197	14,749,386	13,566,661	18,682,589	20,792,923	29,941,931	15,911,839	15,430,085	19,326,814	16,569,439
Transfers out	(12,514,759)	(13,065,366)	(10,990,445)	(11,307,814)	(10,187,645)	(13,980,425)	(9,720,247)	(11,558,209)	(9,788,204)	(13,525,085)
Proceeds from sale of capital assets of Redevelopment agency (Note 18)	-	-	-	350	185,625	16,083	311,189	6,272,810	1,975,203	252,613
Restatements	-	-	(5,453,452)	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	(30,841)	8,587	(33,695)	-	-	-	-	-
Contributions to other Governments	114,998	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	(100,919)	-	-	-	-
Total other financing sources (uses)	1,825,436	1,684,020	(2,908,077)	7,383,712	10,757,208	15,876,670	6,502,781	10,144,686	11,513,813	3,296,967
Net change in fund balances	(7,518,824)	(1,997,522)	(4,909,229)	2,519,175	2,085,949	1,444,430	(188,802)	800,327	10,594,144	917,878
Debt service as a percentage of noncapital expenditures	12.7%	14.1%	13.5%	9.3%	9.5%	8.1%	7.5%	5.9%	5.2%	4.4%

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

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

CITY OF REDLANDS

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	City			Redevelopment Agency			Total			
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Assessed Value	Total Direct Tax Rate
2010	6,518,846	232,468	(79,791)	6,671,523	705,249	81,977	(5,199)	782,027	7,453,550	0.27641
2011	6,348,706	200,425	(80,197)	6,468,934	704,031	99,220	(5,168)	798,083	7,267,017	0.28110
2012	6,214,264	189,324	(79,239)	6,324,349	702,581	98,928	(5,052)	796,457	7,120,806	0.28343
2013	7,127,034	301,158	(78,056)	7,350,136	-	-	-	-	7,350,136	0.28450
2014	7,311,929	313,408	(76,552)	7,548,785	-	-	-	-	7,548,785	0.22927
2015	7,725,648	316,364	(75,033)	7,966,979	-	-	-	-	7,966,979	0.21913
2016	8,112,897	337,359	(74,030)	8,376,226	-	-	-	-	8,376,226	0.21877
2017	8,616,414	309,224	(76,808)	8,848,830	-	-	-	-	8,848,830	0.21877
2018	9,090,915	328,121	(76,265)	9,342,771	-	-	-	-	9,342,771	0.21877
2019	9,564,308	387,527	(74,744)	9,877,091	-	-	-	-	9,877,091	0.21877

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 ABX 126, 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

Assessed Value and Estimated Actual Value of Taxable Property by Major Type

Last Ten Fiscal Years
(in thousands of dollars)

Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential	4,511,071	4,344,036	4,375,904	4,603,792	4,781,493	5,102,276	5,355,614	5,643,230	5,935,215	6,246,593
Commercial	905,533	939,004	909,737	919,179	920,337	941,128	959,063	988,145	1,040,344	1,085,468
Industrial	732,243	751,264	649,237	641,987	675,107	774,960	790,087	1,035,053	1,160,879	1,201,011
Dry Farm	-	-	-	-	-	-	-	-	-	-
Government	471	470	2,499	488	498	1,478	505	513	522	548
Institutional	14,399	13,898	13,890	14,083	15,906	15,809	16,172	16,293	17,188	18,463
Irrigated	32,307	30,874	26,967	27,292	41,179	30,844	26,691	26,750	26,471	26,136
Miscellaneous	14,379	14,718	16,123	19,068	20,217	22,390	23,785	26,495	27,016	39,302
Recreational	31,864	32,472	32,453	34,762	31,852	31,962	32,520	32,808	49,678	49,887
Vacant Land	307,578	269,144	249,102	249,220	234,071	231,763	277,305	209,375	200,329	199,973
SBE Nonunitary	664,832	647,926	629,042	610,154	591,269	573,038	631,155	637,752	633,273	696,927
Unsecured	323,863	308,576	297,334	301,158	313,408	316,364	337,359	309,224	328,121	387,527
Unknown	-	-	2,809	7,009	-	-	-	-	-	-
Total Assessed Value	7,538,540	7,352,382	7,205,097	7,428,192	7,625,337	8,042,012	8,450,256	8,925,638	9,419,036	9,951,835
Less: Exemptions	(84,990)	(85,365)	(84,291)	(78,056)	(76,552)	(75,033)	(74,030)	(76,808)	(76,265)	(74,744)
Taxable Assessed Value	7,453,550	7,267,017	7,120,806	7,350,136	7,548,785	7,966,979	8,376,226	8,848,830	9,342,771	9,877,091
Total Direct Rate	0.27641	0.28110	0.28343	0.28450	0.22927	0.21913	0.21877	0.21877	0.21877	0.21877

