

ANNUAL COMPREHENSIVE FINANCIAL REPORT Fiscal Year 2020-2021



**CITY OF REDLANDS
CALIFORNIA**



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June, 30, 2021

CITY COUNCIL

Paul T. Barich, Mayor

Eddie Tejada, Mayor Pro Tempore

Jenna Guzman-Lowery
Council Member

Paul W. Foster
Council Member

Denise Davis
Council Member

Jeanne Donaldson, City Clerk

Robert Dawes, City Treasurer

Charles M. Duggan, Jr., City Manager

Prepared by:

Management Services / Finance Department

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MANAGEMENT SERVICES
DEPARTMENT
FINANCE DIVISION

City of
REDLANDS

Incorporated 1888
35 Cajon Street, Redlands, CA 92373

Danielle Garcia
Management Services/Finance
Director

James Garland
Assistant Finance Director

January 31, 2021

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, 2021.

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, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the Fiscal Year ended June 30, 2021 were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE CITY OF REDLANDS

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

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

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

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 either to the full City Council or to the Budget Subcommittee (comprised of 2 members of the City Council and the City Treasurer) at a public meeting noticed in accordance with the Brown Act. A series of two (2) to three (3) budget presentations are then provided to the City Council during regular and special Council meetings, with the Budget Adoption occurring last at a regular meeting of the Council prior to June 30th of each year.

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

general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

ECONOMIC CONDITION AND OUTLOOK

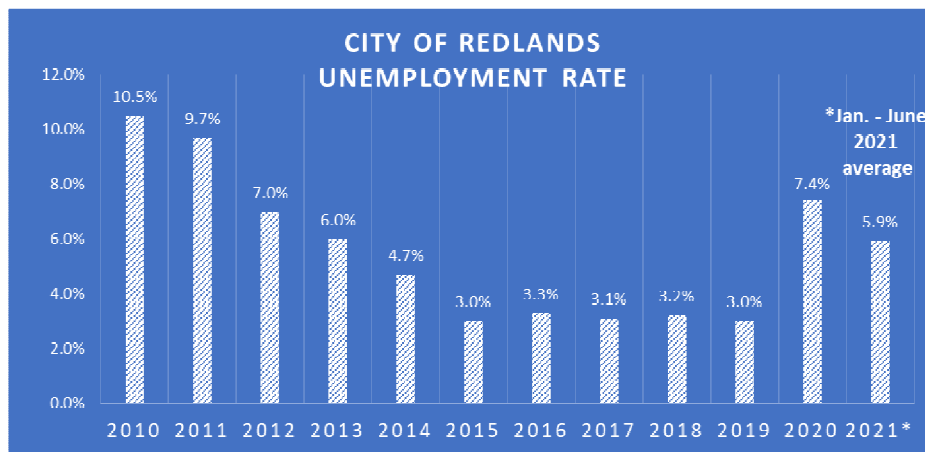
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy. During the COVID-19 pandemic, the City (and all cities) faced much uncertainty with regard to their local economies and how they would weather the crisis. A lot has changed since state and county mandates went into effect to keep people ‘safer at home’ in March 2020. The widespread availability of vaccines in the second quarter of 2021 and unprecedented federal intervention have stabilized the overall economy and prevented more severe economic challenges for local government.

Shortly after the start of fiscal year 2020-21, in August 2020, the state implemented a four-tier system of stratified restrictions on economic activity to enable partial reopening of businesses that previously were unable to operate due to pandemic-related orders. In November 2020, the City’s sales tax measure (Measure T) won voter approval to impose a one-cent transactions and use tax within the City’s boundaries. The tax then went into effect in April 2021. Also in April 2021, vaccine eligibility was expanded to cover most adults. This aided economic recovery through increased participation in the labor force, greater willingness for consumers to resume normal activities and more confidence in the economy as a whole.

As it applies to the City of Redlands’ economy, which is based largely in the service and trade sectors (health care, retail trade, technology, and education), this recovery was notable. The two main indicators of fiscal performance for the City are property and sales tax. Together, these two sources of revenue account for roughly 70% of the City’s general fund revenue. The results in these two categories and overall financial position of the City indicate that the recession triggered by the pandemic was indeed short-lived and that a new economic cycle has started, although uncertainty about the economy remains.

The precipitous nature and novelty of pandemic-driven recession made its impacts much more difficult to gauge than prior recessions. According to the chart below, although the economy is in full recovery, unemployment levels have remained moderately high through the close of June 2021. The labor market has great influence on inflationary pressures through rising wages, and therefore it will likely take some time to return to pre-pandemic levels as inflation moderates.



As a result of the various public health directives limiting the activities of businesses and private citizens, many employers have reduced their workforces. As such, it is worth noting that the final six-month average unemployment rate to close out fiscal year 2020-21 (from January 2021 to June 2021) did recover from 7.4% in 2020 to 5.9%. Comparing the City's average unemployment rate from January through June 2021 to the County of San Bernardino as a whole (7.9%) and to the state average (8.2%), the City has fared better than either during this same timeframe. This is due to many factors, including the fact that, while the City was not immune to pandemic-related economic impacts, its diverse mix of industries and employers supported its ability to recover more so than that of other regional economies that may suffer from an agglomeration of heavily impacted industries.

In the spring of 2020, the City's local economy did feel the significant impact of the COVID-19 pandemic resulting in a sudden decline in City revenues to end fiscal year 2019-20. At the time revenue shortfalls were expected to continue in FY 2020-21 and beyond. However, as the pandemic unfolded, many changes occurred that positively affected revenue expectations for FY 2020-21:

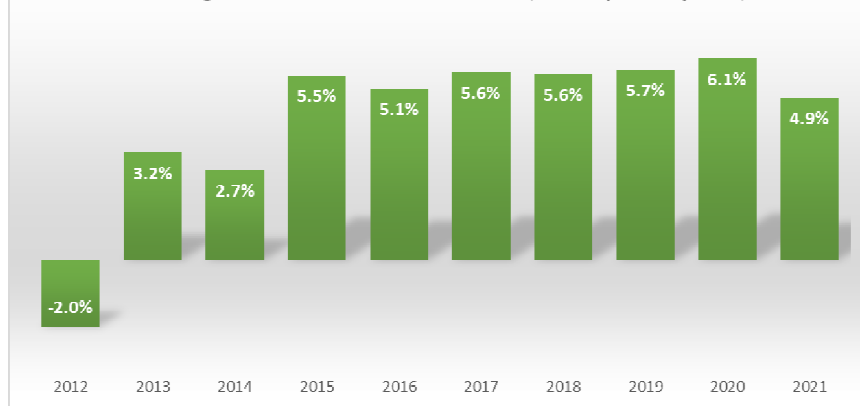
- In September 2020, the City was awarded \$1.7 million in federal Coronavirus Relief Funds
- November 2020, Measure T won voter approval and established a general 1-cent sales tax, estimated to generate an additional \$10-13 million annually
- In January 2021, a corporate restructuring of Amazon resulted in a complete change to the sales tax allocation process by the state, and is anticipated to yield an additional \$1.6 million in annual sales tax revenue for the City

Beyond these changes to the City's revenue estimates there were also economic recovery related increases to sales & property tax, transient occupancy tax and business license receipts that bolstered revenues even further.

As it pertains to sales tax, it's noteworthy to examine automobile sales, which experienced a classic V-shaped recovery in the months following the sharp declines associated with the COVID-19 recession. For the City, its top producers of sales tax include several car dealerships. Many factors have influenced this industry's performance, including the global supply chain shortage, strong demand by consumers, and rising prices.

Major industries within the City's boundaries or in close proximity include computer software manufacturers, higher education institutions, light manufacturing, regional distribution centers and several financial and insurance institutions. Major employers in the City, or within the vicinity, include the Redlands Unified School District, Esri (Environmental Systems Research Institute), Redlands Community Hospital, Amazon Fulfillment Center, Beaver Medical Group, the City of Redlands, the University of Redlands, and Loma Linda University Behavioral Medical Center.

In terms of property taxes, the City experienced a net taxable value increase of 4.87% in FY 2020-21, representing eight consecutive years of growth, albeit at a slower pace than prior years. The assessed value increase between 2019-20 and 2020-21 was \$510 million. The City's growth rate in assessed value is described by the following chart:



The primary driver of growth in assessed value was reassessment due to prior year transfers of ownership, constituting 55% of all growth in the City. The annual CPI adjustment was the second largest growth factor, contributing about one-third of overall growth in assessed value. Lastly, new construction also contributed 8% of total value growth. This new construction activity is represented in parcel subdivision, where there was a net gain of 179 secured parcels in the City for the 2021-22 tax roll.

The local real estate market has remained relatively strong compared to the broader economy. From 2018 to 2020, the median price for detached single family residential sales rose cumulatively by almost 20%, with 8.4% of that growth experienced in 2020 alone. Multiple factors have influenced rising home costs: historically low interest rates, limited supply of housing stock, and increased demand from investors. Within the City, the median price for a detached single family residence has exceeded pre-Great Recession highs of \$407,500, and at the end of 2020 was \$465,000.

Because property tax lags current economic conditions due to assessment practices, there was an expectation that the effects of the COVID-19 pandemic would slow growth of this revenue stream in future years. It is unlikely that this will be the case. While growth in assessed value slowed from an all-time high of 6.1% in the last ten years to 4.9%, home prices, new construction and a fever pitch of demand continue to support healthy property tax gains despite a highly unusual economic climate.

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

In residential construction, recently completed were a total of 176 single family detached residences as part of the Encore and Signature Series at North Ranch, built by Diversified Pacific. These new homes are located in the northeast area of the City and feature lots ranging from 14,000 – 17,000 square feet inspired by Spanish, traditional and craftsman design. Many other projects are in the construction stage, such as the Luxview Properties development of a 328-unit apartment complex on the north and south sides of Orange Avenue between Alabama and Iowa Streets in the southwest portion of the City. Another significant residential development that was underway by the end of FY 2020-21 was the Lugonia Groves Project by KB Home Coastal, which would add 105 single family detached residences, including a neighborhood park and open space with citrus groves on its western portion.

In terms of commercial development, several noteworthy projects have been completed. Woodspring Hotels completed a hotel which included 123 guest rooms at 48,224 sq. ft. Construction was also completed on the new Environmental Systems Research Institute (Esri) 3-story office building, adjacent to the existing Esri campus on the south side of Park Avenue. Property One, LLC completed Phase II of the Packing House District Shopping Center on the southwest corner of Stuart Avenue and Eureka Street. In addition, Bob Harber & Brian Harber completed construction on a Self-Serve Carwash on the southwest corner of Alabama Street and Orange Tree Lane. As well, U-Stor-It completed construction on 61,465 sq. ft. of storage space with an additional 933 sq. ft. in office space.

Other notable business openings in fiscal year 2020-21 include the following:

- Escape Craft Brewery moved to a new location in an historic 60-by-100-foot brick building that formerly operated the trolley barn in the early 1900's on Citrus Avenue in the Packinghouse District (Phase II).
- The J. Riley Distillery held its grand opening in the Packinghouse District (Phase II), featuring upscale gastropub food and craft cocktails in a family-friendly environment.
- Our Brew, the City's newest brewery, opened in April 2021 and features a tap room and full-scale production facility.
- The Cupcake & Espresso Bar opened in Redlands during the fiscal year, making it their 5th location in the region.
- 19th Tee Premier Indoor Golf opened its doors in downtown Redlands, offering a place to sharpen established skills, learn the game from scratch or obtain swing analysis with cutting-edge technology.
- The Louisiana-based quick serve restaurant Raising Cane's opened in August 2020, on 2.2 acres and features dual drive-thru lanes.
- Cookie Corner opened in downtown Redlands in April of 2021, specializing in 40 different types of delicious cookies.
- In October of 2020, downtown Redlands welcomed the opening of Board Game Paradise, a board game store that sells puzzles, games, and gifts.
- Skin Envy Co., a health & beauty spa, opened its doors for service as well in November 2020.

Tax Abatements. 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.

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

On September 8, 2015, the DOF approved the Successor Agency's Long-Range Property Management Plan (LRPMP). As of April 2019 the City has disposed of all remaining properties not specified for a governmental purpose in accordance with the LRPMP. In addition, the City anticipates all financial obligations of the Successor Agency to be fully satisfied at the end of fiscal year 2022-23. Further discussion about the Successor Agency can be found in Note 14 of the Notes to the Basic Financial Statements.

Long-term financial outlook/planning. Overall, fiscal conditions for the City have improved markedly from the prior year's outlook. While uncertainty remains regarding inflation, unemployment and the next economic cycle, the City has bolstered its resources with the passage of Measure T and the steadily increasing growth in assessed property values. Those strengths are added to further by the increase in development activities, both in residential and commercial projects, as well as the continued opening and expansion of businesses in the area.

Additionally in March 2021, Congress passed the \$1.9 trillion American Rescue Plan Act with direct payments to states, counties, cities and individuals, as well as aid to impacted industries and expansion of the Paycheck Protection Program. This sweeping legislation included \$350 billion in funding for state & local governments. The City was designated to receive \$11.5 million of this funding to help replace lost tax revenue, strengthen the city's response to the negative impacts of the pandemic and invest in critical infrastructure. Staff are currently developing a plan, in coordination with the business community and City Council on the needs that this funding would help address.

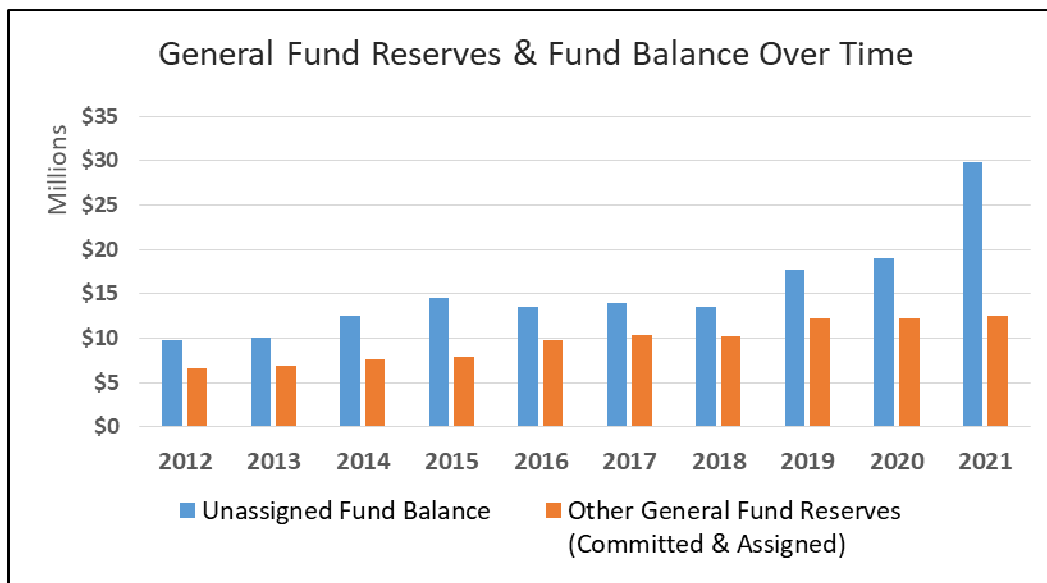
By the end of calendar year 2021, the Redlands Passenger Rail Project, managed by the San Bernardino County Transportation Authority, marked the completion of 80% of the nine-mile Redlands to San Bernardino railway project. The \$360 million project is expected to start service in the spring of 2022. A total of five train stops are planned within the City, with three slated to be constructed and operational with the start of the rail service. It is expected that the rail service will generate additional travel to Redlands as a destination for shopping and entertainment. Further development related to the rail is anticipated in the coming years, including the redevelopment of the former Redlands Mall site to include mixed use apartments with retail space downtown as well as the Transit Villages Specific Plan for up to 2,400 new dwelling units near the rail line.

During the November 2020 election, the City's general sales tax measure (Measure T – a local transactions and use tax) was approved by voters by a margin of 57% to 43%. Funding generated by Measure T will enable the City to:

- Address public welfare issues involving homelessness
- Maintain police services including neighborhood police patrols, crime prevention and investigations
- Keep public areas, parks and recreation facilities well-maintained and free of graffiti and maintain public buildings and infrastructure including sidewalks, curbs and storm drains
- Provide fire protection and paramedic services and replace outdated lifesaving and firefighting equipment

Each of these topics bears on the local forecasts for economic development, property & sales tax revenues, housing market, and employment rates. Through the current economic cycle, the City has worked to strengthen its financial position according to the City Council's direction, ensuring that its financial resources are prioritized appropriately especially given the additional funds being received from the federal government and the new sales tax.

The graph below provides an at-a-glance view of the City's ability to prioritize spending and facilitate investment in long-term capital needs. In fiscal year 2020-21, the City's reserves for capital projects included: \$1.9 million for parking improvements in the downtown, \$1.8 million in parks, equipment, facilities and building capital, and \$420,000 for unfunded mandates.



Notably, the ending unassigned fund balance for the General Fund was approximately \$10.9 million higher than the prior year, increasing from \$19 million in FY 2019-20 to \$29.9 million in FY 2020-21. This represents a single-year increase of 57%. Of the \$10.9 million increase, approximately \$7.1 million is scheduled for carryover into the subsequent year for expenditure and represents the late addition of several large capital and planning projects inserted into the FY 2020-21 budget during the final month of the fiscal year. Further review of the General Fund is included within Management’s Discussion and Analysis which follows the independent auditor’s report.

Relevant Financial Policies

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

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

rating agencies and to capital markets that the City is well managed and will be able to meet its financial obligations on a timely basis.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Redlands for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020. This was the eighteenth 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, James Garland; Finance Manager, Marie Datuin; and senior accountant Denise Camarillo 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 is also due to City Manager Charles M. Duggan, Jr., Assistant City Manager Janice McConnell, and the Mayor and the City Council for their consistent support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Danielle Garcia
Management Services / Finance Director



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, 2020

Christopher P. Morrill

Executive Director/CEO


City of Redlands, CA
 Organizational Chart
 Approved By:

 Charles M. Duggan, Jr.
 City Manager
 Effective July, 2021

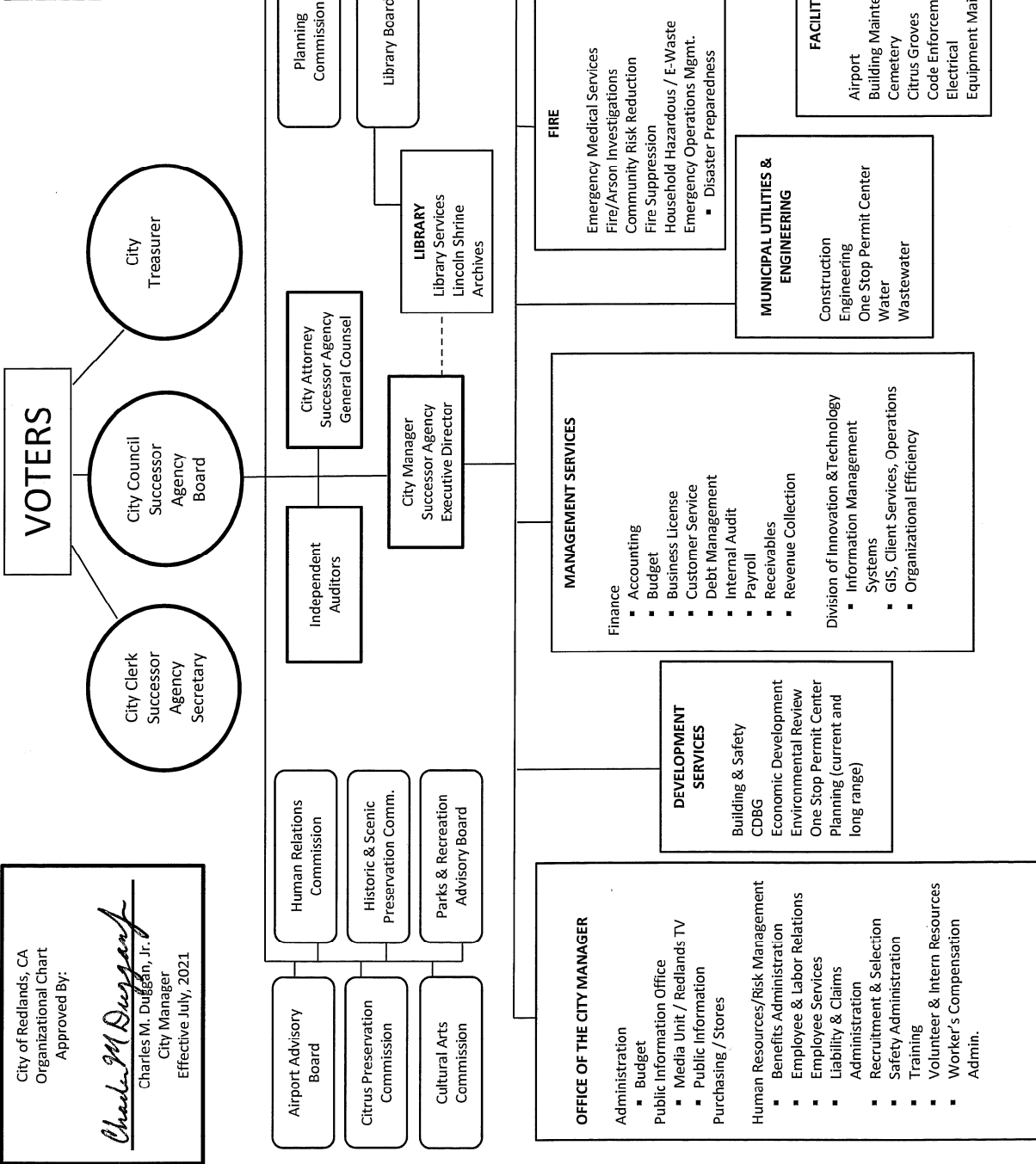
LEGEND

Elective 

Appointive 

Boards, Commission & Committees 

Advisory to: 



**CITY OF REDLANDS, CA
PRINCIPAL OFFICERS
AS OF JUNE 30, 2021**

CITY COUNCIL (ELECTED)

Paul T. Barich, Mayor
Eddie Tejada, Mayor Pro Tem
Denise Davis, Councilmember
Paul W. Foster, Councilmember
Jenna Guzman-Lowery, Councilmember

CITY MANAGER

Charles M. Duggan, Jr.

ASSISTANT CITY MANAGER

Janice McConnell

CITY CLERK (ELECTED)

Jeanne Donaldson

CITY TREASURER (ELECTED)

Robert Dawes

CITY ATTORNEY

Daniel J. McHugh

DEVELOPMENT SERVICES DIRECTOR

Brian Desatnik

FACILITIES & COMMUNITY SERVICES DIRECTOR

Christopher Boatman

FIRE CHIEF

James Topoleski

LIBRARY DIRECTOR

Donald McCue

MANAGEMENT SERVICES/FINANCE DIRECTOR

Danielle Garcia

MUNICIPAL UTILITIES & ENGINEERING DIRECTOR

John Harris

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, 2021, 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, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Adoption of New Accounting Standard

As described in Note 1 and 18 to the financial statements, the City adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 18 to the financial statements. Our opinions are not modified with respect to these matters.