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

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Share of Basic Levy (1)	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878
Overlapping Rates: (2)										
County General Fund	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600	0.14600
County Superintendent	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750	0.00750
Inland Empire Joint Resource Conservation District	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050	0.00050
Educational Revenue Augmentation Fund	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110	0.22110
Flood Control Zone 3	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560	0.02560
Flood Control Zone 8	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088	0.00088
Redlands Unified	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160	0.30160
San Bernardino Community College	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130	0.05130
San Bernardino Valley Municipal Water	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630
San Bernardino Valley Water Conservation District	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044	0.00044
Total Proposition 13 Rate	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>
Redlands Debt Service	0.01060	0.01080	0.01110	0.01090	0.01050	-	-	-	-	-
Redlands Unified	0.05410	0.06170	0.05820	0.06410	0.06290	0.05940	0.05670	0.05240	0.04940	0.03240
San Bernardino Community College	0.02800	0.04670	0.03730	0.04590	0.04190	0.03930	0.04030	0.03500	0.03760	0.04070
San Bernardino Unified	0.07470	0.08840	0.09780	0.09980	0.13500	0.10810	0.11820	0.07950	0.10070	0.11260
San Bernardino Valley Municipal Water	<u>0.16500</u>	<u>0.16500</u>	<u>0.16500</u>	<u>0.16250</u>	<u>0.16250</u>	<u>0.16250</u>	<u>0.16250</u>	<u>0.16250</u>	<u>0.15250</u>	<u>0.15250</u>
Total Voter Approved Rate	<u>0.33240</u>	<u>0.37260</u>	<u>0.36940</u>	<u>0.38320</u>	<u>0.41280</u>	<u>0.36930</u>	<u>0.37770</u>	<u>0.32940</u>	<u>0.34020</u>	<u>0.33820</u>
Total Direct and Overlapping Rate	<u>1.33240</u>	<u>1.37260</u>	<u>1.36940</u>	<u>1.38320</u>	<u>1.41280</u>	<u>1.36930</u>	<u>1.37770</u>	<u>1.32940</u>	<u>1.34020</u>	<u>1.33820</u>
City Share of 1% Levy Per Prop 13 (3)	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878	0.21878
Redlands Debt Service	0.01060	0.01080	0.01110	0.01090	0.01050	-	-	-	-	-
RDA Incremental Rate (4)	1.17560	1.17580	1.17610	-	-	-	-	-	-	-
City Direct Rate (5)	0.27641	0.28110	0.28343	0.28450	0.22927	0.21913	0.21877	0.21877	0.21877	0.21877

NOTES:

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

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

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

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

(5) 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

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

CITY OF REDLANDS
Principal Property Tax Payers (Secured & Unsecured)
Current Year and Nine Years Ago
In \$1,000

Taxpayer	2019		2010	
	Total Net Taxable Assessed Value	Percentage of Total City Net Taxable Assessed Value	Total Net Taxable Assessed Value	Percentage of Total City Net Taxable Assessed Value
Southern California Edison Company	\$ 696,595	7.05%	-	N/A
Prologis LP*	194,994	1.97%	113,163	1.50%
Ashley Furniture Industries Inc	108,876	1.10%	-	N/A
NYS New LLC	100,906	1.02%	-	N/A
PVT Apartments SPE	91,261	0.92%	-	N/A
AMB Institutional Alliance Fund III	88,278	0.89%	-	N/A
BRE California Redlands LLC	84,213	0.85%	-	N/A
Teachers Insurance and Annuity Assoc**	83,539	0.85%	-	N/A
Environmental Systems Reseach Institute	75,915	0.77%	-	N/A
2301 W. San Bernardino Ave Invest Group	59,538	0.60%	53,039	0.70%
AMB Institutional Alliance Fund	-	N/A	78,000	1.03%
Mountainview Power Company	-	N/A	664,600	8.82%
Evans Withycombe Residential	-	N/A	72,003	0.96%
Catellus Operating LP	-	N/A	53,060	0.70%
NYS, LLC	-	N/A	48,076	0.64%
Redlands Business Center LLC	-	N/A	46,736	0.62%
US Industrial REIT II	-	N/A	38,324	0.51%
Mountainview Industrial Center LLC	-	N/A	40,901	0.54%
Top Ten Total	\$ 1,584,115	16.04%	\$ 1,207,902	16.02%
City Total Net Taxable Assessed Value	\$ 9,877,091		\$ 7,538,540	

* Formerly known as Prologis-A4 CA IILP

** Pending appeals on parcels

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

CITY OF REDLANDS
Property Tax Levies and Collections¹
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy ²		Subsequent Years Collections of Prior Years	Total Collections to Date ²	
		Amount	Percent of Levy		Amount	Percent of Levy
2009	29,041,866	27,732,874	95.49%	1,820,062	29,552,936	101.76%
2010	27,857,389	27,284,416	97.94%	1,625,142	28,909,558	103.78%
2011	29,341,082	27,744,927	94.56%	1,437,741	29,182,668	99.46%
2012	28,198,322	26,757,388	94.89%	722,821	27,480,209	97.45%
2013	29,365,178	28,237,555	96.16%	725,114	28,962,669	98.63%
2014	29,697,798	29,620,584	99.74%	834,306	30,454,890	102.55%
2015	30,236,660	30,224,565	99.96%	618,909	30,843,474	102.01%
2016	31,245,233	31,220,237	99.92%	593,784	31,814,021	101.82%
2017	33,814,971	33,547,833	99.21%	561,371	34,109,204	100.87%
2018	35,648,742	35,417,025	99.35%	585,973	36,002,998	100.99%
2019	41,184,840	40,950,087	99.43%	571,918	41,522,005	100.82%

NOTE:

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

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

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

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

Fiscal Year Ended June 30	Governmental Activities						Business-type Activities						Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Loans / Capital Lease Obligations	Total Governmental Activities	Water Revenue Bonds	Wastewater Revenue Bonds	Solid Waste Revenue Bonds	Certificates of Participation	Loans / Capital Lease Obligations	Total Business-type Activities			
2010	2,195,000	24,773,830	34,185,000	11,544,034	3,095,191	75,793,055	10,730,000	9,660,000	-	-	10,598,668	30,988,668	106,781,723	5.24%	1,493
2011	1,680,000	23,789,186	32,210,000	10,021,030	2,884,385	70,584,601	9,145,000	8,645,000	-	-	9,922,740	27,712,740	98,297,341	4.47%	1,367
2012	1,145,000	22,667,969	-	8,448,026	2,548,241	34,809,236	7,485,000	7,580,000	-	-	10,347,274	25,412,274	60,221,510	2.78%	867
2013	585,000	21,400,395	-	6,800,022	2,266,391	31,051,808	3,579,945	4,959,409	-	-	14,909,475	23,448,829	54,500,637	2.42%	781
2014	-	19,966,684	-	5,077,018	2,077,451	27,121,153	2,402,890	4,001,754	15,132,303	-	17,496,799	39,033,746	66,154,899	2.92%	947
2015	-	18,367,081	-	3,299,014	2,959,007	24,625,102	1,195,000	3,024,098	13,834,309	-	16,429,544	34,482,951	59,108,053	2.63%	847
2016	-	16,581,841	-	1,466,010	2,656,784	20,704,635	-	2,021,443	12,506,313	-	18,819,314	33,347,070	54,051,705	2.41%	774
2017	-	14,596,411	-	643,006	2,376,131	17,615,548	-	990,000	11,138,322	-	20,929,311	33,057,633	50,673,181	2.31%	732
2018	-	12,452,070	-	-	2,207,364	14,659,434	-	-	9,720,331	-	19,440,040	29,160,371	43,819,805	1.76%	618
2019	-	10,015,991	-	-	2,033,734	12,049,725	-	-	8,247,335	-	18,129,060	26,376,395	38,426,120	1.38%	558

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.

Source: City of Redlands

CITY OF REDLANDS

Ratio of General Bonded Debt Outstanding

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt					Percent of Assessed Value ¹	Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Total		
2010	2,195	24,774	34,185	11,544	72,698	0.96%	1,016
2011	1,680	23,789	32,210	10,021	67,700	0.92%	941
2012	1,145	22,668	-	8,448	32,261	0.45%	464
2013	585	21,400	-	6,800	28,785	0.39%	412
2014	-	19,967	-	5,077	25,044	0.33%	358
2015	-	18,367	-	3,299	21,666	0.27%	310
2016	-	16,582	-	1,466	18,048	0.21%	265
2017	-	14,596	-	643	15,239	0.17%	220
2018	-	12,452	-	-	12,452	0.13%	176
2019	-	10,016	-	-	10,016	0.10%	140

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.

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

CITY OF REDLANDS
Direct and Overlapping Debt
June 30, 2019

Net Taxable 2018-2019 Assessed Valuation \$ 9,877,091,307

	Percentage Applicable ¹	Outstanding Debt 06/30/19	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
San Bernardino Community College District	13.968%	\$ 430,013,947	\$ 60,064,348
Redlands Unified School District	56.895%	71,523,512	\$ 40,693,302
San Bernardino City Unified School District	0.023%	241,159,446	\$ 55,467
City of Redlands Community Facilities District No. 2001-1	100.000%	4,515,000	\$ 4,515,000
City of Redlands Community Facilities District No. 2003-1	100.000%	8,050,000	\$ 8,050,000
Total Overlapping Tax and Assessment Debt		755,261,905	113,378,117
Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	4.432%	\$ 335,155,000	\$ 14,854,070
San Bernardino County Pension Obligations	4.432%	288,826,268	\$ 12,800,780
San Bernardino County Flood Control District General Fund Obligations	4.432%	62,820,000	\$ 2,784,182
Redlands Unified School District Certificates of Participation	56.895%	5,000,000	\$ 2,844,750
San Bernardino City Unified School District	0.023%	104,995,000	\$ 24,149
Yucaipa-Calimesa Joint Unified School District Authority	0.691%	7,275,000	\$ 50,270
Total Overlapping General Fund Debt		804,071,268	33,358,201
Overlapping Tax Increment Debt			
City of Redlands Tax Allocation Bonds	100%	\$ 9,485,000	\$ 9,485,000
San Bernardino County Inland Valley Tax Allocation Bonds	9.092%	235,260,000	\$ 21,389,839
Total Overlapping Tax Increment Debt		244,745,000	30,874,839
Total Gross Overlapping General Fund Debt		1,048,816,268	64,233,040
Less: Redlands Unified School District Self-Supporting Qualified Zone Academy Bonds ²			(1,332,730)
Total Net Overlapping General Fund Debt			62,900,310
Total Gross Overlapping Debt			\$ 177,611,157
Total Net Overlapping Debt			\$ 176,278,427
Direct Tax and Assessment Debt:			
City of Redlands	100.000%	\$ -	\$ -
Direct General Fund Debt:			
City of Redlands General Fund Obligations	100.000%	-	\$ -
City of Redlands Pension Obligations	100.000%	9,249,630	\$ 9,249,630
Total Direct General Fund Debt		9,249,630	9,249,630
Direct Loan/Capital Lease Debt:			
I-Bank Sports Park Lease	100.000%	\$ 1,402,163	\$ 1,402,163
Capital Leases -Equipment	100.000%	631,571	631,571
Total Direct General Fund Debt		2,033,734	2,033,734
Total Direct Debt			\$ 11,283,364
Total Gross Direct and Overlapping Debt ³			\$ 188,894,521
Total Net Direct and Overlapping Debt ³			\$ 187,561,791