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 pension contributions, the schedule of changes in total OPEB liability and related 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 January 28, 2022, 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 cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California

January 28, 2022

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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, 2021. Please read the MD&A in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City’s operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short-term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates like businesses, such as the water system.
 - *Fiduciary fund* statements provide information about fiduciary relationships – like the custodial fund 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, 2021 and June 30, 2020, which allows for analysis of the City’s net position as a whole.

Table 1

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other Assets	\$ 101,213,162	\$ 81,326,584	\$ 117,406,518	\$ 113,373,582	\$ 218,619,680	\$ 194,700,166
Capital Assets	483,407,097	475,191,564	194,994,848	186,483,694	678,401,945	661,675,258
Total Assets	584,620,259	556,518,148	312,401,366	299,857,276	897,021,625	856,375,424
Deferred Outflows of Resources						
Pension & OPEB	38,924,685	27,481,455	8,835,191	5,181,234	47,759,876	32,662,689
Long-Term Liabilities Outstanding	252,369,403	231,270,886	99,140,474	95,853,180	351,509,877	327,124,066
Other Liabilities	14,386,097	9,142,281	10,095,306	7,132,138	24,481,403	16,274,419
Total Liabilities	266,755,500	240,413,167	109,235,780	102,985,318	375,991,280	343,398,485
Deferred Inflows of Resources						
Pension & OPEB	5,449,482	7,353,974	1,213,953	1,903,783	6,663,435	9,257,757
Net Position						
Net Investments in Capital Assets	481,259,666	473,042,917	174,389,259	165,453,760	655,648,925	638,496,677
Restricted	14,059,449	17,338,048	18,031,654	24,229,255	32,091,103	41,567,303
Unrestricted	(143,979,153)	(154,148,503)	18,365,911	10,466,394	(125,613,242)	(143,682,109)
Total Net Position	\$ 351,339,962	\$ 336,232,462	\$ 210,786,824	\$ 200,149,409	\$ 562,126,786	\$ 536,381,871

Net position over time may serve as a useful indicator of a government’s financial position, however it may change dramatically year-to-year as a result of changes in accounting practices and assumptions. Table 1 shows that the net position of government-wide activities increased by approximately \$25.7 million or 4.8%, from \$536,381,871 in 2020 to \$562,126,786 in 2021.

Governmental activities net position increased steadily by 4.5%, from \$336,232,462 at June 30, 2020 to \$351,339,962 at June 30, 2021. Closely mirroring this increase, the City's net position for business-type activities increased by 5.3% from \$200,149,409 in 2020 to \$210,768,824 in 2021. For governmental activities, the increase of roughly \$15.1 million in net position is mostly attributable to a significant increase in pension & OPEB deferred outflows of \$11.4 million, which, together with a decrease in pension & OPEB deferred inflows of \$1.9 million contributes to an increase in net position of \$13.3 million. The remaining positive impact on net position is due to an increase in total assets over total liabilities of \$1.8 million, roughly. For the business type activities, the growth in total net position of 5.3% (or \$10.6 million) is attributable to an increase in total assets over total liabilities of \$6.2 million, as well as an increase in pension & OPEB deferred outflows of \$3.7 million and a decrease in pension & OPEB deferred inflows of \$0.7 million. 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 \$678 million or 76% of total assets. These are detailed in Note 4 of the financial statements.
- Net investment in capital assets of approximately \$656 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 \$191 million in the City treasury and \$4 million of restricted cash and investments held with fiscal agents. These are detailed in Note 2 of the financial statements.
- Deferred outflow of resources related to pension and OPEB increased significantly by \$15.1 million net, roughly 46%. This change was due mainly to decrease of roughly 22% in the assumed discount rate used to calculate the City's Total OPEB liability.
- Receivables, totaling \$22.3 million, consist of accounts and taxes receivable.
- Long-term liabilities totaled \$351.6 million, approximately, and represent the City's obligations on debt, pensions, and other post-employment benefits. More information is presented in Notes 5, 8 and 9 of the financial statements.
- Other liabilities increased significantly by 50%, from \$16.3 to \$24.5 million roughly. Most of this \$8.2 million increase is due to unearned revenue recorded in general government as a result of the American Rescue Plan Act funding received towards the end of the fiscal year, along with increases over the prior year in accounts payable for an outstanding general liability claim payment, and in business type activities related to the start of two major capital improvement projects.
- Deferred inflow of resources related to pension decreased by \$2.6 million, roughly 28%. This change is based on a decrease in the assumed discount rate used in the annual actuarial analysis performed to measure OPEB.
- Overall investment in capital assets, net of related debt, increased by 2.7%. This steady increase over the prior year is reflective of additions to right-of-way assets, higher amounts of construction in progress, and additions to infrastructure assets and buildings & improvements.
- Restricted net position, totaling \$32.1 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 -\$125.6 million represents an unrestricted net position deficit, mainly resulting from the recognition of the net pension liability in fiscal year 2015, in accordance with GASB 68, and the recognition of total OPEB liability in fiscal year 2018, in

accordance with GASB 75. Additional details can be found in Note 8 as it pertains to net pension liability and in Note 9 for the Total OPEB liability.

Governmental Activities

- Receivables, totaling \$12.4 million, consists mainly of taxes receivable at \$11.7 million, with the remaining \$698,000 in accounts receivable. Taxes receivable have increased over the prior year due to accruals added this fiscal year to reflect the City's newly implemented one-cent transactions and use tax (Measure T sales tax).
- The net position of governmental activities increased by 4.5% (or \$15.1 million), attributable to a variety of factors. Deferred outflow of resources related to pension and OPEB constituted the majority of this increase at \$11.4 million, and, among the two, OPEB deferred outflows increased most significantly (\$8.6 million). A decrease in pension & OPEB deferred inflows of \$1.9 million also contributed to the increase in net position. Lastly, the remaining positive impact on net position is due to an increase in total assets over total liabilities of \$1.8 million, roughly.
- Deferred outflow of resources related to pension and OPEB increased by \$11.4 million, roughly 42%. OPEB deferred outflows increased by approximately \$8.6 million and this is attributed to difference between actual and expected experience losses detailed in the actuarial valuation performed with a measurement date of June 30, 2020. Pension deferred outflows represent a \$2.8 million increase in deferred outflows. This change is based on the annual actuarial analysis performed by CalPERS and consists of differences between estimated and actual experience. There are more details available in Notes 8 & 9 of the financial statements. As noted above, the most significant driver of these changes was the decrease in discount rate used in the actuarial analysis of the Total OPEB liability.
- This year, there was a net increase of 11%, or \$26.3 million in total liabilities, with roughly \$5.4 million attributed to increases in unearned revenue received in late June 2021 (as a result of the American Rescue Plan Act funding, the majority of which has no corresponding expenditure and is therefore unearned) and a net of \$21.1 million attributed to long-term debt. Within long-term debt, the amount for pension increased by \$8.6 million and the amount for OPEB increased by \$13.3 million, both due mostly to the lowering of the assumed discount rate and differences between expected an actual experience (e.g., retirement rates, ages, mortality, and expected returns). There are more details available in Notes 8 & 9 of the financial statements.
- Deferred inflow of resources related to pension decreased by \$1.15 million, 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, notably earnings on pension plan investments. OPEB deferred inflows also decreased over the prior year by 19%, or \$750,000. This change is mainly due to changes in assumptions related to total liability. There are more details available in Notes 8 & 9 of the financial statements.

Business-Type Activities

- The net position of business-type activities increased by 5.3%, or \$10.6 million. This change is attributed to an increase in total assets of \$12.5 million, offset by an increase in total liabilities of \$6.3 million for a net increase of \$6.2 million overall. Also contributing to net position is an increase in pension & OPEB deferred outflows of \$3.7 million and a decrease in pension & OPEB deferred inflows of \$0.7 million, contributing to the overall increase in net position of \$10.6 million.
- Receivables, totaling \$9.9 million, represent an increase of approximately \$1.5 million from the prior year. The majority of accounts receivable relate to the Water, Wastewater and Solid Waste customer billings (\$4.1 million) and unbilled customer accounts (\$5.5 million).
- Total capital assets of \$195 million represent 28.7% of total capital assets citywide.
- Deferred outflow of resources related to pension and OPEB increased by \$3.6, roughly 71%. OPEB deferred outflows increased by approximately
 - \$3.1 million and this is attributed to the lowering of the assumed discount rate used in the actuarial valuation performed with a measurement date of June 30, 2020.
 - Pension deferred outflows increased slightly by \$0.5 million. This change is based on the annual actuarial analysis performed by CalPERS and consists of differences between estimated and actual experience.
- This year, there was a net increase of \$3.3 million in long-term liabilities outstanding. In terms of long-term debt – there was a net decrease of \$2.9 million.
 - This is representative of repayment of bonds and notes within Water, Solid Waste and Wastewater funds of roughly \$3 million, which offset the addition of new capital leases payable for a backhoe loader at the Hillside Memorial Cemetery for a net of \$109,000.
 - In terms of long-term liabilities, the decrease noted above was overshadowed by significant increases in net pension and total OPEB liability of \$1.3 and \$4.9 million, respectively. These increases in net pension and total OPEB liability relate to changes in actuarial assumptions and actual performance versus estimated investment earnings. Notably, for OPEB liability, much of this increase was due to a decrease in the assumed discount rate.
- Deferred inflow of resources related to pension decreased by \$415,000, roughly 73%.
 - This change is based on the annual actuarial analysis performed by CalPERS and consists of changes in assumptions and differences between estimated and actual experience.
 - OPEB deferred inflows also decreased by \$274,000, or 21%, and represent liabilities in the City's valuation with a measurement date of June 30, 2020.

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, 2021 and June 30, 2020:

Table 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for services:	\$ 15,665,634	\$ 15,975,609	\$ 63,050,099	\$ 58,761,693	\$ 78,715,733	\$ 74,737,302
Operating grants and contributions	3,941,740	2,995,658	20,125	55,371	3,961,865	3,051,029
Capital grants and contributions	11,372,774	31,462,210	2,840,765	7,656,651	14,213,539	39,118,861
General Revenues						
Property taxes	35,722,886	33,743,135	79,616	81,098	35,802,502	33,824,233
Sales taxes	26,541,469	17,510,274	-	-	26,541,469	17,510,274
Franchise taxes	2,379,571	2,369,348	-	-	2,379,571	2,369,348
Other taxes	2,462,019	2,031,015	-	-	2,462,019	2,031,015
Use of money & property	282,836	1,869,008	557,392	3,214,540	840,228	5,083,548
Other	3,064,706	1,865,686	1,637,223	1,327,610	4,701,929	3,193,296
Intergovernmental (unrestricted)	1,455,573	167,157	-	-	1,455,573	167,157
Total Revenues	102,889,208	109,989,100	68,185,220	71,096,963	171,074,428	181,086,063
Program Expenses						
General government	18,717,217	16,211,056	-	-	18,717,217	16,211,056
Public safety	57,395,655	57,656,302	-	-	57,395,655	57,656,302
Culture and recreation	4,250,967	5,227,381	-	-	4,250,967	5,227,381
Highway and streets	11,057,940	4,275,091	-	-	11,057,940	4,275,091
Library	2,792,317	2,921,245	-	-	2,792,317	2,921,245
Interest on Long-Term Debt	888,750	994,894	-	-	888,750	994,894
Water	-	-	23,411,564	22,719,142	23,411,564	22,719,142
Disposal	-	-	15,026,409	15,194,462	15,026,409	15,194,462
Sewer	-	-	12,077,904	11,242,914	12,077,904	11,242,914
Groves	-	-	991,602	845,498	991,602	845,498
NP Water	-	-	677,088	249,911	677,088	249,911
Cemetery	-	-	1,119,999	1,049,876	1,119,999	1,049,876
Aviation	-	-	582,770	637,012	582,770	637,012
Total Expenses	95,102,847	87,285,969	53,887,336	51,938,815	148,990,183	139,224,784
Change in Net Position Before Transfers	7,786,361	22,703,131	14,297,884	19,158,148	22,084,245	41,861,279
Transfers	3,660,469	2,713,105	(3,660,469)	(2,713,105)	-	-
Increase (Decrease) in Net Position	11,446,830	25,416,236	10,637,415	16,445,043	22,084,245	41,861,279
Beginning Net Position	336,232,462	310,816,226	200,149,409	183,704,366	536,381,871	494,520,592
Restatement of Net Position	3,660,669	-	-	-	3,660,669	-
Beginning Net Position, as Restated	339,893,131	310,816,226	200,149,409	183,704,366	540,042,540	494,520,592
Ending Net Position	\$ 351,339,961	\$ 336,232,462	\$ 210,786,824	\$ 200,149,409	\$ 562,126,785	\$ 536,381,871

Total Primary Government –

- Total Primary Government revenues for fiscal year 2020-2021 decreased by 5.5%, or roughly \$10 million, despite notable gains in sales tax revenue of roughly \$9 million. This is a result of an accounting adjustment made in the prior year, as the City revised its Right-of-Way valuation methodology, leading to a one-time addition of \$24 million in added revenue in the Capital Grants and Contributions category in FY 2020.
 - Other changes in this category relate to the prevalence of private development projects and their related infrastructure additions in both General Government and Business Type Activities. In the prior year, there were 15 projects, contributing almost \$10.3 million to both General Government and Business Type Activities in the category of Capital Grants and Contributions. This year, there are 8 projects, contributing roughly \$3.1 million to the same. The overall decrease in revenues belies the fact that almost every other recurring revenue category has remained level or has increased from the prior year.

- Property tax grew by 5.9%, or \$2 million. This growth in revenue is attributed to higher taxable values driven by property transfers of ownership, the annual adjustment for inflation (CPI), and new construction within the City from prior years being enrolled by the County’s Recorder.
- Total expenses for the City increased in fiscal year 2020-2021 by \$9.8 million (or 7%). Roughly \$6.8 million of this increase was within General Government, in Highways & Streets. Another \$1.9 million net increase was found throughout the Business Type Activities. More detail on these fluctuations is presented below.
- Transfers between governmental activities and business-type activities increased by roughly \$947,000. With some other smaller increases and decreases, this large increase in net transfers is due to an increase in transfers from the General Fund to the Disposal Fund.

Governmental Activities

- Total Governmental Activity revenues for fiscal year 2020-21 decreased by roughly 6.5% after a year in which revenues grew by 30%. This growth in the prior year was mainly attributed to an increase in the volume of Right-of-Way (ROW) valuation according to the City’s revised ROW valuation methodology, resulting in roughly \$24 million in added revenue within the Highway and Streets category in FY 2020. There was also fewer private development projects contributing significantly less to the categories of contributed capital. Other significant variances are detailed below.
- Sales tax revenue saw a very significant increase of 52%, or \$9 million, when compared to prior year. This striking increase in revenues is based on three factors:
 - The passage of a 1% transactions and use tax within the City, effective 4/1/2021;
 - A corporate restructuring of Amazon LLC to now own its warehouses, effectively making itself into a point-of-sale such that the vast majority of sales tax the in-town Amazon warehouse generates will no longer be “pooled” for apportionment among the various cities in the County, but rather the City will be the exclusive taxing jurisdiction;
 - And lastly, upward pressures on prices towards the latter half of the fiscal year had a positive impact on sales tax revenue.
- Uses of Money & Property revenues have decreased significantly by roughly \$1.6 million, or 85%. Much of this is due to a decrease in investment income realized from cash balances in government activity funds. The investment landscape during the fiscal year saw downward pressure on safe yields and overall has not supported the type of returns possible in the prior year.
- The Intergovernmental category reflects a significant increase over the prior year of \$1.3 million because of new revenues from the Federal, state and county governments via the Coronavirus Aid, Relief, and Economic Security (CARES) Act, from which the City received two allocations - one from the County in the amount of \$876,000 and one from the Federal government, in the amount of \$1.3 million.
- Operating Grants and Contributions increased from prior year levels by \$946,000, or 32%. This was due largely to two significant grants received by the City – the Homeless Emergency Aid Program (HEAP) for \$600,000 and the Senate Bill 2 (SB 2) Planning Grant for \$310,000.
- Capital Grants and Contributions decreased markedly by \$20.1 million, or 63.9%. This is a result of an accounting adjustment that was made in the prior fiscal year when the City revised its Right-of-Way valuation methodology, leading to a one-time addition that year of \$24 million in added revenue in the Capital Grants and Contributions category in FY 2020.
- Total expenses for the City increased in fiscal year 2020-21 by \$7.8 million (or 9%). The following categories saw the largest fluctuations over the prior year:
 - General Government expenses increased by roughly \$2.5 million (or 15.5%). Most of this increase is due to a re-categorization of expenses that were grouped into Highways &

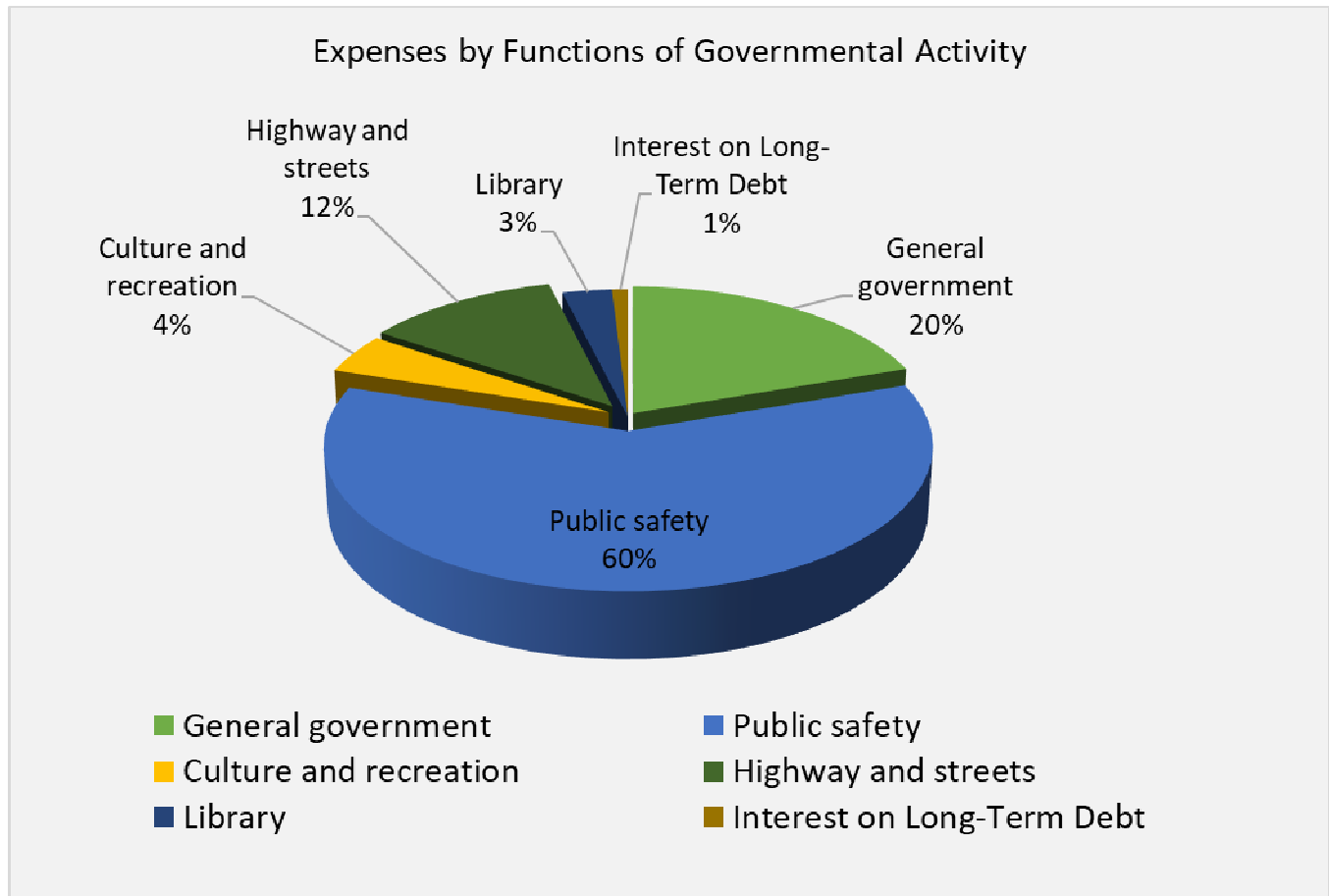
Streets in the prior year (\$1.9 million) and there were also cost increases for utilities and maintenance items across the board.

- The Highway and Streets category saw a \$6.8 million increase over the prior year. This large variance was due to a general government Right-of-Way contributions reclassified as capital additions and the corresponding capital outlay of \$5.3 million. As well, the divisions of Administration, Trees and Code Enforcement of the Facilities and Community Services Department were regrouped here, that were previously included under general government (~\$1.6 million).

Business-Type Activities

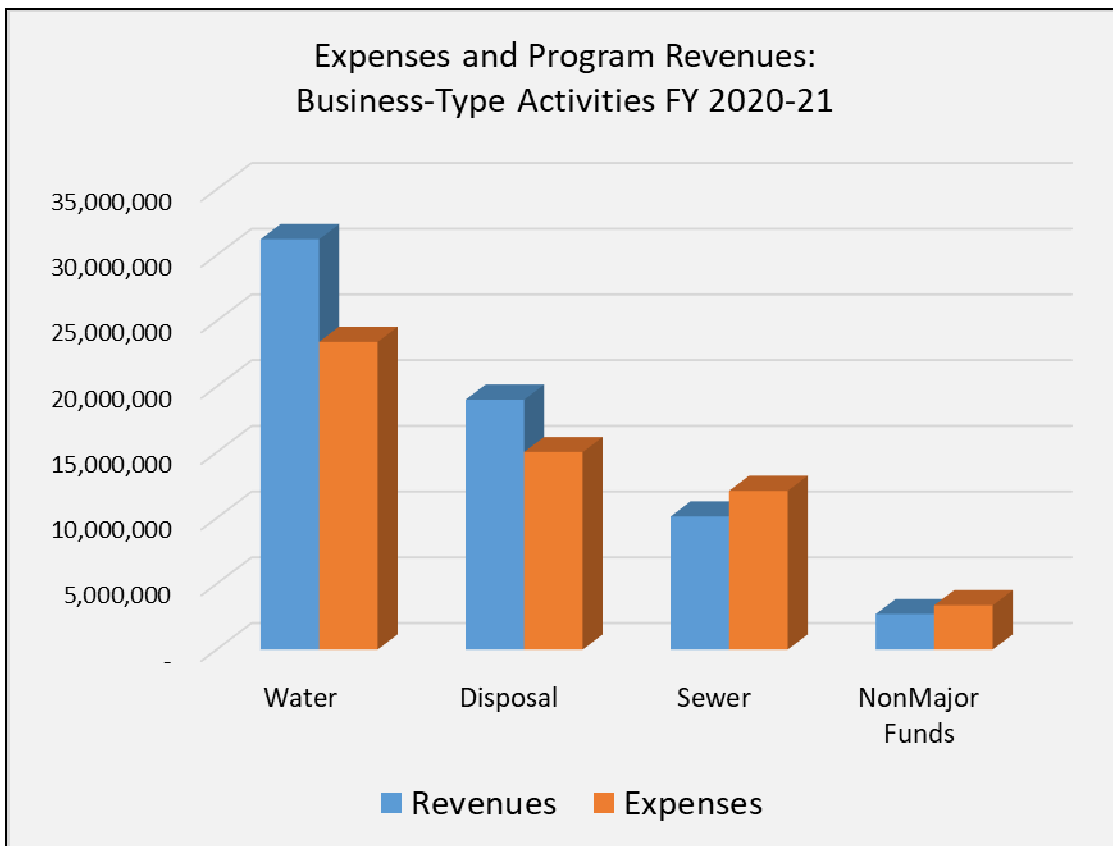
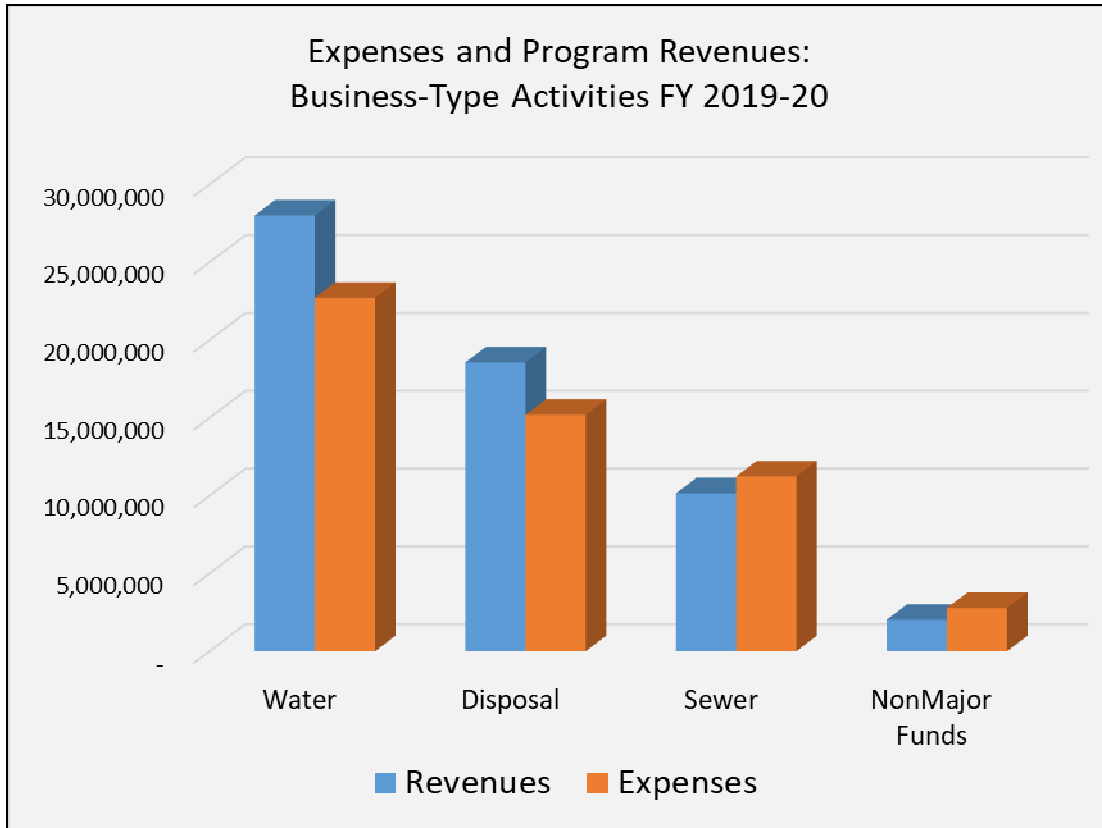
- Overall, ending net position for the business-type activities increased by \$10.6 million, or 5.3%.
- Comparing fiscal year 2019-20 and fiscal year 2020-21, total revenues decreased by \$2.9 million overall, or 4.1%. The decrease in revenues is mainly due to:
 - A re-categorization of revenue within the categories of Charges for Service, which increased by \$4.2 million and a nearly corresponding decrease in Capital Grants and Contributions of \$4.8 million.
 - The larger decrease in Capital Grants and Contributions was due to almost \$1 million more being recorded in the Water Fund in prior year fiscal year for infrastructure additions related to private development (\$1.742 million in FY 2019-20 versus \$745,000 in FY 2020-21).
 - There was also a significant increase in revenues in the Water Fund, mainly due to increased water usage.
 - A decrease in investment income of \$2.6 million, reflecting the unrealized loss that was required to be booked to reflect the difference between the book value of the City's investments and their market value.
- Expenses overall increased from fiscal year 2019-20 levels by \$1.9 million, or 3.8% approximately. The programs with the largest increase in expenses were the Water, Wastewater (Sewer), and Nonpotable Water funds. Over the prior year:
 - In the Water Fund, expenses increased by \$692 million or roughly 3%. This increase was mainly due to significant increases in contractual service costs, driven mostly by higher costs in electricity, general government service charges and retiree healthcare expenses. These significant increases of \$1.4 million were offset partially by savings in other categories of expenses in the fund.
 - In the Wastewater (Sewer) Fund, expenses increased by \$835,000 or roughly 7%. These increases were due to higher costs for contractual services, notably special contractual services and other professional services which were related to a Citywide Master Plan update for Waste Water and support for SCADA System Controls.
 - Lastly in the Nonpotable Water Fund, there was a notable increase of \$427,000 million in expenses, or roughly 170%. This increase was due mainly to the addition of formal compliance services from an outside consulting firm related to review of the City's program.

Expenses by Function of Governmental Activity



- Expenses overall for governmental activities totaled \$95.1 million. This total represents the cumulative effective of increased pension costs, the recognition of OPEB, and deferred outflows and inflows related to both. Employee compensation is also reflected in this amount.
- Expenses for general government comprise 20% of total governmental activities, or \$18.7 million. General government includes functions such as human resources, finance administration, engineering and City Council.
- Expenses for public safety represent 60% of total governmental activities in the amount of \$57.4 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 \$11.1 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 4%, 3%, and 1% of government activity respectively, or \$4.3 million, \$2.8 million and \$888,750.

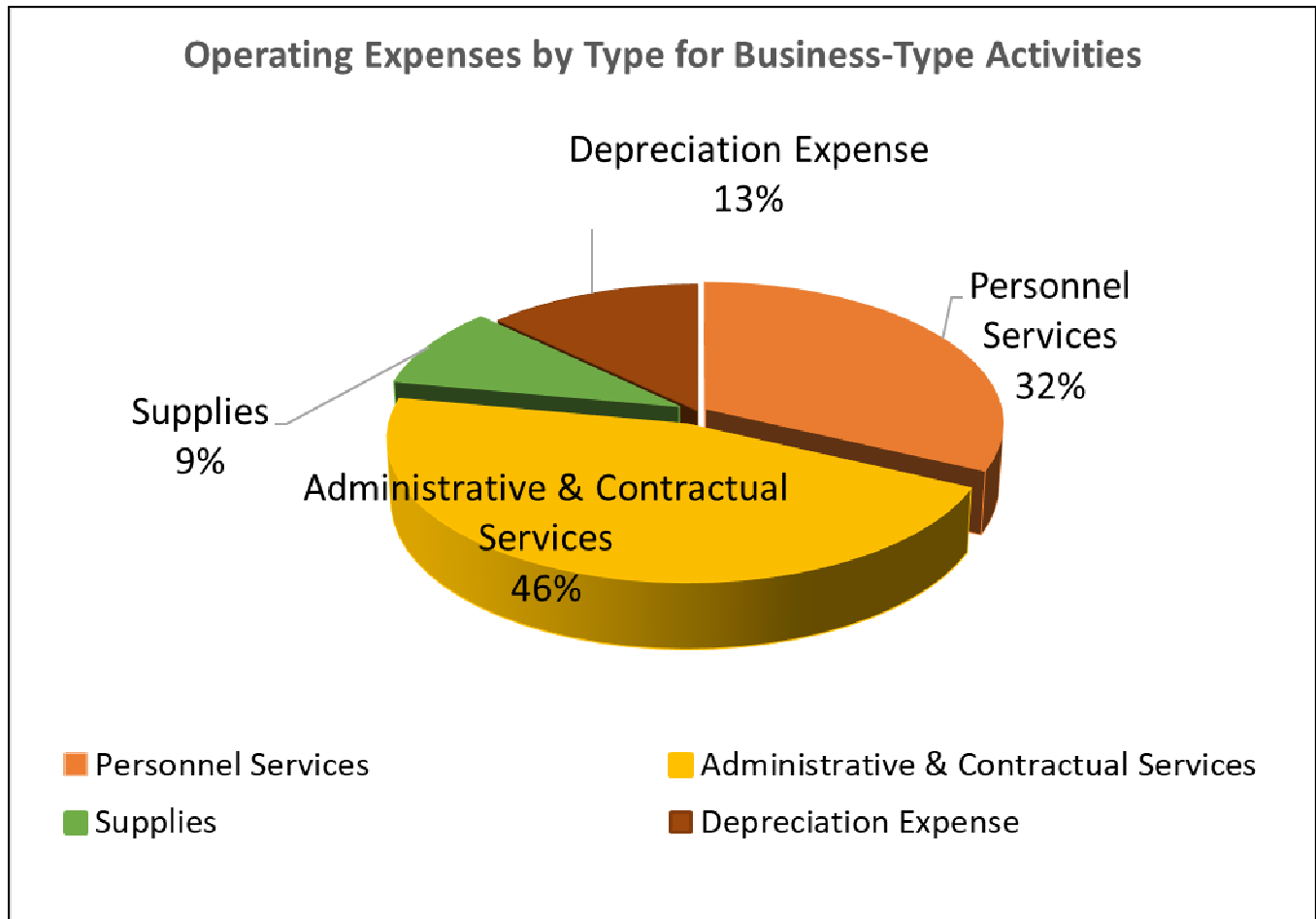
Expenses and Program Revenues : Business Type Activities Fiscal Year Comparison



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

- Fiscal year 2020-2021 saw a significant increase in Water revenues of \$3.2 million, or 11.4%, and an increase in expenses of \$692,000, or 3%. Seasonality and weather usually have the greatest impacts on water consumption and revenue. However, the COVID-19 pandemic and the resulting Governor's Executive Order N-42-20 have also had significant impacts on water consumption, but have mainly affected non-residential water consumption. Because the City's customer base is predominately residential, its revenues were not negatively impacted. It bears noting that the 2021 water year (October 2020 - September 2021) was California's driest in a century, and that calendar year 2020 saw the hottest fall on record for the state. This is likely the source of the higher consumption and resulting increased revenues. Increases in contractual service costs, driven mostly by higher costs in electricity, general government service charges and retiree healthcare, contributed to the overall increase in expenses. These significant increases of \$1.4 million were offset partially by savings in other categories of expenses in the fund.
- For Disposal operations, there was an increase in revenues over fiscal year 2019-20 of \$443,000, or 2.4% and a decrease in expenses in the amount of \$168,000, or 1.1%. Increased revenues are the result of a rate increase implemented in the fall of 2020 as well as the addition of approximately 170 detached single family homes within the City. Lower expenses are a result of salary savings and corresponding lower pension and benefit expenses.
- In the Wastewater (Sewer) Fund, revenues decreased slightly by \$30,000, or 0.3%, and expenses increased by \$835,000, or 7.4%. The small decrease in revenues are the net effect of higher revenues from sewer service in general and lower revenues from recycled water usage. Increased expenses in the fund were due to higher costs for contractual services, notably special contractual and other professional services related to a Citywide Master Plan update for wastewater and support for SCADA System Controls.
- Lastly, for nonmajor business-type funds,
 - The Groves Fund experienced the most dramatic fluctuation in revenue; it increased by roughly \$203,000 (or 42%). This follows a year that saw a 48% decline in grove receipts. This market for citrus fruit is notably unpredictable and this can cause the marketability of the City's citrus to vary substantially from one year to the next.
 - The Hillside Memorial Cemetery had a 36% increase in revenues due to higher than average cemetery lot sales and internment services, roughly \$332,000 more than last year's revenues.
 - The Aviation fund saw a small 6% decrease in rental income due to slightly lower ground lease payments over prior year levels.
 - The Non-Potable Water Fund experienced an increase in revenues of 30%, or \$145,000. This was caused by an increase in non-potable water usage. This is likely due to the City's policy of requiring new commercial development to provide dual metering for irrigation systems to accommodate the use of recycled/non-potable water.
 - Expenses increased in the Cemetery Fund by \$70,000, or 6.7% due mainly to an increase in personnel costs. Operating expenses in the Groves Fund increased by 17.3% (due to lower farming costs). Expenses also increased in Non-Potable Water by \$427,000, or 171% due mainly to the addition of formal compliance services from an outside consulting firm. Lastly, expenses decreased by \$54,000, or 9% in the Aviation Fund (due to savings in buildings & ground maintenance).

Expenses by Type for Business-Type Activities



MAJOR FUNDS

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

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of June 2020, the total fund balance reported for the General Fund was \$40,716,504. During the FY 2020-21 audit process, there was a prior period adjustment as a result of implementation of GASB 84 of roughly \$3.6 million that moved special deposits from a separate fund into the General Fund. This caused the ending fund balance, as presented in the FY 2019-20, to increase by \$3.6 million. Thus, the restated ending fund balance as of June 30, 2020 was \$44,377,173. As of June 30, 2021, the ending fund balance was \$55,333,167, an increase of almost \$11 million.

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 81% of General Fund expenditures, however only \$29,877,229 of the \$55.3 million fund balance is unassigned. The unassigned fund balance of \$29.8 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 55.7% of General Fund expenditures. Total General Fund expenditures and transfers out this year were approximately \$75.404 million, which is roughly a tenth of a percent greater than the prior year amount

of \$75.399 million, and total General Fund revenues were \$86.4 million, or 13% greater than the prior year amount of \$76.5 million.

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

- Overall sales tax increased markedly by \$9 million, or 52%. This follows a year that saw sales tax revenues drop by 7% as a result of the COVID-19 pandemic and resulting economic impacts.
 - \$4.3 million of this growth was due to growth in the Bradley Burns sales tax.
 - As a result of the corporate restructure of Amazon fulfillment centers in the state. Sales tax revenue generated by Amazon that was previously disbursed to the County pools is now being allocated to the City. This has had a significant influence on the City's revenues, boosting revenue by a \$1 million in just 3 of the 4 quarters.
 - Still more growth in overall sales tax is attributed to strong growth in industries types across the board, but most notably in auto sales and leases, and inflationary pressure on retail prices.
 - Measure T sales tax outperformed projections by a stunning 55%, or \$1.5 million. The other factors affecting sales tax overall also bear on this revenue stream, but the projection was also conservative and based on concern that retailers may have difficulty implementing and collecting the new tax.
- Property taxes increased again by \$1.98 million, primarily due to strong growth in the City's total assessed values, which grew by a factor of roughly 5% for the fiscal year. Different property use categories grew at different rates. Most of this growth is due to transfers of ownership, higher home sale prices and the CPI growth factor (2%).
- Transient occupancy tax (TOT) increased by \$418,000, or 29.5%. The recovery of travel & lodging as a result of relaxed state mandates for social distancing and stay-at-home orders lead to an uptick in TOT revenue, as well, the Woodsprings Hotel was completed and added 123 hotel rooms to the City's existing accommodation inventory.
- Licenses and permits reflect a small decrease of \$293,000 or 3.9%. This decrease is due to staffing shortages that have persisted through the pandemic. With fewer staff on hand to perform a large volume of annual inspections, permits and other services, respective job functions could not be completed to the same level.
- Intergovernmental revenues decreased by \$336,000 or 40.3%, primarily the result of the City's conversion to a new accounting system wherein General Fund grants are now accounted for in a separate fund (Fund 200 – Governmental Grants). The remaining revenues in the category are related to reimbursement arrangements and other similar pass-through arrangements.
- Charges for services reflect an overall decrease of \$638,000, or 7.6% from prior year. While there are variations over and under in each revenue account, \$1.04 million was classified as cost recovery in FY 2019-20, which is now classified as miscellaneous income this year. Also, in the in FY 2019-20, the City received a one-time donation from the Library Board in the amount of \$408,000. The offsetting variances equate to roughly \$630,000.
- Earnings from the use of money and property were down sharply from FY 2019-20, by \$722,000 or 80%, principally because of the nature of the continuing low interest rate environment that began with the pandemic-induced recession.
- Miscellaneous revenue decreased by \$447,000, or 22.8%. This decrease is a result of various fluctuations among the many accounts grouped here. Most significantly, outside LCNG Fuel sales decreased by \$700,000, as well, City did not record late fee revenue (of usually \$200,000 - \$300,000/year) due to state mandates related to the pandemic.

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 \$8,288,901. The funds and amounts owed include the General Fund in the amount of \$8,118,180, the Storm Drain Construction Fund in the amount of \$58,078, and the Water Fund in the amount of \$112,643. This represents a decrease from last year of \$186,711. These interfund loans were made when impact fee revenues were insufficient to cover 60% share the Public Facilities DIF portion of debt service on the 2003 Lease Revenue Refunding COPs, which matured in fiscal year 2017-2018. Development Impact Fee (DIF) revenue collected in these categories is now being used to repay the non-General Fund loans first per a Council directive. As such, the interfund loans owed to the Open Space Fund (227) and Park Development Fund (250) have been repaid in full, including interest and all outstanding principal.

Major Enterprise Funds. The **Water Fund** has a total net position of \$141.1 million at the end of the fiscal year, \$22.6 million of which is unrestricted. The **Disposal Fund** has a total net position deficit of (\$5.3 million) at the end of the fiscal year, which marks a \$2.4 million improvement over the prior fiscal year; and its unrestricted net position is a deficit of (\$14.6 million). The **Wastewater Fund** has a total net position of \$53.1 million at the end of the fiscal year; \$7.8 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 2020-21 activity in the General Fund can be briefly summarized as follows:

- Total Revenues - \$5,856,291 received in excess of budgeted amounts.
- General Government - \$1,333,275 decrease between the actual amount and the amount appropriated in the budget (savings).
- Public Safety - \$981,996 decrease between the actual amount and the amount appropriated in the budget (savings).
- Culture and Recreation - \$41,510 decrease in the actual amount over the amount set in the budget (savings).
- Highways and Streets - \$75,575 increase between the actual amount and the amount appropriated in the budget.
- Library - \$45,648 decrease between the actual amount and the amount appropriated in the budget (savings).
- Transfers - \$216,075 decrease over the amount set in the budget (savings).
- Capital Outlay - \$5,194,520 decrease between the actual amount and the amount appropriated in the budget (savings).
- Debt Service - \$7,565 decrease between the actual amount and the amount appropriated in the budget (savings).

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

	Final Budget	Actual Amounts	+ (-) Variance
REVENUES			
Taxes	\$ 61,644,625	\$ 65,508,033	\$ 3,863,408
License & Permits	6,589,232	7,231,168	641,936
Intergovernmental	707,306	498,035	(209,271)
Charges for Service	7,489,906	7,813,214	323,308
Use of Money & Property	560,500	182,684	(377,816)
Miscellaneous	1,241,069	1,553,150	312,081
Transfers in	2,267,677	3,178,716	911,039
Proceeds from Sales of Capital Lease	-	362,413	362,413
Proceeds from Sale of Property	4,264	33,457	29,193
	<u>80,504,579</u>	<u>86,360,870</u>	<u>5,856,291</u>
EXPENDITURES*			
General Government	16,334,621	15,001,346	1,333,275
Public Safety	43,906,522	42,924,526	981,996
Culture & Recreation	3,058,155	3,016,645	41,510
Highways & Streets	3,154,984	3,230,559	(75,575)
Library	2,472,097	2,426,449	45,648
Transfers	7,261,058	7,044,983	216,075
Capital Outlay	6,612,615	1,418,095	5,194,520
Debt Service	349,837	342,272	7,565
	<u>\$ 83,149,889</u>	<u>\$ 75,404,875</u>	<u>\$ 7,745,014</u>

*Budget savings noted as positive figures

There are significant variations between the final budget and the actual receipts recorded in Fiscal Year 2020-21 revenues. Property and sales tax comprise roughly 70% of total General Fund revenues, and such significant variations are largely due to forces acting on one or both of these two main sources of revenue. The passage in November 2020 of a local one-cent transactions & use tax; a booming housing market, seemingly undeterred by the pandemic; and strong growth in certain industries coupled with rising retail prices were the major driving forces behind higher tax revenues.

Actual revenues were over the amended budget estimates by \$5,856,291, or 7.3%. The largest increase was in the Taxes category at \$3,863,408. This was mainly attributed to sales tax revenues that exceeded the City's optimistic projections (which were slightly higher than that of its consultant), by 15.3% or \$3.5 million. As well, other revenues performed better than expected by \$726,500, with most of this accounted for as higher transient occupancy tax receipts that exceeded estimates by roughly \$512,000. Property transfer and mining taxes were both up over projections by roughly \$100,000 each. Counteracting some of this gain, property taxes underperformed compared to budget by about \$383,000.

Licenses and permits performed better than expected, at roughly \$642,000, or 9.7%, above forecasts. This was mainly due to increased receipts in general engineering permits (especially street permits) and business licenses.

Intergovernmental revenue was lower than expected by approximately \$209,000, or 29.6%. This is due mainly to the timing of mutual aid reimbursement revenues, as the reimbursement process can lag by 60 to 90 days after the City's expenditure of the related funds.

Charges for service were slightly higher by \$323,000, or 4.3%, due to higher revenues than anticipated in rental property inspections, recreation & senior services and general engineering.

Use of money and property was \$377,816, or 67% lower than budget projections due mainly to a persistent low interest rate environment post-pandemic.

Transfers in were higher than budgeted by 40.2% as a result the carryover of capital projects for which other funds were transferring into the General Fund to offset the expense.

Proceeds from the sale of property were higher than anticipated in the budget by \$33,457 due to the sale of Police Department surplus vehicles and a boom truck in the Electrical division.

Proceeds from the sale of capital lease were higher due to unanticipated lease purchases of vehicles and heavy equipment for various general government operations.

Total General Fund expenditures ended the year under budget by 9.3%, or \$7.7 million. It should be noted that a large portion of these unspent appropriations (\$5 million) are a result of late additions to the budget adopted in June 2021, shortly before the fiscal year ended. These changes were made possible, 1.) by the passage of Measure T in November 2020 – a one-cent transaction and use tax that voters approved and the City enacted, effective 4/1/2021; and 2.) as a result of improving sales tax revenue overall. \$7 million of the unspent funds will be carried forward to the subsequent fiscal year (2021-22) for expenditure.

General Government expenditures ended the year under budget by 8.2%, or \$1.3 million. Part of this is attributed to savings in the areas of claims and insurance premiums, fewer transfers out of the fund, and savings in Engineering's professional services line item (reflecting many of the non-capital late additions to the budget).

Public Safety expenditures were under budget by \$982,000 million, or 2.2%. Much of this savings is due to salary and overtime savings in the Police and Fire departments.

Culture and Recreation was under budget by roughly \$41,500, or 1.4%, this was attributable to savings on services and supplies.