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

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

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

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

CITY OF REDLANDS
Legal Debt Margin Information
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed valuation	7,538,540,177	7,352,381,771	7,205,098,137	7,428,192,465	7,625,337,937	8,042,012,336	8,450,256,632	8,925,637,991	9,342,770,314	9,877,091,307
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,884,635,044	1,838,095,443	1,801,274,534	1,857,048,116	1,906,334,484	2,010,503,084	2,112,564,158	2,231,409,498	2,335,692,579	2,469,272,827
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	282,695,257	275,714,316	270,191,180	278,557,217	285,950,173	301,575,463	316,884,624	334,711,425	350,353,887	370,390,924
Total net debt applicable to limit:										
General obligation bonds	2,195,000	1,680,000	1,145,000	585,000	-	-	-	-	-	-
Legal debt margin	280,500,257	274,034,316	269,046,180	277,972,217	285,950,173	301,575,463	316,884,624	334,711,425	350,353,887	370,390,924
Total debt applicable to the limit as a percentage of debt limit	0.8%	0.6%	0.4%	0.2%	0.0%	0.0%	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.

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

CITY OF REDLANDS
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds					Wastewater Revenue Bonds					Solid Waste Revenue Bonds							
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage	Wastewater Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage	Solid Waste Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
2010	18,925,773	12,560,995	6,364,778	1,520,000	558,035	3.06	8,079,798	5,718,330	2,361,468	975,000	496,821	1.60	-	-	-	-	-	-
2011	19,347,528	13,018,065	6,329,463	1,585,000	487,380	3.15	8,551,454	5,891,296	2,660,158	1,015,000	451,539	1.81	-	-	-	-	-	-
2012	21,849,228	12,345,054	9,504,174	1,660,000	411,500	4.59	9,377,389	5,693,909	3,683,480	1,065,000	402,900	2.51	-	-	-	-	-	-
2013	25,251,130	15,262,512	9,988,618	1,740,000	220,710	5.09	9,669,957	6,244,232	3,425,705	1,115,000	244,767	2.52	-	-	-	-	-	-
2014	25,638,627	16,837,289	8,801,338	1,125,000	81,900	7.29	11,290,716	6,917,341	4,373,375	880,000	141,550	4.28	12,560,609	10,130,417	2,430,192	-	213,642	11.38
2015	23,236,963	16,684,682	6,552,281	1,160,000	53,250	5.40	9,932,156	6,483,856	3,448,300	900,000	119,250	3.38	13,442,842	10,341,915	3,100,927	1,115,000	516,422	1.90
2016*	19,566,403	18,802,920	763,483	1,195,000	17,925	0.63	9,981,677	7,319,389	2,662,288	925,000	91,875	2.62	13,974,604	10,437,524	3,537,080	1,145,000	572,150	2.06
2017	-	-	-	-	-	N/A	9,483,891	7,207,159	2,276,732	960,000	58,800	2.23	13,899,757	9,911,432	3,988,325	1,185,000	537,800	2.32
2018	-	-	-	-	-	N/A	-	-	-	-	-	N/A	15,507,091	11,060,050	4,447,041	1,235,000	465,700	2.05
2019	-	-	-	-	-	N/A	-	-	-	-	-	N/A	17,996,521	14,518,673	3,477,848	1,290,000	408,750	1.61