Highways and Streets expenditures were over budget by \$75,600, or 2.4%. This overage was caused by higher expenditures related to salaries, utilities and supply line items.

Library expenditures were slightly under budget by \$45,600, or 1.8% at year-end. This amount represents the savings associated with lower insurance premiums and salary savings.

Actual capital outlay was significantly below budgeted levels, at a savings of 78.6%, or \$5.2 million, under budget. This is due mainly to the timing of capital projects being added to the FY 2020-21 budget, in June 2021. As noted above, almost all of these appropriations are carried over into the following fiscal year.

Debt service expenditures were slightly under budget by \$7,565, or 2.2% at year-end. This was due to the accrual of an interest payment amount on a capital lease for wheel loader for the Streets Division.

A total overall favorable variance between actual revenues & expenditures of \$13.6 million resulted from vacancies, overtime savings, the late addition of capital projects to the budget that went unspent, as well as the passage of Measure T and stronger performance in sales tax and certain other revenue streams.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2021, amounted to \$678.4 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 FY 2020-21 include the following:

Significant additions netting to \$8.4 million were made to infrastructure assets during FY 2020-21 in general government activities. The majority of these assets are related to the PARIS 2019 project, which consisted of 57 lane miles of street resurfacing, in addition to minor curb and gutter, cross-gutter, sidewalk, and driveway approach replacement. The Pavement Accelerated Repair Implementation Strategy (PARIS) identified specific plans to address deteriorating condition of City streets in the most efficient manner. As of the completion of this segment of the PARIS program, 2/3 of all City streets (440 of 640 lane miles) have been rehabilitated.

Right of way values also increased significantly in general government by \$5.4 million. This is due to the development of several large vacant properties throughout the City: the addition of roughly 170 residential lots across different areas in the City, the development of a three-story office building, two concrete tilt-up warehouses, a storage facility, among other smaller developments.

For business type activities, several large facility enhancement/expansion projects were either completed or significant progress towards completion was made, adding roughly \$8.6 million in infrastructure value. The first such project was the Wastewater Treatment Plant Membrane Bioreactor (MBR) System Equipment Installation, Phase 1A. This project replaced the 2004 MBR System with brand new equipment and updated facilities. In addition to the new MBR system, the Wastewater Treatment Plant also received overall plant improvements totaling over \$4 million, including upgrades to the screening equipment, ejector priming, blowers, digester boilers and heat exchanges as well as the gas conditioning system. Lastly, the Solid Waste division that operates the City's landfill also added to its building and improvements asset line item with the construction of the Landfill Phase 4 Expansion project. This fourth phase will provide approximately 750,000 cubic yards of capacity, which amounts to approximately 450,300 tons. Based on the annual tons landfilled, the fourth phase is projected to last approximately 6 years.

Construction in progress saw a net decrease in governmental activities and an overall increase in business type activities as a result of several large construction projects that were completed and initiated during the fiscal year. Within governmental activities, construction in progress decreased by roughly \$3.9 million. The majority of this decrease is attributed to the completion of construction related to the City's PARIS street resurfacing program while an offsetting \$1.3 million increase is attributed to the ongoing I-10 & Alabama/University Freeway Interchange cooperative agreement. Within business type activities, construction in progress amounts increased by a net amount of \$3.3 million. An increase of \$8.6 million is related to several large, multi-year capital projects in progress: Wastewater Treatment Plant improvements and modifications Phases 1B-2 (\$5 million in progress) and the Water Fund's SCADA, meter replacement and CIP pipeline projects (\$3.5 million in progress). The decrease of \$5.3 million in CIP is related to the completion of the Landfill Phase 4 Expansion project (\$2.5 million) and the Wastewater Treatment Plant modifications Phase 1A (\$2.7 million).

Overall, for primary government the City's net capital assets increased by \$16.7 million for the fiscal year ended June 30, 2021, or 2.5% over prior year. This is lower than the previous year increases of 7.2%, which was unusually high due to the revised right-of-way methodology being implemented causing a large restatement of fixed assets.

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

	Governmental Activities		Business-Type Activities		Total		Inc./ (Dec.)
	2021	2020	2021	2020	2021	2020	% of Change
Land	\$ 34,214,356	\$ 34,226,435	\$ 28,129,879	\$ 28,129,879	\$ 62,344,235	\$ 62,356,314	(0.0%)
Buildings & Improvements	34,892,585	34,809,364	113,461,868	104,808,445	148,354,453	139,617,809	6.3%
Machinery/Equip./Vehicles	21,421,667	20,111,428	20,467,967	19,726,463	41,889,634	39,837,891	5.2%
Infrastructure	252,047,584	243,650,243	194,210,766	192,891,895	446,258,350	436,542,138	2.2%
Water Rights	408,125	408,125	9,881,460	9,881,460	10,289,585	10,289,585	0.0%
Right of Way	277,508,647	272,144,325	-	-	277,508,647	272,144,325	2.0%
Construction in Progress	1,725,699	4,342,156	8,861,957	5,585,187	10,587,656	9,927,343	6.7%
Accumulated Depreciation	(138,811,566)	(134,500,512)	(180,019,049)	(174,539,635)	(318,830,615)	(309,040,147)	3.2%
Total	\$ 483,407,097	\$ 475,191,564	\$ 194,994,848	\$ 186,483,694	\$ 678,401,945	\$ 661,675,258	2.5%

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 FY 2020-21 include the following:

- An increase to total OPEB liability was incurred and represents an increase over fiscal year 2019-20 of \$18.2 million, or 13.6%, for the total primary government. This is due to the changes in assumptions and valuation data provided to the City by its actuary.
- The City's pension liability grew by \$9.9 million, or 7.9%, which is significantly higher than the prior year increase of \$885,000. This is due to the changes in assumptions and valuation data provided to the City by CalPERS.

- Capital lease obligations increased by roughly \$169,500, or 21%, this increase represents the net effect of two new leases for a Type 3 Brush Engine for the Fire Department and a new Backhoe Loader for the Cemetery, as well as annual repayments for existing leases.
- Notes payable, taxable pension bond, revenue bond and notes payable all experienced decreases as a result of annual debt service and no new additions were made to such debt.
- Claims payable increased by \$1.8 million, or 16.8% due to the variance in claims filed against the City, which can fluctuate significantly from year to year.
- Lastly, there was a notable decrease in compensated absences of \$1.1 million, or 10.4%. This was due to more leave hours being used by employees than were accrued during the same period of time.

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

	Governmental Activities		Business-Type Activities		Total		Inc./ (Dec.)
	2021	2020	2021	2020	2021	2020	% of Change
Capital Lease Obligations	\$ 865,287	\$ 805,563	\$ 109,779	\$ -	\$ 975,066	\$ 805,563	21.04%
Taxable Pension Bonds	7,591,783	8,869,341	-	-	7,591,783	8,869,341	-14.40%
Revenue Bonds	-	-	4,740,000	6,170,000	4,740,000	6,170,000	-23.18%
Add: Unamortized Premium	-	-	351,347	534,343	351,347	534,343	-34.25%
Notes Payable	-	-	15,404,463	16,784,165	15,404,463	16,784,165	-8.22%
Leases Payable	1,282,144	1,343,084	-	-	1,282,144	1,343,084	-4.54%
Claims Payable	12,300,335	10,528,510	-	-	12,300,335	10,528,510	16.83%
Compensated Absences	8,406,084	9,276,148	1,164,695	1,404,387	9,570,779	10,680,535	-10.39%
Landfill Closure Liability	-	-	10,676,624	10,433,803	10,676,624	10,433,803	2.33%
Total OPEB Liability	107,742,453	94,405,261	44,439,492	39,579,329	152,181,945	133,984,590	13.58%
Net Pension Liability	114,181,317	105,543,044	22,254,074	20,947,153	136,435,391	126,490,197	7.86%
Total	\$252,369,403	\$230,770,951	\$ 99,140,474	\$ 95,853,180	\$351,509,877	\$326,624,131	7.62%

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 ACFR@cityofredlands.org or to Management Services / Finance Director, 35 Cajon Street, Suite 222, Redlands, CA 92373.

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

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City of Redlands, California
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 85,742,499	\$ 105,208,752	\$ 190,951,251
Cash and investments with fiscal agent	2,012,370	2,013,319	4,025,689
Receivables			
Accounts	697,698	9,917,282	10,614,980
Taxes	11,668,115	421	11,668,536
Internal balances	(112,644)	112,644	-
Prepaid costs	391,820	154,100	545,920
Due from other governments	719,407	-	719,407
Inventory	93,897	-	93,897
Capital assets not being depreciated	313,856,827	46,873,296	360,730,123
Capital assets, net of depreciation	169,550,270	148,121,552	317,671,822
Total assets	584,620,259	312,401,366	897,021,625
Deferred Outflows of Resources			
Deferred amount related to pensions	23,816,041	3,401,429	27,217,470
Deferred amount related to OPEB	15,108,644	5,433,762	20,542,406
Total deferred outflows of resources	38,924,685	8,835,191	47,759,876
Liabilities			
Accounts payable	3,064,439	6,467,330	9,531,769
Accrued liabilities	2,747,216	775,571	3,522,787
Accrued interest	182,556	144,346	326,902
Unearned revenue	5,983,304	52,319	6,035,623
Deposits payable	2,408,582	2,655,740	5,064,322
Noncurrent liabilities			
Due within one year	12,209,221	3,524,218	15,733,439
Due in more than one year	18,236,412	28,922,690	47,159,102
Net pension liability	114,181,317	22,254,074	136,435,391
Total OPEB liability	107,742,453	44,439,492	152,181,945
Total liabilities	266,755,500	109,235,780	375,991,280
Deferred Inflows of Resources			
Deferred amount related to pensions	2,314,406	152,983	2,467,389
Deferred amount related to OPEB	3,135,076	1,060,970	4,196,046
Total deferred inflows of resources	5,449,482	1,213,953	6,663,435
Net Position			
Net investment in capital assets	481,259,666	174,389,259	655,648,925
Restricted for			
Donations	479,098	-	479,098
PEG fees	597,557	-	597,557
Public safety	1,960,331	-	1,960,331
Highway and streets	7,069,021	-	7,069,021
Capital projects	2,118,971	17,458,313	19,577,284
Debt service	1,674,012	462,600	2,136,612
Endowment - nonexpendable	30,200	110,741	140,941
Endowment - expendable	30,448	-	30,448
CFD assessment	99,811	-	99,811
Unrestricted	(143,979,153)	18,365,911	(125,613,242)
Total net position	\$ 351,339,962	\$ 210,786,824	\$ 562,126,786

City of Redlands, California
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ (18,717,217)	\$ 13,967,066	\$ 1,550,539	\$ 159,044
Public safety	(57,395,655)	669,155	2,216,753	147,691
Culture and recreation	(4,250,967)	261,090	174,448	379,519
Highway and streets	(11,057,940)	350,025	-	10,653,093
Library	(2,792,317)	418,298	-	33,427
Interest on long-term debt	(888,750)	-	-	-
Total governmental activities	<u>(95,102,846)</u>	<u>15,665,634</u>	<u>3,941,740</u>	<u>11,372,774</u>
Business-Type Activities				
Water	(23,411,564)	31,217,602	7,500	1,488,693
Disposal	(15,026,409)	19,009,933	9,840	146,874
Wastewater	(12,077,904)	10,124,426	-	1,005,006
Groves	(991,602)	684,782	-	-
Non-potable water	(677,088)	629,395	-	200,192
Cemetery	(1,119,999)	1,258,104	-	-
Aviation	(582,770)	125,857	2,785	-
Total business-type activities	<u>(53,887,336)</u>	<u>63,050,099</u>	<u>20,125</u>	<u>2,840,765</u>
Total primary government	<u>\$ (148,990,182)</u>	<u>\$ 78,715,733</u>	<u>\$ 3,961,865</u>	<u>\$ 14,213,539</u>
General revenues				
Taxes				
Property taxes, levied for general purpose				
Sales taxes				
Franchise taxes				
Other taxes				
Use of money and property				
Other				
Intergovernmental (unrestricted)				
Transfers				
Total general revenues and transfers				
Change in net position				
Net Position at Beginning of Year				
Prior Period Adjustment				
Net Position at Beginning of Year, as Restated				
Net position at End of Year				

City of Redlands, California
Statement of Activities
Year Ended June 30, 2021

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,040,568)	\$ -	\$ (3,040,568)
(54,362,056)	-	(54,362,056)
(3,435,910)	-	(3,435,910)
(54,822)	-	(54,822)
(2,340,592)	-	(2,340,592)
(888,750)	-	(888,750)
<u>(64,122,698)</u>	<u>-</u>	<u>(64,122,698)</u>
-	9,302,231	9,302,231
-	4,140,238	4,140,238
-	(948,472)	(948,472)
-	(306,820)	(306,820)
-	152,499	152,499
-	138,105	138,105
-	(454,128)	(454,128)
<u>-</u>	<u>12,023,653</u>	<u>12,023,653</u>
<u>(64,122,698)</u>	<u>12,023,653</u>	<u>(52,099,045)</u>
35,722,886	79,616	35,802,502
26,541,469	-	26,541,469
2,379,571	-	2,379,571
2,462,019	-	2,462,019
282,836	557,392	840,228
3,064,706	1,637,223	4,701,929
1,455,573	-	1,455,573
3,660,469	(3,660,469)	-
<u>75,569,529</u>	<u>(1,386,238)</u>	<u>74,183,291</u>
11,446,831	10,637,415	22,084,246
336,232,462	200,149,409	536,381,871
3,660,669	-	3,660,669
<u>339,893,131</u>	<u>200,149,409</u>	<u>540,042,540</u>
<u>\$ 351,339,962</u>	<u>\$ 210,786,824</u>	<u>\$ 562,126,786</u>

See accompanying Notes to Basic Financial Statements

City of Redlands, California
Balance Sheet – Governmental Funds
June 30, 2021

	Special Revenue Fund			Total Governmental Funds
	General	Public Facilities Development	Other Governmental Funds	
Assets				
Cash and investments	\$ 43,118,114	\$ 1,003,472	\$ 30,071,037	\$ 74,192,623
Cash and investments with fiscal agent	-	-	2,012,370	2,012,370
Receivables				
Accounts	510,636	-	14,032	524,668
Taxes	10,422,562	-	726,689	11,149,251
Prepaid costs	209,601	-	-	209,601
Due from other governments	122,960	-	596,447	719,407
Due from other funds	7,221	-	-	7,221
Advances to other funds	8,118,180	-	58,078	8,176,258
Total assets	\$ 62,509,274	\$ 1,003,472	\$ 33,478,653	\$ 96,991,399
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 1,215,411	\$ -	\$ 233,689	\$ 1,449,100
Accrued payroll	1,890,232	-	245,558	2,135,790
Unearned revenues	138,744	-	5,844,560	5,983,304
Deposits payable	2,016,227	-	392,355	2,408,582
Due to other funds	-	-	7,221	7,221
Advances from other funds	-	8,288,902	-	8,288,902
Total liabilities	5,260,614	8,288,902	6,723,383	20,272,899
Deferred Inflows of Resources				
Unavailable revenue	1,915,493	-	483,076	2,398,569
Fund Balance				
Nonspendable	8,327,781	-	30,200	8,357,981
Restricted	1,076,656	-	13,024,622	14,101,278
Committed	11,863,318	-	10,748,915	22,612,233
Assigned	4,188,185	-	2,742,004	6,930,189
Unassigned	29,877,227	(7,285,430)	(273,547)	22,318,250
Total fund balance	55,333,167	(7,285,430)	26,272,194	74,319,931
Total liabilities, deferred inflows of resources and fund balance	\$ 62,509,274	\$ 1,003,472	\$ 33,478,653	\$ 96,991,399

City of Redlands, California
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position – Governmental Funds
 June 30, 2021

Fund Balances of Governmental Funds		\$ 74,319,931
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		482,386,790
Long-term liabilities, net pension liability, total OPEB liability, and compensated absences have not been included in the governmental fund activity		
Capital leases payable	\$ (865,287)	
Taxable pension funding bonds	(7,591,783)	
I-Bank Sports Park lease	(1,282,144)	
Net pension liability	(109,177,565)	
Total OPEB liability	(98,572,643)	
Compensated absences	<u>(7,963,928)</u>	(225,453,350)
Deferred outflows of resources related to OPEB		13,947,300
Deferred inflows of resources related to OPEB		(2,927,618)
Deferred outflows of resources related to pensions		23,086,225
Deferred inflows of resources related to pensions		(2,344,012)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds		(182,556)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the intergovernmental revenues in the governmental fund activity		2,398,569
Internal service funds are used by management to charge the costs of certain of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position		<u>(13,891,317)</u>
Net Position of Governmental Activities		<u><u>\$ 351,339,962</u></u>

City of Redlands, California
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
		Public Facilities Development		
Revenues				
Taxes	\$ 65,508,033	\$ -	\$ 2,799,494	\$ 68,307,527
Licenses and permits	7,231,168	340,162	8,149	7,579,479
Intergovernmental	498,035	-	7,022,041	7,520,076
Charges for services	7,813,214	-	2,040,281	9,853,495
Use of money and property	182,684	-	65,669	248,353
Miscellaneous	1,553,150	-	159,835	1,712,985
Total revenues	82,786,284	340,162	12,095,469	95,221,915
Expenditures				
Current				
General government	15,001,347	6,803	1,889,811	16,897,961
Public safety	42,924,523	-	7,283,842	50,208,365
Culture and recreation	3,016,645	-	137,518	3,154,163
Highway and streets	3,230,563	-	1,426,505	4,657,068
Library	2,426,448	-	-	2,426,448
Capital outlay	1,418,095	-	9,649,661	11,067,756
Debt service				
Principal retirement	302,689	-	1,405,940	1,708,629
Interest and fiscal charges	39,583	1,375	447,405	488,363
Total expenditures	68,359,893	8,178	22,240,682	90,608,753
Excess (Deficiency) of Revenues over (Under) Expenditures	14,426,391	331,984	(10,145,213)	4,613,162
Other Financing Sources (Uses)				
Transfers in	3,178,716	-	10,980,012	14,158,728
Transfers out	(7,044,983)	(74,308)	(4,640,066)	(11,759,357)
Proceeds from capital lease	362,413	-	-	362,413
Proceeds from sale of property	33,457	-	1,392,432	1,425,889
Total other financing sources (uses)	(3,470,397)	(74,308)	7,732,378	4,187,673
Net Change in Fund Balances	10,955,994	257,676	(2,412,835)	8,800,835
Fund Balances, Beginning of Year	40,716,504	(7,543,106)	28,685,029	61,858,427
Prior Period Adjustment	3,660,669	-	-	3,660,669
Fund Balances at Beginning of Year, as Restated	44,377,173	(7,543,106)	28,685,029	65,519,096
Fund Balances, End of Year	\$ 55,333,167	\$ (7,285,430)	\$ 26,272,194	\$ 74,319,931

City of Redlands, California
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities – Governmental Funds
 For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds		\$ 8,800,835
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.		
Capital outlay	\$ 11,067,756	
Expenditures classified in various functions are reclassified as capital additions	5,839,464	
Disposal of capital assets	(6,333,778)	
Revenue related to contributions of right of way is recognized	5,364,322	
Depreciation expense	<u>(7,747,667)</u>	8,190,097
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 an effect on net position.		
Issuance of capital lease	(362,413)	
Principal repayments on capital leases	302,689	
Principal repayment of I-Bank Sports Park lease	60,940	
Principal repayments on taxable pension obligation bonds	1,345,000	
Accreted interest on taxable pension obligation bonds	<u>(67,442)</u>	1,278,774
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		29,468
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.		1,312,220
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.		(3,628,067)
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.		(4,589,771)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities.		842,407
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>(789,132)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 11,446,831</u></u>

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City of Redlands, California
Statement of Net Position – Proprietary Funds
June 30, 2021

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Enterprise Funds Totals	Governmental Activities - Internal Service Funds
	Water	Disposal	Wastewater	Other Enterprise Funds		
Assets						
Current						
Cash and investments	\$ 54,179,053	\$ 17,424,067	\$ 25,612,491	\$ 7,993,141	\$ 105,208,752	\$ 11,549,876
Receivables						
Accounts	5,150,636	2,828,351	1,523,544	414,751	9,917,282	173,030
Taxes	-	-	-	421	421	518,864
Prepaid costs	154,100	-	-	-	154,100	182,219
Inventory	-	-	-	-	-	93,897
Total current assets	59,483,789	20,252,418	27,136,035	8,408,313	115,280,555	12,517,886
Noncurrent						
Advances to other funds	1,010,530	836,251	-	-	1,846,781	-
Capital assets not being depreciated	20,484,881	1,285,410	9,729,414	15,373,591	46,873,296	-
Capital assets - net of accumulated depreciation	101,686,356	8,668,210	34,119,705	3,647,281	148,121,552	1,020,307
Cash and investments with fiscal agent	682,837	1,330,482	-	-	2,013,319	-
Total noncurrent assets	123,864,604	12,120,353	43,849,119	19,020,872	198,854,948	1,020,307
Total assets	183,348,393	32,372,771	70,985,154	27,429,185	314,135,503	13,538,193
Deferred Outflows of Resources						
Deferred outflows related to pensions	1,608,332	938,998	755,203	98,896	3,401,429	729,816
Deferred outflows related to OPEB	2,700,260	1,536,345	986,548	210,609	5,433,762	1,161,344
Total deferred outflows of resources	4,308,592	2,475,343	1,741,751	309,505	8,835,191	1,891,160
Total assets and deferred outflows of resources	\$ 187,656,985	\$ 34,848,114	\$ 72,726,905	\$ 27,738,690	\$ 322,970,694	\$ 15,429,353

City of Redlands, California
Statement of Net Position – Proprietary Funds
June 30, 2021

	Business-Type Activities - Enterprise Funds			Other Enterprise Funds	Business-Type	Governmental
	Water	Disposal	Wastewater		Activities - Enterprise Funds Totals	Activities - Internal Service Funds
Liabilities, Deferred Inflows of Resources, and Net Position						
Liabilities						
Current						
Accounts payable	\$ 2,494,530	\$ 380,272	\$ 3,067,173	\$ 525,355	\$ 6,467,330	\$ 1,615,339
Accrued payroll	310,986	226,205	191,788	46,592	775,571	611,426
Interest payable	-	142,277	-	2,069	144,346	-
Unearned revenues	-	36,399	-	15,920	52,319	-
Deposits payable	1,490,256	29,170	6,890	1,129,424	2,655,740	-
Accrued compensated absences	271,843	140,417	151,783	18,305	582,348	221,078
Accrued claims and judgments	-	-	-	-	-	6,150,168
Bonds, notes, and capital leases	815,306	1,769,408	330,707	26,449	2,941,870	-
Total current liabilities	5,382,921	2,724,148	3,748,341	1,764,114	13,619,524	8,598,011
Noncurrent						
Advances from other funds	-	-	-	1,734,137	1,734,137	-
Accrued compensated absences	271,842	140,418	151,783	18,304	582,347	221,078
Accrued claims and judgments	-	-	-	-	-	6,150,167
Bonds, notes, and capital leases	8,364,243	8,173,587	1,042,560	83,329	17,663,719	-
Total OPEB liability	22,033,481	11,674,255	9,249,445	1,482,311	44,439,492	9,169,810
Net pension liability	9,888,092	6,475,739	5,208,211	682,032	22,254,074	5,003,752
Landfill closure	-	10,676,624	-	-	10,676,624	-
Total noncurrent liabilities	40,557,658	37,140,623	15,651,999	4,000,113	97,350,393	20,544,807
Total liabilities	45,940,579	39,864,771	19,400,340	5,764,227	110,969,917	29,142,818
Deferred Inflows of Resources						
Deferred inflows related to pensions	89,977	(23,606)	74,633	11,979	152,983	(29,606)
Deferred inflows related to OPEB	561,682	258,648	199,517	41,123	1,060,970	207,458
Total deferred inflows of resources	651,659	235,042	274,150	53,102	1,213,953	177,852
Net Position						
Net investment in capital assets	112,991,688	10,625	42,475,852	18,911,094	174,389,259	1,020,307
Restricted for capital projects	5,000,000	9,336,013	2,824,012	298,288	17,458,313	-
Restricted for debt service	462,600	-	-	-	462,600	-
Restricted for endowment- nonspendable	-	-	-	110,741	110,741	-
Unrestricted	22,610,459	(14,598,337)	7,752,551	2,601,238	18,365,911	(14,911,624)
Total net position	141,064,747	(5,251,699)	53,052,415	21,921,361	210,786,824	(13,891,317)
Total liabilities, deferred inflows of resources and net position	\$ 187,656,985	\$ 34,848,114	\$ 72,726,905	\$ 27,738,690	\$ 322,970,694	\$ 15,429,353

City of Redlands, California

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds

Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds				Business-Type	Governmental
	Water	Disposal	Wastewater	Other Enterprise Funds	Activities - Enterprise Funds Totals	Activities - Internal Service Funds
Operating Revenues						
Sales and service charges	\$ 31,217,602	\$ 19,009,933	\$ 10,124,426	\$ 2,698,138	\$ 63,050,099	\$ 15,655,018
Miscellaneous	366,272	520,922	6,843	549,453	1,443,490	612,201
Total operating revenues	<u>31,583,874</u>	<u>19,530,855</u>	<u>10,131,269</u>	<u>3,247,591</u>	<u>64,493,589</u>	<u>16,267,219</u>
Operating Expenses						
Personnel services	7,042,688	5,212,291	3,950,053	864,792	17,069,824	4,104,104
Administrative and contractual services	10,185,496	7,808,333	4,600,658	1,824,119	24,418,606	10,967,827
Supplies	2,218,865	649,043	1,672,480	383,642	4,924,030	3,113,662
Depreciation expense	3,723,496	955,279	1,854,713	286,167	6,819,655	166,531
Total operating expenses	<u>23,170,545</u>	<u>14,624,946</u>	<u>12,077,904</u>	<u>3,358,720</u>	<u>53,232,115</u>	<u>18,352,124</u>
Operating income (loss)	<u>8,413,329</u>	<u>4,905,909</u>	<u>(1,946,635)</u>	<u>(111,129)</u>	<u>11,261,474</u>	<u>(2,084,905)</u>
Nonoperating Revenues (Expenses)						
Interest revenue	206,457	232,556	75,361	43,018	557,392	34,675
Interest expense	(241,019)	(401,463)	-	(12,739)	(655,221)	-
Miscellaneous income	176,690	7,543	9,500	-	193,733	-
Property taxes	-	-	-	79,616	79,616	-
Grants	7,500	9,840	-	2,785	20,125	-
Total nonoperating revenues (expenses)	<u>149,628</u>	<u>(151,524)</u>	<u>84,861</u>	<u>112,680</u>	<u>195,645</u>	<u>34,675</u>
Income (loss) before transfers and contributions	<u>8,562,957</u>	<u>4,754,385</u>	<u>(1,861,774)</u>	<u>1,551</u>	<u>11,457,119</u>	<u>(2,050,230)</u>
Transfers in	210,988	-	-	154,345	365,333	3,106,396
Transfers out	(1,035,454)	(2,402,848)	(239,712)	(347,788)	(4,025,802)	(1,845,298)
Contributions	1,488,693	146,874	1,005,006	200,192	2,840,765	-
Total transfers and contributions	<u>664,227</u>	<u>(2,255,974)</u>	<u>765,294</u>	<u>6,749</u>	<u>(819,704)</u>	<u>1,261,098</u>
Change in Net Position	9,227,184	2,498,411	(1,096,480)	8,300	10,637,415	(789,132)
Net Position/(Deficit), Beginning of Year, as Restated	<u>131,837,563</u>	<u>(7,750,110)</u>	<u>54,148,895</u>	<u>21,913,061</u>	<u>200,149,409</u>	<u>(13,102,185)</u>
Net Position/(Deficit), End of Year	<u>\$ 141,064,747</u>	<u>\$ (5,251,699)</u>	<u>\$ 53,052,415</u>	<u>\$ 21,921,361</u>	<u>\$ 210,786,824</u>	<u>\$ (13,891,317)</u>

City of Redlands, California
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water	Disposal	Wastewater	Other Enterprise Funds
Operating Activities				
Cash received from customers and users	\$ 31,047,223	\$ 19,168,180	\$ 9,922,472	\$ 3,201,499
Cash paid to suppliers for goods and services	(12,060,433)	(8,812,616)	(4,087,483)	(1,891,908)
Cash received for claims	-	-	-	-
Cash payments for claims	-	-	-	-
Cash paid to employees for services	(6,124,843)	(4,607,248)	(3,537,200)	(776,535)
Net Cash Provided (Used) by Operating Activities	<u>12,861,947</u>	<u>5,748,316</u>	<u>2,297,789</u>	<u>533,056</u>
Non-Capital Financing Activities				
Cash transfers in	210,988	-	-	154,345
Cash transfers out	(1,035,454)	(2,402,848)	(239,712)	(347,788)
Advances from other funds	142,143	43,076	-	-
Advances to other funds	-	-	-	(169,559)
Intergovernmental	-	-	-	79,615
Grants received	7,501	9,840	-	32,785
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(674,822)</u>	<u>(2,349,932)</u>	<u>(239,712)</u>	<u>(250,602)</u>
Capital and Related Financing Activities				
Acquisition and construction of capital assets	(5,180,089)	(1,550,238)	(8,427,149)	(34,270)
Principal paid on long term debt	(795,816)	(1,874,240)	(322,641)	(29,280)
Interest paid on debt	(241,019)	(428,698)	-	(10,671)
Cash contributions received from developers	1,488,693	146,874	1,005,006	200,192
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,728,231)</u>	<u>(3,706,302)</u>	<u>(7,744,784)</u>	<u>125,971</u>
Investing Activities				
Interest received	206,457	232,556	75,361	43,018
Net Increase (Decrease) in Cash and Cash Equivalents	7,665,351	(75,362)	(5,611,346)	451,443
Cash and Cash Equivalents at Beginning of Year	<u>47,196,539</u>	<u>18,829,911</u>	<u>31,223,837</u>	<u>7,541,698</u>
Cash and Cash Equivalents at End of Year	<u>\$ 54,861,890</u>	<u>\$ 18,754,549</u>	<u>\$ 25,612,491</u>	<u>\$ 7,993,141</u>

City of Redlands, California
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds <u>Totals</u>	Governmental Activities - Internal Service Funds
Operating Activities		
Cash received from customers and users	\$ 63,339,374	\$ 16,418,173
Cash paid to suppliers for goods and services	(26,852,440)	(10,386,692)
Cash received for claims	-	464,091
Cash payments for claims	-	(1,789,013)
Cash paid to employees for services	(15,045,826)	(5,069,208)
Net Cash Provided (Used) by Operating Activities	<u>21,441,108</u>	<u>(362,649)</u>
Non-Capital Financing Activities		
Cash transfers in	365,333	3,106,396
Cash transfers out	(4,025,802)	(1,845,298)
Advances from other funds	185,219	-
Advances to other funds	(169,559)	-
Intergovernmental	79,615	-
Grants received	50,126	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(3,515,068)</u>	<u>1,261,098</u>
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(15,191,746)	(191,967)
Principal paid on long term debt	(3,021,977)	-
Interest paid on debt	(680,388)	-
Cash contributions received from developers	2,840,765	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(16,053,346)</u>	<u>(191,967)</u>
Investing Activities		
Interest received	557,392	34,675
Net Increase (Decrease) in Cash and Cash Equivalents	2,430,086	741,157
Cash and Cash Equivalents at Beginning of Year	<u>104,791,985</u>	<u>10,808,719</u>
Cash and Cash Equivalents at End of Year	<u>\$ 107,222,071</u>	<u>\$ 11,549,876</u>

City of Redlands, California
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water	Disposal	Sewer	Other Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 8,413,329	\$ 4,905,909	\$ (1,946,635)	\$ (111,129)
Adjustments to Reconcile Operating Income (Loss)				
Net Cash Provided (used) by Operating Activities				
Depreciation	3,723,496	955,279	1,854,713	286,167
(Increase) decrease in accounts receivable	(595,691)	(381,456)	(203,947)	(128,190)
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expense	(150,296)	-	4,800	-
(Increase) decrease in deferred outflows	(1,737,719)	(1,098,924)	(679,811)	(137,503)
Increase (decrease) in deferred inflows	(316,468)	-	(146,150)	(23,367)
Increase (decrease) in accounts payable	494,227	(598,061)	2,180,855	316,274
Increase (decrease) in accrued payroll	154,707	131,624	122,095	31,967
Increase (decrease) in deposits payable	59,037	(6,945)	(4,850)	74,463
Increase (decrease) in unearned revenue	-	25,725	-	7,215
Increase (decrease) in net pension liability	580,701	176,458	305,864	40,053
Increase (decrease) in total OPEB liability	2,335,892	1,469,351	866,541	188,379
Increase (decrease) in compensated absences	(99,268)	(73,465)	(55,686)	(11,273)
Increase (decrease) in landfill closure liability	-	242,821	-	-
Total adjustments	4,448,618	842,407	4,244,424	644,185
Net Cash Provided (Used) by Operating Activities	\$ 12,861,947	\$ 5,748,316	\$ 2,297,789	\$ 533,056
Non-Cash Investing, Capital, and Financing Activities				
Equipment purchase under capital lease	\$ -	\$ -	\$ -	\$ 139,059
Reconciliation of Cash and Cash Equivalents to Statement of Net Position				
Cash and investments	\$ 54,179,053	\$ 17,424,067	\$ 25,612,491	\$ 7,993,141
Cash and investments with fiscal agent	682,837	1,330,482	-	-
	\$ 54,861,890	\$ 18,754,549	\$ 25,612,491	\$ 7,993,141

City of Redlands, California
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds Totals	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ 11,261,474	\$ (2,084,905)
Adjustments to Reconcile Operating Income (Loss)		
Net Cash Provided (used) by Operating Activities		
Depreciation	6,819,655	166,531
(Increase) decrease in accounts receivable	(1,309,284)	101,706
(Increase) decrease in inventory	-	(1,389)
(Increase) decrease in prepaid expense	(145,496)	(176,202)
(Increase) decrease in deferred outflows	(3,653,957)	(821,451)
Increase (decrease) in deferred inflows	(485,985)	(155,095)
Increase (decrease) in accounts payable	2,393,295	824,874
Increase (decrease) in accrued payroll	440,393	(1,317,219)
Increase (decrease) in deposits payable	121,705	-
Increase (decrease) in unearned revenue	32,940	1,760,995
Increase (decrease) in net pension liability	1,103,076	293,856
Increase (decrease) in total OPEB liability	4,860,163	1,092,595
Increase (decrease) in compensated absences	(239,692)	(46,945)
Increase (decrease) in landfill closure liability	242,821	-
Total adjustments	10,179,634	1,722,256
Net Cash Provided (Used) by Operating Activities	\$ 21,441,108	\$ (362,649)
Non-Cash Investing, Capital, and Financing Activities		
Equipment purchase under capital lease	\$ 139,059	\$ -
Reconciliation of Cash and Cash Equivalents to Statement of Net Position		
Cash and investments	\$ 105,208,752	\$ 11,549,876
Cash and investments with fiscal agent	2,013,319	-
	\$ 107,222,071	\$ 11,549,876

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City of Redlands, California
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2021

	Custodial Fund Community Facilities District Trust	Private-Purpose Trust Fund Successor Agency of the Former RDA
Assets		
Cash and investments	\$ -	\$ 2,135,857
Cash and investments with fiscal agents	2,979,111	1,592
Total assets	2,979,111	2,137,449
Deferred Outflows of Resources		
Deferred charge on refunding	-	98,041
Liabilities		
Accounts payable	2,744	-
Accrued payroll	-	650
Accrued interest	-	76,505
Long-term liabilities		
Due within one year	-	2,415,000
Due in more than one year	-	2,708,042
Total liabilities	2,744	5,200,197
Net Position (Deficit)		
Held in trust for beneficiaries	-	(2,964,707)
Restricted for bondholders	2,976,367	-
Total net position (deficit)	\$ 2,976,367	\$ (2,964,707)

City of Redlands, California
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
Year Ended June 30, 2021

	Custodial Fund Community Facilities District Trust	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions		
Taxes	\$ -	\$ 2,920,874
Interest and change in fair value of investments	123	190,608
Miscellaneous	1,560,175	-
Total additions	<u>1,560,298</u>	<u>3,111,482</u>
Deductions		
Administrative expenses	52,322	48,366
Contractual services	-	2,700
Interest expense	-	286,642
Debt service:		
Principal	770,000	-
Interest	691,596	-
Total deductions	<u>1,513,918</u>	<u>337,708</u>
Change in Net Position	46,380	2,773,774
Net Position/(Deficit), Beginning of Year, as Restated	<u>2,929,987</u>	<u>(5,738,481)</u>
Net Position/(Deficit), End of Year	<u>\$ 2,976,367</u>	<u>\$ (2,964,707)</u>

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

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

Blended Component Units

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

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

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

Related Organizations

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

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Governmental Funds

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

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

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

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

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

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

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

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

Proprietary and Fiduciary Funds

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

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

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

Private-purpose trust funds and custodial funds account for the assets and liabilities of other agencies and report additions such as taxes and deductions such as administrative and contract services.

C. Fund Classification

The City utilizes the following broad categories of funds:

Major Funds

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

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

General Fund

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

Public Facilities Development

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

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

Water Fund

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

Disposal Fund

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

Wastewater Fund

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

Additionally, the government reports the following fund types:

Special Revenue

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

Capital Project

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

Debt Service Funds

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

Internal Service Funds

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

Permanent Fund

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

Custodial Funds

Custodial funds are used to account for the Community Facilities District in a trustee capacity. The funds are custodial in nature, and do not involve the recording of City revenues and expenses.

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 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, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; Level 3 inputs are significant unobservable inputs.

E. Cash and Cash Equivalents

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

F. Capital Assets

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

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

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

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

G. Deferred Outflows/Inflows of Resources

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

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

H. Encumbrances

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

I. Fund Equity

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

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

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

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

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

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

Fund Balance Flow Assumptions

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

Net Position Flow Assumption

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

Stabilization Arrangement

As described in Chapter 3.06 of the Municipal Code, the City has established a stabilization arrangement committing a minimum of 12 percent of the sum of the General Fund's operating expenses and operating transfers out. The balance at June 30, 2021, is \$8,285,676 and is included in committed fund balance. These funds may be used only when the City is faced with an unforeseen or uncontrollable event which includes but is not limited to:

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

J. Inventory

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

K. Compensated Absences

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

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

L. Cash and Investments with Fiscal Agent

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

M. Property Taxes

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

N. Bond Premiums and Discounts

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

O. Use of Estimates

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

P. Pension Plans

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

Q. New Accounting Standards

Effective in Current Fiscal Years

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. As of July 1, 2020, the City adopted GASB 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. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the City resulted in a restatement of Agency Funds, Governmental Activities, General Fund, Water Fund, and Aviation Fund net position and fund balance. The effect of the implementation of this standard on beginning net position and fund balance is disclosed in Note 18.

GASB Statement No. 90 – In September 2018, the GASB issued Statement No. 90, *Majority Equity Interests, An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2019. The City has implemented this Statement effective July 1, 2020.

GASB Statement No. 98 – In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replaces instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The City implemented this statement effective July 1, 2020.

Effective in Future Fiscal Years

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

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

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

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

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

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

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

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

Note 2 - Cash and Investments

Cash and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and investments	\$ 190,951,251
Cash and investments with fiscal agent	4,025,689
Fiduciary funds	
Cash and investments	2,135,857
Cash and investments with fiscal agent	2,980,703
Total cash and investments	\$ 200,093,500

Cash and investments as of June 30, 2021, consists of the following:

Cash on hand	\$ 6,030,930
Investments	194,062,570
Total cash and investments	\$ 200,093,500

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

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

Investment Types Authorized by State Law	Authorized By Investment Policy	*Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	30%
Repurchase Agreements	Yes	7 days	None	None
Reverse Repurchase Agreements	No	92 days	None	None
Medium-Term Notes	Yes	5 years	15%	15%
Mutual Funds	Yes	N/A	10%	10%
Money Market Mutual Funds	Yes	N/A	10%	10%
Mortgage Pass-Through Securities	No	5 years	None	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	\$75 Million**	None
JPA Pools (other investment pools)	Yes	N/A	None	None

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

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

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

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>				
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 36 Months</u>	<u>37 to 48 Months</u>	<u>49 to 60 Months</u>
Federal Agency Securities	\$ 52,202,036	\$ 4,370,256	\$ 4,028,980	\$ 4,020,320	\$ 5,990,350	\$ 33,792,130
U.S. Treasury Notes	981,450	-	-	-	-	981,450
Corporate Bonds	25,437,443	10,321,564	5,776,110	3,082,870	5,262,360	994,539
Certificates of Deposit	14,170,590	3,496,689	3,063,504	2,868,473	2,028,322	2,713,602
Municipal Bonds	13,852,451	-	4,000,715	4,502,686	2,955,715	2,393,335
Mutual Funds	9,848,478	9,848,478	-	-	-	-
LAIF	70,834,903	70,834,903	-	-	-	-
Held by Fiscal Agent						
U.S. Treasury Notes	470,340	8,068	462,272	-	-	-
Money Market Funds	6,264,879	6,264,879	-	-	-	-
Total	\$ 194,062,570	\$ 105,144,837	\$ 17,331,581	\$ 14,474,349	\$ 16,236,747	\$ 40,875,056

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rate of Year End									
				Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Not Rated	
Federal Agency Securities	\$ 52,202,036	N/A	\$ -	\$ -	\$ 33,891,190	\$ 998,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,312,546
U.S. Treasury Notes	981,450	N/A	981,450	-	-	-	-	-	-	-	-	-	-
Corporate Bonds	25,437,443	A	-	2,185,920	-	1,011,880	4,072,816	6,266,684	8,806,813	2,091,220	1,002,110	-	-
Certificates of Deposit	14,170,590	N/A	-	-	-	-	-	-	-	-	-	-	14,170,590
Municipal Bonds	13,852,451	A	-	499,140	2,806,693	5,385,275	3,160,178	-	-	-	-	-	2,001,165
Mutual Funds	9,848,478	N/A	-	9,281,243	-	-	-	-	-	-	-	-	567,235
LAIF	70,834,903	N/A	-	-	-	-	-	-	-	-	-	-	70,834,903
Held by Fiscal Agent													
U.S. Treasury Notes	470,340	N/A	470,340	-	-	-	-	-	-	-	-	-	-
Money Market Funds	6,264,879	N/A	-	-	-	-	-	-	-	-	-	-	6,264,879
Total	\$ 194,062,570		\$ 1,451,790	\$ 11,966,303	\$ 36,697,883	\$ 7,395,455	\$ 7,232,994	\$ 6,266,684	\$ 8,806,813	\$ 2,091,220	\$ 1,002,110		\$ 111,151,318

As of June 30, 2021, the City held a corporate bond investment with a rating below the allowable minimum legal rating per government code and the City's investment policy. The investment was sold subsequent to year end.

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank (FHLB)	Federal agency securities	\$ 21,911,940
Federal Home Loan Mortgage Corporation (FHLMC)	Federal agency securities	10,951,470

Custodial Credit Risk

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

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

Investment in State Investment Pool

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

Fair Value Measurement

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

- Level 1: Investments reflect prices quoted for identical assets in active markets;
- Level 2: Investments reflect prices that are based on a similar observable inputs, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3: Investments reflect prices based on unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2021:

Investment Type	Totals	Level	
		1	2
Federal Agency Securities	\$ 52,202,036	\$ -	\$ 52,202,036
U.S. Treasury Notes	1,451,790	1,451,790	-
Corporate Bonds	25,437,443	-	25,437,443
Certificates of Deposit	14,170,590	-	14,170,590
Municipal Bonds	13,852,451	-	13,852,451
Mutual Funds	9,848,478	9,848,478	-
Total leveled investments	116,962,788	<u>\$ 11,300,268</u>	<u>\$ 105,662,520</u>
Uncategorized investments			
LAIF	70,834,903		
Money Market Funds	6,264,879		
Total investments	<u>\$ 194,062,570</u>		

Note 3 - Interfund Receivables, Payables and Transfers

A. Due To/From Other Funds

At June 30, 2021, the City reported a short term cash flow borrowing of \$7,221 between the General Fund and Non-major governmental funds to cover deficit cash positions.

B. Advances To/From Other Funds

As of June 30, 2021, 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	\$ 8,118,180	\$ -	\$ 8,118,180
Nonmajor governmental funds	58,078	-	58,078
Water fund	112,644	897,886	1,010,530
Disposal fund	-	836,251	836,251
Total	<u>\$ 8,288,902</u>	<u>\$ 1,734,137</u>	<u>\$ 10,023,039</u>

The General Fund has advanced the Public Facilities Development Fund \$8,118,180 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, 2021, these advances were from the Storm Drain Construction Fund for \$58,078, and the Water Fund for \$112,644.

The Water Fund and Disposal Fund advanced the Cemetery and Aviation Funds a total of \$1,734,137 to provide funding for capital expenditures.

C. Transfers In/Out:

Transfers in and out for the year ended June 30, 2021, were as follows:

Funds	Transfers Out								Total
	General Fund	Public Facilities Development	Nonmajor Governmental Funds	Water	Disposal	Wastewater	Nonmajor Enterprise Funds	Internal Service Funds	
Transfers In									
General Fund	\$ -	\$ 74,308	\$ 2,140,940	\$ 733,042	\$ 71,002	\$ 22,624	\$ 136,800	\$ -	\$ 3,178,716
Nonmajor Governmental Funds	4,388,587	-	2,397,187	102,412	2,229,440	17,088	-	1,845,298	10,980,012
Water Fund	-	-	-	-	-	-	210,988	-	210,988
Nonmajor Enterprise Funds	-	-	101,939	-	52,406	-	-	-	154,345
Internal Service Funds	2,656,396	-	-	200,000	50,000	200,000	-	-	3,106,396
Total	\$ 7,044,983	\$ 74,308	\$ 4,640,066	\$ 1,035,454	\$ 2,402,848	\$ 239,712	\$ 347,788	\$ 1,845,298	\$ 17,630,457

Interfund transfers were used for operations, road improvements, capital asset transfers and debt payments. Additionally, the City consolidated all of the general government grants into one fund, the non-major fund- General Governmental Grants Fund in the current year.