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

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

Source: City of Redlands

CITY OF REDLANDS
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (In Thousands)	Per Capita Personal Income (2)	Unemployment Rate (3)
2009	71,532	2,039,266	28,508	9.6%
2010	71,926	2,198,418	30,565	10.5%
2011	69,498	2,167,990	31,195	9.7%
2012	69,813	2,248,258	32,204	7.0%
2013	69,882	2,265,714	32,422	6.0%
2014	69,814	2,243,752	32,139	4.7%
2015	68,040	2,192,657	32,226	3.0%
2016	69,211	2,195,442	31,721	3.3%
2017	70,851	2,494,168	35,203	3.1%
2018	71,441	2,790,914	39,066	3.2%

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
Principal Employers
Current Year and Nine Years Ago

Employer	2019		2010	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
ESRI	2,650	7.46%	1,500	4.49%
Redlands Unified School District*	2,108	5.94%	1,108	3.32%
Redlands Community Hospital	1,600	4.51%	1,100	3.29%
Beaver Medical Group (aka Epic Mgmt)	1,022	2.88%	518	1.55%
University of Redlands	593	1.67%	600	1.80%
City of Redlands	467	1.32%	555	1.66%
Loma Linda University BMC	374	1.05%	5,000	14.97%
La-Z-Boy, Inc	363	1.02%	390	1.17%
Amazon Fullfillment Center (Redlands)**	250	0.70%		
Wal-Mart Stores, Inc.	230	0.65%	400	1.20%
United States Postal Service			1,400	4.19%
Total of Top Employers	9,657	27.20%	12,571	37.64%
Total Employees in City(1)	35,500		33,398	
County "Donut Hole" Employers (2):				
Burlington Coat Factory Distribution Center	806			
Amazon Fulfillment Center	500			
Superior Buidling Products	400			
Caddo Hardware	280			
Target	400			
Kohls Retail Store	225			
JCPenney	150			
Becton Dickinson Distribution	100			
Total Employees	2,861			

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

**Previous year combined County and City totals

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

NOTES:

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

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

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

CITY OF REDLANDS

City Employees
by Function

Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Full-time employees:										
City clerk's office	-	-	-	-	1	1	1	1	1	1
City manager's office	5	5	6	6	7	7	9	11	12	12
City treasurer's office	-	-	-	-	-	-	-	-	-	-
Development services	15	16	20	20	19	21	22	22	21	19
Finance	21	21	21	22	24	25	26	27	24	27
Fire	61	60	60	61	58	60	60	60	61	63
Human resources	4	5	5	5	7	7	8	10	9	9
Library	17	15	15	16	16	16	17	17	18	20
Management information systems	11	8	9	9	9	9	-	-	-	-
Department of Innovation & Tech							10	9	10	12
Municipal utilities and engineering:										
Administration	23	23	24	28	28	34	34	34	33	29
Water	48	47	47	49	49	50	49	49	50	50
Wastewater	24	23	24	24	24	24	24	24	24	24
Police	133	129	131	111	113	121	122	122	126	130
Facilities & Community Services ²										
Administration, parks & streets	37	39	42	46	48	52	56	56	62	63
Equipment maintenance	11	9	7	6	6	6	5	5	5	4
Solid waste	38	34	33	33	32	32	33	33	33	39
Cemetery	3	3	3	3	3	4	4	4	4	4
Redevelopment	5	4	-	-	-	-	-	-	-	-
	<u>456</u>	<u>441</u>	<u>447</u>	<u>439</u>	<u>444</u>	<u>469</u>	<u>480</u>	<u>484</u>	<u>493</u>	<u>506</u>
Part-time employees	40	47	64	81	81	88	87	87	90	68
At-will employees	-	-	-	-	-	-	-	-	-	-
Grant-funded employees ¹	11	7	12	12	10	10	10	10	7	7
Limited Term Position	-	-	-	-	-	-	1	1	4	-
Total	<u>507</u>	<u>495</u>	<u>523</u>	<u>532</u>	<u>535</u>	<u>567</u>	<u>578</u>	<u>582</u>	<u>594</u>	<u>581</u>