Note 4 - Capital Assets

	Beginning Balance	Transfers	Additions	Deletions	Ending Balance
Government activities					
Capital assets not being depreciated					
Land	\$ 34,226,435	\$ -	\$ -	\$ (12,079)	\$ 34,214,356
Water rights	408,125	-	-	-	408,125
Right of way	272,144,325	-	5,364,322	-	277,508,647
Construction in progress	4,342,156	-	1,312,042	(3,928,499)	1,725,699
Total capital assets not being depreciated	<u>311,121,041</u>	<u>-</u>	<u>6,676,364</u>	<u>(3,940,578)</u>	<u>313,856,827</u>
Capital assets being depreciated					
Infrastructure	243,650,243	-	14,307,634	(5,910,293)	252,047,584
Buildings and improvements	34,809,365	-	83,220	-	34,892,585
Machinery, equipment and vehicles	20,111,427	452,625	1,396,291	(538,676)	21,421,667
Total capital assets being depreciated	<u>298,571,035</u>	<u>452,625</u>	<u>15,787,145</u>	<u>(6,448,969)</u>	<u>308,361,836</u>
Less accumulated depreciation					
Infrastructure	(99,382,270)	-	(5,173,150)	3,517,093	(101,038,327)
Buildings and improvements	(18,503,679)	-	(1,567,557)	-	(20,071,236)
Machinery, equipment and vehicles	(16,614,563)	(452,625)	(1,173,491)	538,676	(17,702,003)
Total accumulated depreciation	<u>(134,500,512)</u>	<u>(452,625)</u>	<u>(7,914,198)</u>	<u>4,055,769</u>	<u>(138,811,566)</u>
Total capital assets being depreciated, net	<u>164,070,523</u>	<u>-</u>	<u>7,872,947</u>	<u>(2,393,200)</u>	<u>169,550,270</u>
Governmental activities:					
Capital assets, net	<u>\$ 475,191,564</u>	<u>\$ -</u>	<u>\$ 14,549,311</u>	<u>\$ (6,333,778)</u>	<u>\$ 483,407,097</u>

City of Redlands, California

Notes to Financial Statements

June 30, 2021

	Beginning Balance	Transfers	Additions	Deletions	Ending Balance
Business-type activities					
Capital assets not being depreciated					
Land	\$ 28,129,879	\$ -	\$ -	\$ -	\$ 28,129,879
Water rights	9,881,460	-	-	-	9,881,460
Construction in progress	5,585,187	-	8,612,012	(5,335,242)	8,861,957
Total capital assets not being depreciated	43,596,526	-	8,612,012	(5,335,242)	46,873,296
Capital assets being depreciated					
Infrastructure	192,891,895	-	1,463,397	(144,526)	194,210,766
Buildings and improvements	104,808,445	-	8,653,423	-	113,461,868
Machinery, equipment and vehicles	19,726,463	(452,625)	2,029,435	(835,306)	20,467,967
Total capital assets being depreciated	317,426,803	(452,625)	12,146,255	(979,832)	328,140,601
Less accumulated depreciation					
Infrastructure	(83,440,194)	-	(3,457,809)	52,310	(86,845,693)
Buildings and improvements	(74,104,688)	-	(2,501,937)	-	(76,606,625)
Machinery, equipment and vehicles	(16,994,752)	452,625	(859,909)	835,305	(16,566,731)
Total accumulated depreciation	(174,539,634)	452,625	(6,819,655)	887,615	(180,019,049)
Total capital assets being depreciated, net	142,887,169	-	5,326,600	(92,217)	148,121,552
Business-type activities					
Capital assets, net	\$ 186,483,695	\$ -	\$ 13,938,612	\$ (5,427,459)	\$ 194,994,848

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

	Governmental Activities	Business-Type Activities
General government	\$ 211,827	\$ -
Public safety	897,252	-
Highway and streets	5,443,035	-
Culture and recreation	1,195,553	-
Water	-	3,723,496
Disposal	-	955,279
Wastewater	-	1,854,713
Nonmajor proprietary funds	-	286,167
Internal service	166,531	-
Total	\$ 7,914,198	\$ 6,819,655

Note 5 - Long-Term Liabilities

Governmental Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Amount Due within One year
Compensated absences	\$ 9,276,148	\$ 4,664,917	\$ 5,534,981	\$ 8,406,084	\$ 4,203,042
Claims payable	10,528,510	4,188,057	2,416,232	12,300,335	6,150,168
2007 Series Taxable Pension					
Funding Bonds	9,215,000	-	1,345,000	7,870,000	1,480,000
Less: (accreted interest)	(345,659)	-	(67,442)	(278,217)	-
Direct financings:					
Capital leases payable	805,563	362,413	302,689	865,287	313,152
I-Bank Sports Park Lease	1,343,084	-	60,940	1,282,144	62,859
Total governmental activities long-term liabilities	\$ 30,822,646	\$ 9,215,387	\$ 9,592,400	\$ 30,445,633	\$ 12,209,221

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities of the internal service funds are included in governmental activities in the statement of net position. At year end, the value of compensated absences of \$8,406,084 is included in governmental activities. For the governmental activities, compensated absences are generally liquidated by the General Fund.

Capital Leases Payable

The City has entered into lease agreements for various equipment purchases. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The assets acquired under capital leases are classified as machinery, equipment and vehicles. The total cost was \$1,917,545. The outstanding balance at June 30, 2021, is \$865,287.

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

<u>Year Ending June 30,</u>	
2022	\$ 342,783
2023	342,783
2024	215,988
2025	23,610
Total minimum lease payments	925,164
Less: amount representing interest	(59,877)
Total minimum lease payments	<u>\$ 865,287</u>

On March 19, 2021, the City entered into a capital lease with Holman Capital Corporation for the purchase of equipment in the amount of \$3,125,919. The equipment was not available as of June 30, 2021. No lease payments were made, and no liability has been recorded as of June 30, 2021.

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, 2021, is \$7,870,000.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	2007 Taxable Pension Funding Bonds	
	Principal	Interest
2022	\$ 1,480,000	\$ 331,692
2023	1,620,000	250,097
2024	185,000	207,455
2025	200,000	207,455
2026	215,000	207,455
2027-2031	1,350,000	989,323
2032-2036	2,230,000	529,705
2037	590,000	17,411
	7,870,000	
Less unaccreted interest	(278,217)	
Totals	\$ 7,591,783	\$ 2,740,593

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, 2021, the outstanding balance of the I-Bank Sports Park lease payable balance was \$1,282,144.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 62,859
2023	64,839
2024	66,882
2025	68,988
2026	71,162
2027-2031	390,878
2032-2036	456,443
2037	<u>100,093</u>
Total	<u>\$ 1,282,144</u>

Business-Type Activities

The following is a summary of changes in business-type long-term liabilities for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Amount Due within One year
Compensated Absences	\$ 1,404,387	\$ 1,285,106	\$ 1,524,798	\$ 1,164,695	\$ 582,348
Landfill Closure	10,433,803	242,821	-	10,676,624	-
Revenue Bonds					
2013A Solid Waste Revenue	6,170,000	-	1,430,000	4,740,000	1,500,000
Add: unamortized premium	534,341	-	182,994	351,347	-
Capital Leases payable	-	139,059	29,280	109,779	26,449
Total	<u>18,542,531</u>	<u>1,666,986</u>	<u>3,167,072</u>	<u>17,042,445</u>	<u>2,108,797</u>
Direct Financing					
Notes Payable					
California Recycled Water Project	1,695,908	-	322,641	1,373,267	330,707
Safe Drinking Water Project	2,301,310	-	331,798	1,969,512	339,607
I-Bank Solid Waste	2,447,863	-	131,517	2,316,346	135,475
I-Bank City Streets	2,665,031	-	129,730	2,535,301	133,933
Hinckley Water Treatment Plant Upgrade	7,674,055	-	464,018	7,210,037	475,699
Total notes payable	<u>16,784,167</u>	<u>-</u>	<u>1,379,704</u>	<u>15,404,463</u>	<u>1,415,421</u>
Total business-type activities long-term liabilities	<u>\$ 35,326,698</u>	<u>\$ 1,666,986</u>	<u>\$ 4,546,776</u>	<u>\$ 32,446,908</u>	<u>\$ 3,524,218</u>

Capital Leases Payable

The City has entered into a lease agreement for an equipment purchases. These lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The asset acquired under the capital lease is classified as machinery, equipment and vehicles. The total cost was \$139,059. The outstanding balance at June 30, 2021, is \$109,779.

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

<u>Year Ending June 30,</u>			
2022	\$	29,552	
2023		29,552	
2024		29,552	
2025		29,663	
Total minimum lease payments		118,319	
Less: amount representing interest		(8,540)	
Total minimum lease payments	\$	109,779	

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, 2021, was \$4,740,000 with an unamortized premium of \$351,347.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>2013A Solid Waste Revenue Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,500,000	\$ 199,500
2023	1,580,000	122,500
2024	1,660,000	41,500
Totals	\$ 4,740,000	\$ 363,500

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 2024. 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	125%	\$ 4,128,272	\$ 1,699,500	243%	\$ 5,103,500

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, 2021, was \$1,373,267.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>California Recycled Water Project</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 330,707	\$ 34,332
2023	338,975	26,064
2024	347,449	17,590
2025	356,136	8,903
Totals	<u>\$ 1,373,267</u>	<u>\$ 86,889</u>

Safe Drinking Water Project

On January 30, 2004, the City entered into a loan agreement with the State of California, Department of Water Resources in the amount of \$1,664,876 to assist in financing construction of a project which will enable the City to meet safe drinking water standards. As of June 30, 2006, the loan had been increased to \$6,100,844. The note carries an annual interest rate of 2.34 percent with principal and interest payments due every six months starting January 1, 2006. At June 30, 2021, the City has \$1,969,512 in outstanding principal.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>Safe Drinking Water Project</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 339,607	\$ 44,111
2023	347,600	36,118
2024	355,782	27,937
2025	364,156	19,563
2026	372,727	10,992
2027	189,640	2,219
Totals	<u>\$ 1,969,512</u>	<u>\$ 140,940</u>

Hinckley Water Treatment Plant Upgrade

On June 21, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Hinckley water treatment plant upgrade. The City may borrow up to \$13,663,033 or the eligible costs of the project, whichever is less. The loan has an interest rate of 2.5017 percent with maturities through 2034. Principal and interest is due every six months starting January 1, 2011. The outstanding balance at June 30, 2021, is \$7,210,037.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>Hinckley Water Treatment Plant Upgrade</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 475,699	\$ 177,417
2023	487,674	165,442
2024	499,951	153,165
2025	512,536	140,580
2026	525,439	127,678
2027-2031	2,832,386	433,194
2032-2034	1,876,352	82,997
Totals	<u>\$ 7,210,037</u>	<u>\$ 1,280,473</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, 2021, the outstanding balance of the loan was \$2,316,346.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>I-Bank Solid Waste</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 135,475	\$ 67,683
2023	139,553	63,544
2024	143,754	59,280
2025	148,081	54,888
2026	152,538	50,364
2027-2031	834,388	179,042
2032-2035	762,557	46,756
Totals	<u>\$ 2,316,346</u>	<u>\$ 521,557</u>

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, 2017. At June 30, 2021, the outstanding balance of the loan was \$2,535,301.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>I-Bank City Streets</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 133,933	\$ 79,974
2023	138,273	75,564
2024	142,753	71,012
2025	147,378	66,312
2026	152,153	61,456
2027-2031	837,985	228,825
2032-2036	982,826	81,639
Totals	<u>\$ 2,535,301</u>	<u>\$ 664,782</u>

Note 6 - Claims Payable

On June 30, 2021, and throughout 2020-2021, 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, 2021, \$2,433,336 and \$9,866,999 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, 2021, are dependent on future developments, based upon information provided from the City Attorney, outside counsel and others involved with the administration of the programs, the City's management believes that the aggregate accrual is adequate to cover such losses.

Reconciliation of the changes in the City's aggregate liabilities for the year ended June 30, 2021, is as follows:

<u>2020-2021</u>	<u>Beginning of Year</u>	<u>Claims and Changes in Estimate</u>	<u>Claim Payments</u>	<u>End of Year</u>
Liability claims	\$ 1,969,244	\$ 1,735,798	\$ (1,271,706)	\$ 2,433,336
Workers' compensation	8,559,266	2,452,259	(1,144,526)	9,866,999
Total	<u>\$ 10,528,510</u>	<u>\$ 4,188,057</u>	<u>\$ (2,416,232)</u>	<u>\$ 12,300,335</u>
<u>2019-2020</u>	<u>Beginning of Year</u>	<u>Claims and Changes in Estimate</u>	<u>Claim Payments</u>	<u>End of Year</u>
Liability claims	\$ 2,266,000	\$ 447,740	\$ (744,496)	\$ 1,969,244
Workers' compensation	9,144,348	(474,856)	(110,226)	8,559,266
Total	<u>\$ 11,410,348</u>	<u>\$ (27,116)</u>	<u>\$ (854,722)</u>	<u>\$ 10,528,510</u>

Note 7 - Fund Balance and Net Position

A. Fund Balance Classifications

At June 30, 2021, the City reports the following fund balance classifications:

	<u>General</u>	<u>Public Facilities Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances				
Nonspendable				
Prepaid costs	\$ 209,601	\$ -	\$ -	\$ 209,601
Endowment - non-expendable	-	-	30,200	30,200
Advances to other funds	8,118,180	-	-	8,118,180
Restricted				
Donations	479,099	-	-	479,099
PEG fees	597,557	-	-	597,557
Public safety	-	-	618,673	618,673
Public Art	-	-	1,341,658	1,341,658
Police programs and equipment	-	-	13,950	13,950
Street reconstruction/improvement projects	-	-	7,069,021	7,069,021
Debt service	-	-	1,674,012	1,674,012
Storm drain improvements	-	-	2,177,049	2,177,049
Endowment- expendable	-	-	30,448	30,448
CFD assessment	-	-	99,811	99,811
Committed				
Stabilization agreement	8,285,676	-	-	8,285,676
Park and open space acquisition/improvement	-	-	2,624,896	2,624,896
Public benefit: parks, recreation, trails, open space and improvements	3,577,642	-	-	3,577,642
Street reconstruction/improvement projects	-	-	8,124,019	8,124,019
Assigned				
Public works	845,334	-	-	845,334
Capital projects	3,342,851	-	2,742,004	6,084,855
Unassigned	29,877,227	(7,285,430)	(273,547)	22,318,250
Total fund balances	\$ 55,333,167	\$ (7,285,430)	\$ 26,272,194	\$ 74,319,931

A net deficit of \$7,285,430 exists in the Public Facilities Development fund due to unpaid advances owed to the General Fund for debt service payments made on the Public Facilities Development fund's behalf. Future revenues will be used to repay this advance and reduce the fund deficit.

B. Fund Balance/Net Position Deficits

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

At June 30, 2021, the following funds reported deficits:

	<u>Deficit Amount</u>
Special Revenue Funds	
Transportation Development Act Fund	\$ 7,221
Governmental Grants	266,326
Enterprise Fund	
Disposal	5,251,699
Internal Service Funds	
Liability Self-Insurance	2,646,412
Information Technology	2,037,984
Workers' Compensation Self-Insurance	7,587,880
Utility Billing	2,665,817

Special Revenue Funds

A net deficit of \$7,221 exists in the Transportation Development Act Fund. This fund deficit is a result of the timing of grant reimbursements. This net deficit will be eliminated during the upcoming fiscal year.

A net deficit of \$266,326 exists in the Governmental Grants Fund. This fund deficit is a result of expenditures that have not been submitted for grant reimbursement and reimbursements that have not been received. This net deficit will be eliminated when the grant funds are received in future years.

Enterprise Funds

A net deficit of \$5,251,699 exists in the Disposal Fund as a result of the City's implementation of GASB Statements No. 68 and 75, which required the reporting of the fund's proportionate share of the City's net pension liability and other post-employment benefits liability, respectively. Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through cost containment measures and continued pension contributions towards its unfunded liability.

Internal Service Funds

A net deficit of \$2,646,412 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 \$2,037,984 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 \$7,587,880 exists in the Workers' Compensation Self-Insurance Fund due to new and existing claims. Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through increased cost recovery charges, instituting cost containment measures.

A net deficit of \$2,665,817 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, 2021, is presented below:

	Safety Plan	Miscellaneous Plan	Total
Deferred outflows - pensions	\$ 20,183,548	\$ 7,033,922	\$ 27,217,470
Net pension liability	88,080,547	48,354,844	136,435,391
Deferred inflows - pensions	2,412,724	54,665	2,467,389
Pension expense	13,809,088	6,512,920	20,322,008

Plan Descriptions

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

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
	Tier 1	PEPRA
Hire Date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.000% - 2.500%
Required employee contribution rates	50 yrs - 63+ yrs, 7.000%	52 yrs - 67+ yrs, 7.000%
Required employer contribution rates	\$3,590,108 plus 9.687%	9.687%

	Safety Cost-Sharing Rate Plans			
	Safety Fire	Safety Police	PEPRA Fire	PEPRA Police
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013	January 1, 2013 and after	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 50	2.7% @ 57	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	3.000%, 50+ yrs	2.000% - 2.700%	2.000% - 2.700%
Required employee contribution rates	9.000%	9.000%	50 yrs - 57+ yrs, 13.750%	50 yrs - 57+ yrs, 13.750%
Required employer contribution rates	\$2,546,205 plus 25.540%	\$3,105,945 plus 25.540%	\$870 plus 13.884%	\$1,844 plus 13.884%

Employees Covered

As of the valuation date of June 30, 2019, the most recent valuation date, the following employees were covered by the benefit terms of the Miscellaneous Plan:

	Miscellaneous
Active members	331
Transferred members	151
Terminated members	187
Retired members and beneficiaries	496
Total	1,165

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 \$9,582,627 for the Safety Plan and \$5,676,210 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, 2021, the City reported a net pension liability for its proportionate share of the collective net pension liability of the Safety Plan of \$88,080,547.

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, 2020, 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, 2019, rolled forward to June 30, 2020. 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, 2019, and 2020, were as follows:

	Safety
Proportion - June 30, 2019	0.79023%
Proportion - June 30, 2020	0.80953%
Change - Increase/(Decrease)	0.01930%

Actuarial Assumptions

The total pension liabilities in the June 30, 2019, actuarial valuations were determined using the following assumptions for both Plans:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality	Derived using CalPERS' membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 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 rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the pension funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to the account for assumed administrative expenses.

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

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

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

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

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

Changes in the Net Pension Liability – Miscellaneous Plan

The City's net pension liability for the Miscellaneous Plan was measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Miscellaneous Plan was measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. 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, 2021, was \$48,354,844. 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, 2019	\$172,242,803	\$ 126,727,708	\$ 45,515,095
Changes Recognized for the Measurement Period			
Service Cost	3,365,376	-	3,365,376
Interest on the Total Pension Liability	12,119,433	-	12,119,433
Differences between Expected and Actual Experience	270,034	-	270,034
Contributions - Employer	-	5,163,971	(5,163,971)
Contributions - Employees	-	1,617,023	(1,617,023)
Net Investment Income	-	6,312,755	(6,312,755)
Benefit Payments	(9,385,911)	(9,385,911)	-
Administrative Expense	-	(178,655)	178,655
Net changes	<u>6,368,932</u>	<u>3,529,183</u>	<u>2,839,749</u>
Balance at June 30, 2020	<u>\$ 178,611,735</u>	<u>\$ 130,256,891</u>	<u>\$ 48,354,844</u>

Pension Expense and Deferred Outflows and Inflows of Resources

Safety Plan:

For the year ended June 30, 2021, the City recognized pension expense of \$13,809,088 for the Safety Plan. At June 30, 2021, 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	\$ 9,582,627	\$ -
Changes in assumptions	-	293,398
Differences between expected and actual experience	6,830,200	-
Differences between projected and actual investment earnings	1,914,361	-
Differences between employer's contributions and proportionate share of contributions	-	2,119,326
Changes in employer's proportion	<u>1,856,360</u>	<u>-</u>
Total	<u>\$ 20,183,548</u>	<u>\$ 2,412,724</u>

\$9,582,627 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, 2022. 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
2022	\$ 1,886,504
2023	3,138,694
2024	2,203,797
2025	959,202
Total	\$ 8,188,197

Miscellaneous Plan:

For the year ended June 30, 2021, the City recognized pension expense of \$6,512,920 for the Miscellaneous Plan. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 5,676,210	\$ -
Changes of assumptions	-	54,665
Differences between expected and actual experience	364,932	-
Net difference between projected and actual earnings on pension plan investments	992,780	-
Total	\$ 7,033,922	\$ 54,665

\$5,676,210 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, 2022. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (326,983)
2022	437,402
2023	666,359
2024	526,269
Total	\$ 1,303,047

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	\$ 70,995,993	\$ 48,354,844	\$ 29,572,388
Safety Plan's proportionate share of collective net pension liability	127,232,379	88,080,547	55,952,764

Pension Plan Fiduciary Net Position

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

Note 9 - Other Post-Employment Benefits (OPEB)

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

	Total
Total OPEB liability	\$ 152,181,945
Deferred outflows related to OPEB	20,542,406
Deferred inflows related to OPEB	4,196,046
OPEB expense	10,528,104

Plan Description

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

City’s Funding Policy

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

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

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

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

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

Total OPEB Liability

The City's total OPEB liability of \$152,181,945 was measured and actuarially valued as of June 30, 2020. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

Inflation	2.75%
Salary increases	2.750%
Discount rate	2.45%
Healthcare cost trend rate	6.50% in the first year, trending down to 3.84% over 55 years.

The discount rate used to measure the total OPEB liability is 2.45%, which is based on the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date. The discount rate of 2.45% used for the June 30, 2020 measurement date, was decreased from 3.13% used for the June 30, 2019 measurement date.

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 133,984,590
Changes in the year:	
Service cost	4,371,866
Interest on the total OPEB liability	4,254,153
Changes in assumptions	14,314,382
Differences between expected and actual experience	139,016
Benefit payments, including refunds of employee contributions	(4,100,853)
Implicit Rate Subsidy Fulfilled	(781,212)
Net changes	18,197,352
Balance at June 30, 2021	\$ 152,181,942

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

	1% Decrease (1.45%)	Discount Rate (2.45%)	1% Increase (3.45%)
Total OPEB Liability	\$ 177,638,319	\$ 152,181,942	\$ 131,827,171

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 (5.50 percent decreasing to 2.84%) or 1-percentage-point higher (7.50 percent decreasing to 4.84 percent) than the current healthcare cost trend rates:

	1% Decrease (5.50% Decreasing to 2.84%)	Healthcare Cost Trend Rate (6.50% Decreasing to 3.84%)	1% Increase (7.50% Decreasing to 4.84%)
Total OPEB Liability	\$ 131,067,620	\$ 152,181,942	\$ 179,425,505

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$10,528,104. At June 30, 2021, 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	\$ 5,136,241	\$ -
Differences between actual and expected experience	3,293,996	-
Changes of assumptions	12,112,169	4,196,046
Total	\$ 20,542,406	\$ 4,196,046

\$5,136,241 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, 2022. 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
2022	\$ 1,902,085
2023	1,902,085
2024	1,902,085
2025	2,135,073
2026	2,256,999
Thereafter	1,111,792
Total	\$ 11,210,119

Note 10 - Contingencies

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

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

Ordinance No. 2550. The County of San Bernardino and the City apportion the sales and use tax revenue generated by businesses located in the Donut Hole generally on the basis of ninety percent (90 percent) of such sales and use tax revenue being provided to the City and ten percent (10 percent) of such sales and use tax revenue being provided to the County.

Note 11 - Construction Contracts and Other Commitments

The following material construction commitments existed at June 30, 2021:

Project Title	Significant Commitments
Governmental Activities	
General Fund	
Law Enforcement Equipment	\$ 297,742
6th Street Gateway Project	82,989
Iron Fencing	23,000
PARIS Construction Inspection Services-General Fund Portion	4,000
	407,731
Other Governmental Funds	
Redlands Passenger Rail Project Platform Construction	127,342
PARIS Construction Inspection Services-PARIS Fund Portion	45,000
Outfitting of Police Vehicles	6,820
East Valley Corridor Bike Route Project	4,986
	184,148
Internal Service Funds	
PD Comprehensive Data Center & Security Upgrade	3,324
	3,324
Business Type Activities	
Water Fund	
Condition, Seismic and Structural Assessment for Water Facilities	1,149,376
2020 Water CIP	1,044,229
Water System SCADA Design & Integration	762,296
Street Paving Repair	373,883
Design and Integration Services	103,835
Portable Cummins Generator	92,096
Hinckley Generator Replacement Project	41,172
PARIS Construction Inspection Services-Water Fund Portion	36,530
	3,603,417

Project Title	Significant Commitments
Wastewater Fund	
Design services for Sewer Treatment Facility	3,911,393
WWTP MBR System & Installation-Phase 1	2,775,977
Zenon Filter Replacement	1,028,438
PARIS Construction Inspection Services-Wastewater Fund Portion	44,670
Two Motorized Carts	26,999
Wastewater Laboratory Equipment	25,815
Manhole Replacement Project	24,801
	7,838,093
Disposal Fund	
Landfill Expansion Project	54,678
	54,678
Total Commitments	\$ 12,091,391

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 \$10,676,624 reported as landfill closure and post closure liability at June 30, 2021, represents the cumulative amount reported to date based on the use of 66.65 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 \$5,342,741 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform closure and post closure activities in 2021 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, 2021, \$7,480,358 is held for landfill closure. The City expects that future inflation costs will be paid from future annual operating revenues in the enterprise fund. Post closure costs are agreed to be covered by revenue from solid waste customer billings which is deposited directly into the Disposal enterprise fund.

Note 13 - Debt Without Government Commitment

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

In September 2001, the City issued for and on behalf of the Community Facilities District No. 2001-1 (Northwest Development Project) \$9,255,000 aggregate principal amount of 2001 Special Tax Bonds to finance the acquisition of certain public improvements with appurtenant work and incidental expenses within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2002 to 2015 are serial bonds payable in annual installments of \$170,000 to \$355,000 while bonds maturing in the year 2022 in the amount of \$3,175,000 and bonds maturing in the year 2026 in the amount of \$2,535,000 are term bonds. The interest rates on the bonds range from 3.75 percent to 6.45 percent. The outstanding balance at June 30, 2021, was \$3,585,000.

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, 2021, was \$7,505,000.

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

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

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

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

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

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

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

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

A. Cash and Investments

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

Cash and investments pooled with the City	\$ 2,135,857
Cash and investments with fiscal agent	<u>1,592</u>
	<u>\$ 2,137,449</u>

B. Long-Term Debt

The following is a summary of changes in the long-term liabilities of the Successor Agency as of June 30, 2021:

	Balance June 30, 2020	Additions	Repayments	Balance June 30, 2021	Due within One year
Fiduciary Activities					
2016 Refunding Series A	\$ 6,060,000	\$ -	\$ 1,945,000	\$ 4,115,000	\$ 2,020,000
Add: unamortized premium	407,307	-	195,506	211,801	-
2016 Refunding Series B	1,185,000	-	385,000	800,000	395,000
Less: unamortized discount	(7,226)	-	(3,467)	(3,759)	-
Total	<u>\$ 7,645,081</u>	<u>\$ -</u>	<u>\$ 2,522,039</u>	<u>\$ 5,123,042</u>	<u>\$ 2,415,000</u>

2016A & B Tax Allocation Bonds

In March of 2016, the Agency issued \$16,610,000 in 2016 Tax Allocation Bonds, Series A and B, with interest rates ranging from 1.00 percent to 4.00 percent. The proceeds of the bonds were used to refund the 1998A, 2003A and 2007A Tax Allocation Bond, to fund a deposit to a debt service reserve account, and to pay costs incurred in connection with the issuance, sale and delivery of the Series 2016A & B bonds. Interest is payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2016. Principal is payable on August 1 each year, commencing August 1, 2016. As of June 30, 2021, the outstanding principal balance on the bonds is \$4,915,000.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>2016A & B Tax Allocation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,415,000	\$ 138,769
2023	2,500,000	46,963
	<u>4,915,000</u>	<u>185,732</u>

Note 15 - Tax Abatements – Economic Development Incentives

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

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

The City currently has two of these agreements in effect. For the fiscal year ended June 30, 2021, under this program the City had abatements of sales tax totaling \$121,511. Pursuant to the Sales and Use Tax law (chapter 8 – Article 1 – section 7056), in order to protect the confidential information of sales taxes collected and abatements provided to each of the specific agencies, the City has presented the aggregate amount abated during the current fiscal year.

Note 16 - Endowments

Simonds Endowment

The amount of net appreciation available for expenditure in the Simonds Endowment Fund is \$28,117. This available amount is reflected as fund balance. The endowment corpus is \$10,000 and is reflected as restricted fund balance. In California, Endowments are subject to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), specifically Cal. Probate Code §18504. State law governing the City’s ability to spend the net appreciation provides that the City may appropriate “so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established [...]”. The City’s policy for authorizing and spending the investment income is governed by City Council authorization and appropriation authority, as well as the agreement of Endowment of the Simonds Parkway, dated December 14, 1985. Provisions of that agreement include, among other things, that interest generated on a per annum basis may be expended for providing maintenance, materials, and equipment solely at the Simonds Parkway.

Pauline Stancliff Memorial Trust

The amount of net appreciation available for expenditure in the Pauline Stancliff Memorial Trust Fund is \$2,331. This available amount is reflected as fund balance. The endowment corpus is \$20,200 and is reflected as restricted fund balance. In California, Endowments are subject to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), specifically Cal. Probate Code §18504. State law governing the City's ability to spend the net appreciation provides that the City may appropriate "so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established [...]". The City's policy for authorizing and spending the investment income is governed by City Council authorization and appropriation authority, as well as a minute motion on July 26, 2012 establishing a memorial trust fund in the name of Pauline Stancliff to be used for creating programs which focus on the goal of improving the quality of life for seniors who attend the Joslyn Senior Center.

Note 17 - Subsequent Events

On June 15, 2021, City Council approved a Purchase and Sale Agreement with Redlands Community Investment Corporation in the amount of \$16,000,000 for the acquisition of a six-story building located in downtown Redlands. The City purchased this building with intent of relocating City Hall to the new building. An initial \$500,000 deposit was required at the start of escrow, paid and recorded on June 24, 2021. The remaining funds of \$15,475,000, which included \$25,000 in escrow credits, was paid on September 29, 2021 per the terms at the closing of escrow.

On July 20, 2021, City Council approved a Purchase and Sale Agreement with LDC Industrial Realty LLC in the amount of \$46,050,000 for three parcels of land in Redlands. The City sold these parcels as they were no longer needed for the City's Landfill and Wastewater Treatment operations. The funds were received on October 1, 2021 totaling \$46,040,872.54, which included \$9,127.46 in escrow charges, per the terms at the closing of escrow.

On December 21, 2021, City Council approved a Purchase and Sale Agreement with 1625 W REDLANDS LLC in the amount of \$16,100,000 for the acquisition of a building located in Redlands. The City purchased this building for future use as a police station. An initial \$329,000 deposit was required at the start of escrow, paid and recorded on December 29, 2021. The remaining funds of \$15,771,000, will be paid in full at the close of escrow, estimated to be in early March, 2022.

Note 18 – Adoption of New Accounting Standard

The city implemented Governmental Accounting Standards Board (GASB) Statement No. 84 related to Fiduciary Activities as of July 1, 2020. As a result, the former agency funds, which previously only reported assets and liabilities, were converted to custodial funds with an economic resources measurement focus and additions and deductions are being reported. This statement also required special deposits held for public benefits and refundable deposits in the agency fund now be held and accounted for in the City's General Fund, Water Fund and Aviation Fund.

The restatement is summarized as follows:

	Governmental Activities	General Fund	Water Fund	Aviation	Agency Funds/ Custodial Funds
Net position/fund balance at July 1, 2020	\$ 336,232,462	\$ 40,716,504	\$ 131,837,563	\$ 3,217,574	\$ -
Cash and investments	4,604,925	4,604,925	12,938	7,371	2,932,650
Interest receivable	56,133	56,133	-	-	-
Accounts payable	(35,752)	(35,752)	-	-	(2,663)
Deposits payable	(964,637)	(964,637)	(12,938)	(7,371)	-
Net position/fund balance at July 1, 2020, as restated	<u>\$ 339,893,131</u>	<u>\$ 44,377,173</u>	<u>\$ 131,837,563</u>	<u>\$ 3,217,574</u>	<u>\$ 2,929,987</u>

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Required Supplementary Information

City of Redlands, California
 Budgetary Comparison Schedules by Department
 General Fund
 Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 40,716,504	\$ 40,716,504	\$ 44,377,173	\$ 3,660,669
Resources (Inflows)				
Taxes	52,923,957	61,644,625	65,508,033	3,863,408
Licenses and permits	5,074,882	6,589,233	7,231,168	641,935
Intergovernmental	584,225	707,306	498,035	(209,271)
Charges for services	7,640,147	7,489,906	7,813,214	323,308
Use of money and property	345,000	560,500	182,684	(377,816)
Miscellaneous	1,788,212	1,241,069	1,553,150	312,081
Transfers in	2,284,708	2,267,677	3,178,716	911,039
Proceeds from capital lease	-	-	362,413	362,413
Proceeds from sale of property	132,000	4,264	33,457	29,193
	<u>111,489,635</u>	<u>121,221,084</u>	<u>130,738,043</u>	<u>9,516,959</u>
Amounts available for appropriations				
Charges to Appropriations (Outflow)				
General government				
City council	318,122	347,899	314,561	33,338
City clerk	404,226	444,694	313,762	130,932
City manager	5,695,464	5,544,212	5,090,421	453,791
Finance	1,900,944	1,901,948	2,087,248	(185,300)
City attorney	652,244	650,999	688,876	(37,877)
Development services	2,824,991	3,049,655	2,954,730	94,925
Facilities	1,929,647	2,145,524	2,301,963	(156,439)
Public Works Engineering	1,535,906	2,249,690	1,249,786	999,904
Public safety				
Police	30,907,454	28,558,285	28,356,326	201,959
Fire	14,495,586	15,348,237	14,568,197	780,040
Culture and recreation				
Community services	1,123,912	1,003,316	945,226	58,090
Parks	2,080,173	2,054,839	2,071,419	(16,580)
Highway and streets				
Electrical and streets	2,984,893	3,154,984	3,230,563	(75,579)
Library	2,135,189	2,472,097	2,426,448	45,649
Capital outlay	576,436	6,612,615	1,418,095	5,194,520
Debt service	191,977	349,837	342,272	7,565
Transfers out	6,667,431	7,261,058	7,044,983	216,075
	<u>76,424,595</u>	<u>83,149,889</u>	<u>75,404,876</u>	<u>7,745,013</u>
Total charges to appropriations				
Fund Balance, June 30	<u>\$ 35,065,040</u>	<u>\$ 38,071,195</u>	<u>\$ 55,333,167</u>	<u>\$ 17,261,972</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Public Facilities Development
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (7,543,106)	\$ (7,543,106)	\$ (7,543,106)	\$ -
Resources				
Licenses and permits	186,000	292,516	340,162	47,646
Amounts available for appropriations	(7,357,106)	(7,250,590)	(7,202,944)	47,646
Charges to Appropriations (Outflow)				
General government	-	-	6,803	(6,803)
Debt service				
Interest and fiscal charges	-	-	1,375	(1,375)
Transfers out	-	32,042	74,308	(42,266)
Total charges to appropriations	-	32,042	82,486	(50,444)
Fund Balance, June 30	<u>\$ (7,357,106)</u>	<u>\$ (7,282,632)</u>	<u>\$ (7,285,430)</u>	<u>\$ (2,798)</u>

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 in Assumptions

The discount rate changed from 7.65 percent used for the June 30, 2016 measurement date to 7.15 percent used for the June 30, 2017 measurement date.

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)

<u>2020</u>	<u>2021</u>
\$ 3,334,799	\$ 3,365,376
11,680,277	12,119,433
419,589	270,034
-	-
<u>(8,930,778)</u>	<u>(9,385,911)</u>
6,503,887	6,368,932
<u>165,738,916</u>	<u>172,242,803</u>
<u>\$ 172,242,803</u>	<u>\$ 178,611,735</u>
\$ 4,543,195	\$ 5,163,971
1,587,404	1,617,023
7,923,614	6,312,755
(8,930,778)	(9,385,911)
283	-
<u>(86,841)</u>	<u>(178,655)</u>
5,036,877	3,529,183
<u>121,690,831</u>	<u>126,727,708</u>
<u>\$ 126,727,708</u>	<u>\$ 130,256,891</u>
<u>\$ 45,515,095</u>	<u>\$ 48,354,844</u>
73.58%	72.93%
\$ 22,121,385	\$ 22,631,158
205.75%	213.66%

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)

2018	2019	2020	2021
\$ 3,797,781	\$ 4,472,807	\$ 5,159,972	\$ 5,676,210
<u>(3,797,781)</u>	<u>(4,472,807)</u>	<u>(5,159,972)</u>	<u>(5,676,210)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 19,836,302	\$ 22,121,385	\$ 22,631,158	\$ 22,767,850
19.15%	20.22%	22.80%	24.93%

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

	2015	2016	2017
Proportion of the collective net pension liability	0.68953%	0.73768%	0.74868%
Proportionate share of the collective net pension liability	\$ 42,905,786	\$ 50,633,826	\$ 64,784,346
Covered payroll	\$ 14,292,490	\$ 14,342,189	\$ 14,604,289
Proportionate share of the collective net pension liability as a percentage of covered payroll	300.20%	353.04%	443.60%
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%

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

Changes in Assumptions

The discount rate changed from 7.65 percent used for the June 30, 2016 measurement date to 7.15 percent used for the June 30, 2017 measurement date.

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)

2018	2019	2020	2021
0.74597%	0.77945%	0.79023%	0.80953%
\$ 73,979,298	\$ 75,109,650	\$ 80,975,102	\$ 88,080,547
\$ 14,827,015	\$ 14,894,900	\$ 17,236,908	\$ 17,522,750
498.95%	504.26%	469.78%	502.66%
73.31%	75.26%	73.37%	73.11%

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

	2015	2016	2017
Actuarially Determined Contribution	\$ 4,246,980	\$ 5,126,655	\$ 5,886,486
Contribution in Relation to the Actuarially Determined Contribution	(4,246,980)	(5,126,655)	(5,886,486)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 14,342,189	\$ 14,604,289	\$ 14,827,015
Contributions as a Percentage of Covered Payroll	29.6%	35.1%	39.7%

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

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

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 6,211,050	\$ 7,448,780	\$ 8,703,374	\$ 9,582,627
<u>(6,211,050)</u>	<u>(7,448,780)</u>	<u>(8,703,374)</u>	<u>(9,582,627)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 14,894,900	\$ 17,236,908	\$ 17,522,750	\$ 17,415,769
41.7%	43.2%	49.7%	55.0%

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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)

	2018	2019	2020	2021
Total OPEB Liability				
Service Cost	\$ 4,517,859	\$ 4,647,747	\$ 4,540,301	\$ 4,371,866
Interest on the total OPEB liability	4,351,611	4,497,267	4,744,702	4,254,153
Difference between expected and actual experience	-	-	4,588,085	139,016
Changes in assumptions	-	(2,485,196)	(4,153,914)	14,314,382
Benefit payments, including refunds of employee contributions	(3,361,882)	(3,812,849)	(3,751,661)	(4,100,853)
Implicit rate subsidy fulfilled	(688,731)	(712,837)	(775,104)	(781,212)
Net Change in Total OPEB Liability	4,818,857	2,134,132	5,192,409	18,197,352
Total OPEB Liability - Beginning	121,839,192	126,658,049	128,792,181	133,984,590
Total OPEB Liability - Ending (a)	<u>\$ 126,658,049</u>	<u>\$ 128,792,181</u>	<u>\$ 133,984,590</u>	<u>\$ 152,181,942</u>
Covered-Employee Payroll	\$ 32,062,170	\$ 31,410,072	\$ 33,975,526	\$ 35,722,602
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	395.04%	410.03%	394.36%	426.01%

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

Changes in Assumptions

The discount rate changed as follows:

Reporting Date:	2018	2019	2020	2021
	3.50%	3.62%	3.13%	2.14%

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

Note 1 - Budgetary Information

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

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

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

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

Note 2 - Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2021, exceeded the appropriations of the following major funds/departments:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
General Government			
Finance	\$ 1,901,948	\$ 2,087,248	\$ (185,300)
City attorney	650,999	688,876	(37,877)
Facilities	2,145,524	2,301,963	(156,439)
Community services			
Parks	2,054,839	2,071,419	(16,580)
Highway and streets			
Electrical and streets	3,154,984	3,230,563	(75,579)
Special Revenue Funds			
Public Facilities Development	32,042	82,486	(50,444)
Household Hazardous Waste	124,926	128,633	(3,707)
State Gas Tax	2,745,614	2,823,160	(77,546)
Traffic Safety	108,222	131,763	(23,541)
Open Space	-	2,415	(2,415)
Community Development Block Grant	-	773	(773)
Police Grants	-	91,842	(91,842)
Arterial Street Construction	417,843	425,208	(7,365)
Traffic Signals	-	505	(505)
Freeway Interchanges	770,614	937,440	(166,826)
CFD 2004-1	554,228	619,046	(64,818)
Landscape Maintenance District	54,827	64,530	(9,703)
Public Arts	-	3,199	(3,199)
Capital Projects Funds			
Storm Drain	6,182	7,537	(1,355)

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Supplementary Information

City of Redlands, California
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Emergency Service	Household Hazardous Waste	State Gas Tax	Air Quality Improvement
Assets				
Cash and investments	\$ 228,074	\$ 250,806	\$ -	\$ 309,599
Cash and investments with fiscal agent	-	-	-	-
Receivables				
Accounts	-	12,463	-	-
Taxes	12,747	-	239,694	-
Due from other governments	-	-	-	23,558
Advances to other funds	-	-	-	-
Total assets	<u>\$ 240,821</u>	<u>\$ 263,269</u>	<u>\$ 239,694</u>	<u>\$ 333,157</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 40,343	\$ -	\$ -	\$ -
Accrued payroll	200,477	-	-	-
Unearned revenue	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>240,820</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflow of Resources				
Unavailable revenue	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	1	263,269	239,694	333,157
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>1</u>	<u>263,269</u>	<u>239,694</u>	<u>333,157</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 240,821</u>	<u>\$ 263,269</u>	<u>\$ 239,694</u>	<u>\$ 333,157</u>

City of Redlands, California
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2021

Special Revenue Funds						
Traffic Safety	Measure I	Open Space	Downtown Redlands Business Area	Parking Authority	General Capital Improvement	Community Development Block Grant
\$ -	\$ 888,084	\$ 1,746,567	\$ 18,661	\$ 11,762	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	1,569	-	-
-	468,454	-	-	-	-	-
12,268	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 12,268</u>	<u>\$ 1,356,538</u>	<u>\$ 1,746,567</u>	<u>\$ 18,661</u>	<u>\$ 13,331</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,270	\$ -	\$ -	\$ 18,661	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	1,569	-	-
-	-	-	-	11,762	-	-
-	-	-	-	-	-	-
<u>6,270</u>	<u>-</u>	<u>-</u>	<u>18,661</u>	<u>13,331</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,998	1,356,538	-	-	-	-	-
-	-	1,746,567	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,998</u>	<u>1,356,538</u>	<u>1,746,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 12,268</u>	<u>\$ 1,356,538</u>	<u>\$ 1,746,567</u>	<u>\$ 18,661</u>	<u>\$ 13,331</u>	<u>\$ -</u>	<u>\$ -</u>

City of Redlands, California
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Asset Forfeiture	Police Grants	Supplemental Law Enforcement	Park and Open Space
Assets				
Cash and investments	\$ 1,244,924	\$ -	\$ 353,513	\$ 878,329
Cash and investments with fiscal agent	-	-	-	-
Receivables				
Accounts	-	-	-	-
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	<u>\$ 1,244,924</u>	<u>\$ -</u>	<u>\$ 353,513</u>	<u>\$ 878,329</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 2,387	\$ -	\$ -	\$ -
Accrued payroll	-	-	9,871	-
Unearned revenue	-	-	240,499	-
Deposits payable	10,020	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>12,407</u>	<u>-</u>	<u>250,370</u>	<u>-</u>
Deferred Inflow of Resources				
Unavailable revenue	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	1,232,517	-	103,143	-
Committed	-	-	-	878,329
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>1,232,517</u>	<u>-</u>	<u>103,143</u>	<u>878,329</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,244,924</u>	<u>\$ -</u>	<u>\$ 353,513</u>	<u>\$ 878,329</u>

City of Redlands, California
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2021

Special Revenue Funds						
Arterial Street Construction	Traffic Signals	Freeway Interchanges	Street Lighting District #1	CFD 2004-1 Assessment	Landscape Maintenance District	Local Transportation
\$ 3,928,436	\$ 1,444,989	\$ 3,046,266	\$ 22,819	\$ 137,404	\$ 59	\$ 237,197
-	-	-	-	-	-	-
-	-	-	244	3,033	777	-
-	-	-	-	-	-	-
<u>\$ 3,928,436</u>	<u>\$ 1,444,989</u>	<u>\$ 3,046,266</u>	<u>\$ 23,063</u>	<u>\$ 140,437</u>	<u>\$ 836</u>	<u>\$ 237,197</u>
\$ -	\$ -	\$ -	\$ 146	\$ 21,234	\$ 160	\$ 667
-	-	-	670	6,892	676	-
-	-	-	-	-	-	-
28,554	267,118	-	-	12,500	-	35,074
-	-	-	-	-	-	-
<u>28,554</u>	<u>267,118</u>	<u>-</u>	<u>816</u>	<u>40,626</u>	<u>836</u>	<u>35,741</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	22,247	99,811	-	201,456
3,899,882	1,177,871	3,046,266	-	-	-	-
-	-	-	-	-	-	-
<u>3,899,882</u>	<u>1,177,871</u>	<u>3,046,266</u>	<u>22,247</u>	<u>99,811</u>	<u>-</u>	<u>201,456</u>
<u>\$ 3,928,436</u>	<u>\$ 1,444,989</u>	<u>\$ 3,046,266</u>	<u>\$ 23,063</u>	<u>\$ 140,437</u>	<u>\$ 836</u>	<u>\$ 237,197</u>