¹ Includes both full & part time positions.

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

Source: City of Redlands Budget

CITY OF REDLANDS
Operating Indicators
by Function
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Calls for service ¹	54,725	52,611	51,248	52,349	54,529	55,972	47,488	40,159	54,370	52,914
Emergency calls for service ¹	3,091	2,333	1,167	592	504	538	578	517	708	815
Citations issued ¹	6,516	5,688	5,803	7,617	6,571	6,733	7,062	5,299	7,347	5,449
Fire:										
Number of incidents	8,239	8,470	8,323	8,946	8,980	9,354	10,169	10,484	10,684	10,760
Inspections performed ¹	2,794	2,247	2,994	2,208	2,234	1,974	2,186	2,827	4,075	5,821
Building and safety:										
Permits issued	1,721	1,647	1,536	1,600	2,150	1,932	1,947	2,110	2,408	2,111
Inspections performed	7,920	8,506	7,358	7,717	7,839	4,486	8,293	10,015	9,381	9,431
Parks and recreation:										
Community center attendance	37,973	22,398	18,000	21,084	19,100	31,238	42,625	44,725	51,000	48,500
Senior center attendance	43,706	29,008	20,668	24,897	27,891	29,415	28,675	24,415	24,970	25,109
Joslyn center attendance	37,477	26,707	13,016	19,934	16,932	21,846	23,795	21,554	20,498	22,679
Youth sports attendance	6,787	1,538	3,566	5,677	2,100	21,102	11,521	12,271	12,870	12,396
Adult sports attendance	10,260	4,735	7,780	6,534	20,340	7,200	5,760	2,830	1,800	3,200
Water:										
Number of services	21,534	22,487	23,075	23,845	21,732	21,842	21,842	22,378	22,113	22,440
Average daily consumption (thousands of gallons)	29,960	26,960	23,362	28,375	29,900	24,631	18,679	20,989	30,328	26,670
Solid waste:										
Recycled materials (tons)	28,329	25,194	24,183	25,756	26,570	20,611	22,805	22,287	23,758	25,474
Refuse disposed (tons)	78,832	81,428	71,441	65,887	72,228	49,416	52,826	52,527	51,798	51,769
Library:										
Number of volumes	142,945	144,229	143,622	143,436	142,989	140,667	144,122	144,887	144,173	146,173

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

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

Source: City of Redlands

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	2	2	2	2	2	2	2	2	2	1
Fire:										
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	315	315	315	315	315	316	316	319	368	368
Traffic signals (city-owned)	68	68	68	68	68	68	68	68	69	72
Parks and recreation:										
Parks (acreage)	260	260	260	279	295	295	295	295	295	327
Groves (acreage)	204	195	195	159	159	159	159	164	164	180
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	386	386	386	386	390	386	386	385	388	388
Maximum daily production capacity (thousands of gallons)	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Non Potable Water *										
Water mains (miles)	28	29	27	29	30	32	33	34	34	34
Maximum daily production capacity (thousands of gallons)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Wastewater:										
Sewers (miles)	239	242	240	242	243	245	245	245	245	245
Daily capacity of wastewater plant (thousands of gallons)	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Solid waste:										
Landfill (city-owned)	1	1	1	1	1	1	1	1	1	1
Library:										
Public library	1	1	1	1	1	1	1	1	1	1

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

Source: City of Redlands