City of Redlands, California
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	PARIS	Public Art	Transportation Development Act	Governmental Grants
Assets				
Cash and investments	\$ 5,321,138	\$ 13,950	\$ -	\$ 5,404,535
Cash and investments with fiscal agent	-	-	-	-
Receivables				
Accounts	-	-	-	-
Taxes	-	-	-	-
Due from other governments	-	-	7,314	553,307
Advances to other funds	-	-	-	-
Total assets	<u>\$ 5,321,138</u>	<u>\$ 13,950</u>	<u>\$ 7,314</u>	<u>\$ 5,957,842</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 4,690	\$ -	\$ -	\$ 136,731
Accrued payroll	17,789	-	-	9,183
Unearned revenue	-	-	-	5,602,492
Deposits payable	27,327	-	-	-
Due to other funds	-	-	7,221	-
Total liabilities	<u>49,806</u>	<u>-</u>	<u>7,221</u>	<u>5,748,406</u>
Deferred Inflow of Resources				
Unavailable revenue	-	-	7,314	475,762
Fund Balances				
Nonspendable	-	-	-	-
Restricted	5,271,332	13,950	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(7,221)	(266,326)
Total fund balance	<u>5,271,332</u>	<u>13,950</u>	<u>(7,221)</u>	<u>(266,326)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,321,138</u>	<u>\$ 13,950</u>	<u>\$ 7,314</u>	<u>\$ 5,957,842</u>

City of Redlands, California
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2021

Capital Projects Funds		Debt Service Fund	Permanent Funds		Total Governmental Funds
Storm Drain	Safety Hall Replacement	General Debt Service	Simonds Endowment	Pauline Stancliff Memorial Trust	
\$ 2,118,971	\$ 2,244,404	\$ 159,902	\$ 38,117	\$ 22,531	\$ 30,071,037
-	500,000	1,512,370	-	-	2,012,370
-	-	-	-	-	14,032
-	-	1,740	-	-	726,689
-	-	-	-	-	596,447
58,078	-	-	-	-	58,078
<u>\$ 2,177,049</u>	<u>\$ 2,744,404</u>	<u>\$ 1,674,012</u>	<u>\$ 38,117</u>	<u>\$ 22,531</u>	<u>\$ 33,478,653</u>
\$ -	\$ 2,400	\$ -	\$ -	\$ -	\$ 233,689
-	-	-	-	-	245,558
-	-	-	-	-	5,844,560
-	-	-	-	-	392,355
-	-	-	-	-	7,221
-	2,400	-	-	-	6,723,383
-	-	-	-	-	483,076
-	-	-	10,000	20,200	30,200
2,177,049	-	1,674,012	28,117	2,331	13,024,622
-	-	-	-	-	10,748,915
-	2,742,004	-	-	-	2,742,004
-	-	-	-	-	(273,547)
<u>2,177,049</u>	<u>2,742,004</u>	<u>1,674,012</u>	<u>38,117</u>	<u>22,531</u>	<u>26,272,194</u>
<u>\$ 2,177,049</u>	<u>\$ 2,744,404</u>	<u>\$ 1,674,012</u>	<u>\$ 38,117</u>	<u>\$ 22,531</u>	<u>\$ 33,478,653</u>

City of Redlands, California
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue Funds			
	Emergency Service	Household Hazardous Waste	State Gas Tax	Air Quality Improvement
Revenues				
Taxes	\$ 1,124,853	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	2,872,851	115,131
Charges for services	-	155,402	-	-
Use of money and property	-	-	-	1,518
Miscellaneous	8,545	-	-	-
Total revenues	<u>1,133,398</u>	<u>155,402</u>	<u>2,872,851</u>	<u>116,649</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	5,328,382	128,633	-	-
Culture and recreation	-	-	-	-
Highway and streets	-	-	-	372,657
Capital outlay	25,487	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>5,353,869</u>	<u>128,633</u>	<u>-</u>	<u>372,657</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,220,471)</u>	<u>26,769</u>	<u>2,872,851</u>	<u>(256,008)</u>
Other Financing Sources (Uses)				
Transfers in	4,220,472	-	-	-
Transfers out	-	-	(2,823,160)	-
Proceeds from sale of property	-	-	-	-
Total other financing sources (uses)	<u>4,220,472</u>	<u>-</u>	<u>(2,823,160)</u>	<u>-</u>
Net Changes in Fund Balances	1	26,769	49,691	(256,008)
Fund Balances, Beginning of Year	-	236,500	190,003	589,165
Fund Balances, End of Year	<u>\$ 1</u>	<u>\$ 263,269</u>	<u>\$ 239,694</u>	<u>\$ 333,157</u>

City of Redlands, California
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2021

Special Revenue Funds						
Traffic Safety	Measure I	Open Space	Downtown Redlands Business Area	Parking Authority	General Capital Improvement	Community Development Block Grant
\$ -	\$ 1,612,052	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
126,539	-	120,778	2,135	-	-	-
-	729	5,883	(270)	9,523	-	-
-	-	-	24,762	-	-	-
<u>126,539</u>	<u>1,612,781</u>	<u>126,661</u>	<u>26,627</u>	<u>9,523</u>	<u>-</u>	<u>-</u>
-	-	-	141,531	17,262	-	-
-	-	-	-	-	-	-
-	-	2,415	-	-	-	-
-	14,168	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>14,168</u>	<u>2,415</u>	<u>141,531</u>	<u>17,262</u>	<u>-</u>	<u>-</u>
<u>126,539</u>	<u>1,598,613</u>	<u>124,246</u>	<u>(114,904)</u>	<u>(7,739)</u>	<u>-</u>	<u>-</u>
-	-	-	114,904	7,739	51,553	46,324
(131,763)	(1,034,077)	-	-	-	-	(773)
-	-	-	-	-	-	-
<u>(131,763)</u>	<u>(1,034,077)</u>	<u>-</u>	<u>114,904</u>	<u>7,739</u>	<u>51,553</u>	<u>45,551</u>
(5,224)	564,536	124,246	-	-	51,553	45,551
11,222	792,002	1,622,321	-	-	(51,553)	(45,551)
<u>\$ 5,998</u>	<u>\$ 1,356,538</u>	<u>\$ 1,746,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Redlands, California
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue Funds			
	Asset Forfeiture	Police Grants	Supplemental Law Enforcement	Park and Open Space
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	242,922	-
Charges for services	74,757	-	-	379,519
Use of money and property	2,043	-	1,157	3,404
Miscellaneous	-	-	-	-
Total revenues	<u>76,800</u>	<u>-</u>	<u>244,079</u>	<u>382,923</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	61,239	-	242,922	-
Culture and recreation	-	-	-	11,620
Highway and streets	-	-	-	-
Capital outlay	37,340	-	-	-
Debt service				
Principal retirement	-	-	-	60,940
Interest and fiscal charges	-	-	-	41,347
Total expenditures	<u>98,579</u>	<u>-</u>	<u>242,922</u>	<u>113,907</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,779)</u>	<u>-</u>	<u>1,157</u>	<u>269,016</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(91,842)	-	-
Proceeds from sale of property	5,450	-	-	-
Total other financing sources (uses)	<u>5,450</u>	<u>(91,842)</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	(16,329)	(91,842)	1,157	269,016
Fund Balances, Beginning of Year	<u>1,248,846</u>	<u>91,842</u>	<u>101,986</u>	<u>609,313</u>
Fund Balances, End of Year	<u>\$ 1,232,517</u>	<u>\$ -</u>	<u>\$ 103,143</u>	<u>\$ 878,329</u>

City of Redlands, California
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2021

Special Revenue Funds						
Arterial Street Construction	Traffic Signals	Freeway Interchanges	Street Lighting District #1	CFD 2004-1 Assessment	Landscape Maintenance District	Local Transportation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	8,149
-	-	-	-	-	-	-
386,217	24,019	232,664	25,249	356,455	28,766	-
12,611	4,590	10,439	-	275	-	(817)
-	-	-	-	30,000	-	60,342
<u>398,828</u>	<u>28,609</u>	<u>243,103</u>	<u>25,249</u>	<u>386,730</u>	<u>28,766</u>	<u>67,674</u>
-	-	-	-	517,107	64,530	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
425,208	505	46,944	16,809	-	-	52,787
-	-	890,496	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>425,208</u>	<u>505</u>	<u>937,440</u>	<u>16,809</u>	<u>517,107</u>	<u>64,530</u>	<u>52,787</u>
<u>(26,380)</u>	<u>28,104</u>	<u>(694,337)</u>	<u>8,440</u>	<u>(130,377)</u>	<u>(35,764)</u>	<u>14,887</u>
-	-	-	-	-	35,764	-
-	-	-	-	(101,939)	-	-
-	-	-	-	-	-	-
-	-	-	-	(101,939)	35,764	-
<u>(26,380)</u>	<u>28,104</u>	<u>(694,337)</u>	<u>8,440</u>	<u>(232,316)</u>	<u>-</u>	<u>14,887</u>
<u>3,926,262</u>	<u>1,149,767</u>	<u>3,740,603</u>	<u>13,807</u>	<u>332,127</u>	<u>-</u>	<u>186,569</u>
<u>\$ 3,899,882</u>	<u>\$ 1,177,871</u>	<u>\$ 3,046,266</u>	<u>\$ 22,247</u>	<u>\$ 99,811</u>	<u>\$ -</u>	<u>\$ 201,456</u>

City of Redlands, California
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue Funds			
	PARIS	Public Art	Transportation Development Act	Governmental Grants
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	160,967	3,630,170
Charges for services	-	-	-	-
Use of money and property	(10,597)	20	-	63
Miscellaneous	36,186	-	-	-
Total revenues	<u>25,589</u>	<u>20</u>	<u>160,967</u>	<u>3,630,233</u>
Expenditures				
Current				
General government	-	-	-	1,096,903
Public safety	-	-	-	1,522,666
Culture and recreation	-	3,199	-	120,284
Highway and streets	483,534	-	13,893	-
Capital outlay	7,849,277	-	54,361	709,480
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>8,332,811</u>	<u>3,199</u>	<u>68,254</u>	<u>3,449,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,307,222)</u>	<u>(3,179)</u>	<u>92,713</u>	<u>180,900</u>
Other Financing Sources (Uses)				
Transfers in	4,648,672	-	-	9,286
Transfers out	-	-	-	(456,512)
Proceeds from sale of property	-	-	-	-
Total other financing sources (uses)	<u>4,648,672</u>	<u>-</u>	<u>-</u>	<u>(447,226)</u>
Net Changes in Fund Balances	(3,658,550)	(3,179)	92,713	(266,326)
Fund Balances, Beginning of Year	<u>8,929,882</u>	<u>17,129</u>	<u>(99,934)</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,271,332</u>	<u>\$ 13,950</u>	<u>\$ (7,221)</u>	<u>\$ (266,326)</u>

City of Redlands, California
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2021

Capital Projects Funds		Debt Service Fund	Permanent Funds		Total Governmental Funds
Storm Drain	Safety Hall Replacement	General Debt Service	Simonds Endowment	Pauline Stancliff Memorial Trust	
\$ -	\$ -	\$ 62,589	\$ -	\$ -	\$ 2,799,494
-	-	-	-	-	8,149
-	-	-	-	-	7,022,041
127,781	-	-	-	-	2,040,281
7,651	16,647	608	121	71	65,669
-	-	-	-	-	159,835
<u>135,432</u>	<u>16,647</u>	<u>63,197</u>	<u>121</u>	<u>71</u>	<u>12,095,469</u>
7,537	41,527	3,414	-	-	1,889,811
-	-	-	-	-	7,283,842
-	-	-	-	-	137,518
-	-	-	-	-	1,426,505
-	83,220	-	-	-	9,649,661
-	-	1,345,000	-	-	1,405,940
-	-	406,058	-	-	447,405
<u>7,537</u>	<u>124,747</u>	<u>1,754,472</u>	<u>-</u>	<u>-</u>	<u>22,240,682</u>
<u>127,895</u>	<u>(108,100)</u>	<u>(1,691,275)</u>	<u>121</u>	<u>71</u>	<u>(10,145,213)</u>
-	-	1,845,298	-	-	10,980,012
-	-	-	-	-	(4,640,066)
-	1,386,982	-	-	-	1,392,432
-	1,386,982	1,845,298	-	-	7,732,378
127,895	1,278,882	154,023	121	71	(2,412,835)
2,049,154	1,463,122	1,519,989	37,996	22,460	28,685,029
<u>\$ 2,177,049</u>	<u>\$ 2,742,004</u>	<u>\$ 1,674,012</u>	<u>\$ 38,117</u>	<u>\$ 22,531</u>	<u>\$ 26,272,194</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Emergency Service
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources				
Taxes	1,000,000	950,000	1,124,853	174,853
Charges for services	-	4,000	-	(4,000)
Miscellaneous	5,300	5,300	8,545	3,245
Transfers in	3,971,083	4,440,544	4,220,472	(220,072)
Amounts available for appropriations	<u>4,976,383</u>	<u>5,399,844</u>	<u>5,353,870</u>	<u>(45,974)</u>
Charges to Appropriations (Outflow)				
Public safety	4,976,383	5,371,103	5,328,382	42,721
Capital outlay	-	28,741	25,487	3,254
Total charges to appropriations	<u>4,976,383</u>	<u>5,399,844</u>	<u>5,353,869</u>	<u>45,975</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Household Hazardous Waste
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 236,500	\$ 236,500	\$ 236,500	\$ -
Resources				
Intergovernmental	3,000	17,863	-	(17,863)
Charges for services	112,500	96,000	155,402	59,402
Amounts available for appropriations	<u>352,000</u>	<u>350,363</u>	<u>391,902</u>	<u>41,539</u>
Charges to Appropriations (Outflow)				
Public safety	<u>127,459</u>	<u>124,926</u>	<u>128,633</u>	<u>(3,707)</u>
Total charges to appropriations	<u>127,459</u>	<u>124,926</u>	<u>128,633</u>	<u>(3,707)</u>
Fund Balance, June 30	<u><u>\$ 224,541</u></u>	<u><u>\$ 225,437</u></u>	<u><u>\$ 263,269</u></u>	<u><u>\$ 37,832</u></u>

City of Redlands, California
 Budgetary Comparison Schedule
 State Gas Tax
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 190,003	\$ 190,003	\$ 190,003	\$ -
Resources				
Intergovernmental	<u>2,882,405</u>	<u>2,745,614</u>	<u>2,872,852</u>	<u>127,238</u>
Amounts available for appropriations	<u>3,072,408</u>	<u>2,935,617</u>	<u>3,062,855</u>	<u>127,238</u>
Charges to Appropriations (Outflow)				
Transfers out	<u>2,882,405</u>	<u>2,745,614</u>	<u>2,823,160</u>	<u>(77,546)</u>
Total charges to appropriations	<u>2,882,405</u>	<u>2,745,614</u>	<u>2,823,160</u>	<u>(77,546)</u>
Fund Balance, June 30	<u><u>\$ 190,003</u></u>	<u><u>\$ 190,003</u></u>	<u><u>\$ 239,695</u></u>	<u><u>\$ 49,692</u></u>

City of Redlands, California
 Budgetary Comparison Schedule
 Air Quality Improvement
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 589,165	\$ 589,165	\$ 589,165	\$ -
Resources				
Intergovernmental	89,000	89,000	115,131	26,131
Use of money and property	-	1,000	1,518	518
Amounts available for appropriations	<u>678,165</u>	<u>679,165</u>	<u>705,814</u>	<u>26,649</u>
Charges to Appropriations (Outflow)				
Highway and streets	-	564,542	372,657	191,885
Total charges to appropriations	<u>-</u>	<u>564,542</u>	<u>372,657</u>	<u>191,885</u>
Fund Balance, June 30	<u>\$ 678,165</u>	<u>\$ 114,623</u>	<u>\$ 333,157</u>	<u>\$ 218,534</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Traffic Safety
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 11,222	\$ 11,222	\$ 11,222	\$ -
Resources				
Charges for services	<u>200,000</u>	<u>97,000</u>	<u>126,539</u>	<u>29,539</u>
Amounts available for appropriations	<u>211,222</u>	<u>108,222</u>	<u>137,761</u>	<u>29,539</u>
Charges to Appropriations (Outflow)				
Transfers out	<u>200,000</u>	<u>108,222</u>	<u>131,763</u>	<u>(23,541)</u>
Total charges to appropriations	<u>200,000</u>	<u>108,222</u>	<u>131,763</u>	<u>(23,541)</u>
Fund Balance, June 30	<u>\$ 11,222</u>	<u>\$ -</u>	<u>\$ 5,998</u>	<u>\$ 5,998</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Measure I (2010)
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 792,002	\$ 792,002	\$ 792,002	\$ -
Resources				
Taxes	1,048,200	1,389,527	1,612,052	222,525
Use of money and property	9,147	9,147	729	(8,418)
Amounts available for appropriations	<u>1,849,349</u>	<u>2,190,676</u>	<u>2,404,783</u>	<u>214,107</u>
Charges to Appropriations (Outflow)				
Highway and streets	14,168	14,168	14,168	-
Transfers out	1,297,695	1,048,245	1,034,077	14,168
Total charges to appropriations	<u>1,311,863</u>	<u>1,062,413</u>	<u>1,048,245</u>	<u>14,168</u>
Fund Balance, June 30	<u>\$ 537,486</u>	<u>\$ 1,128,263</u>	<u>\$ 1,356,538</u>	<u>\$ 228,275</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Open Space
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,622,321	\$ 1,622,321	\$ 1,622,321	\$ -
Resources				
Charges for services	50,000	125,000	120,778	(4,222)
Use of money and property	-	-	5,883	5,883
Amounts available for appropriations	<u>1,672,321</u>	<u>1,747,321</u>	<u>1,748,982</u>	<u>1,661</u>
Charges to Appropriations (Outflow)				
Culture and recreation	-	-	2,415	(2,415)
Total charges to appropriations	<u>-</u>	<u>-</u>	<u>2,415</u>	<u>(2,415)</u>
Fund Balance, June 30	<u>\$ 1,672,321</u>	<u>\$ 1,747,321</u>	<u>\$ 1,746,567</u>	<u>\$ (754)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Downtown Redlands Business Area
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources				
Charges for services	257,587	2,235	2,135	(100)
Use of money and property	500	196	(270)	(466)
Miscellaneous	15,000	19,843	24,762	4,919
Transfers in	-	129,773	114,904	(14,869)
Amounts available for appropriations	<u>273,087</u>	<u>152,047</u>	<u>141,531</u>	<u>(10,516)</u>
Charges to Appropriations (Outflow)				
General government	<u>235,731</u>	<u>152,047</u>	<u>141,531</u>	<u>10,516</u>
Total charges to appropriations	<u>235,731</u>	<u>152,047</u>	<u>141,531</u>	<u>10,516</u>
Fund Balance, June 30	<u>\$ 37,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Parking Authority
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources				
Use of money and property	11,000	11,000	9,523	(1,477)
Transfers in	8,518	8,519	7,739	(780)
Amounts available for appropriations	<u>19,518</u>	<u>19,519</u>	<u>17,262</u>	<u>(2,257)</u>
Charges to Appropriations (Outflow)				
General government	<u>19,518</u>	<u>19,518</u>	<u>17,262</u>	<u>2,256</u>
Total charges to appropriations	<u>19,518</u>	<u>19,518</u>	<u>17,262</u>	<u>2,256</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 General Capital Improvement
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (51,553)	\$ (51,553)	\$ (51,553)	\$ -
Resources				
Transfers in	-	-	51,553	51,553
Amounts available for appropriations	(51,553)	(51,553)	-	51,553
Fund Balance, June 30	<u>\$ (51,553)</u>	<u>\$ (51,553)</u>	<u>\$ -</u>	<u>\$ 51,553</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Community Development Block Grant
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (45,551)	\$ (45,551)	\$ (45,551)	\$ -
Resources				
Transfer in	-	-	46,324	46,324
Amounts available for appropriations	(45,551)	(45,551)	773	46,324
Charges to Appropriations (Outflow)				
Transfer out	-	-	773	(773)
Total charges to appropriations	-	-	773	(773)
Fund Balance, June 30	<u>\$ (45,551)</u>	<u>\$ (45,551)</u>	<u>\$ -</u>	<u>\$ 45,551</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Asset Forfeiture
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,248,846	\$ 1,248,846	\$ 1,248,846	\$ -
Resources				
Use of money and property	-	3,380	2,043	(1,337)
Charges for services	-	169,594	74,757	(94,837)
Proceeds from sale of property	-	-	5,450	5,450
Amounts available for appropriations	<u>1,248,846</u>	<u>1,421,820</u>	<u>1,331,096</u>	<u>(90,724)</u>
Charges to Appropriations (Outflow)				
Public safety	158,853	122,842	61,239	61,603
Capital outlay	<u>50,000</u>	<u>46,210</u>	<u>37,340</u>	<u>8,870</u>
Total charges to appropriations	<u>208,853</u>	<u>169,052</u>	<u>98,579</u>	<u>70,473</u>
Fund Balance, June 30	<u><u>\$ 1,039,993</u></u>	<u><u>\$ 1,252,768</u></u>	<u><u>\$ 1,232,517</u></u>	<u><u>\$ (20,251)</u></u>

City of Redlands, California
 Budgetary Comparison Schedule
 Police Grants
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 91,842	\$ 91,842	\$ 91,842	\$ -
Charges to Appropriations (Outflow)				
Transfer out	-	-	91,842	(91,842)
Total charges to appropriations	-	-	91,842	(91,842)
Fund Balance, June 30	\$ 91,842	\$ 91,842	\$ -	\$ (91,842)

City of Redlands, California
 Budgetary Comparison Schedule
 Supplemental Law Enforcement
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 101,986	\$ 101,986	\$ 101,986	\$ -
Resources				
Intergovernmental	233,441	262,412	242,922	(19,490)
Use of money and property	3,000	1,179	1,157	(22)
Amounts available for appropriations	<u>338,427</u>	<u>365,577</u>	<u>346,065</u>	<u>(19,512)</u>
Charges to Appropriations (Outflow)				
Public safety	268,977	262,412	242,922	19,490
Capital outlay	82,225	-	-	-
Total charges to appropriations	<u>351,202</u>	<u>262,412</u>	<u>242,922</u>	<u>19,490</u>
Fund Balance, June 30	<u>\$ (12,775)</u>	<u>\$ 103,165</u>	<u>\$ 103,143</u>	<u>\$ (22)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Park and Open Space
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 609,313	\$ 609,313	\$ 609,313	\$ -
Resources				
Charges for services	95,000	369,313	379,519	10,206
Use of money and property	4,158	4,158	3,404	(754)
Amounts available for appropriations	<u>708,471</u>	<u>982,784</u>	<u>992,236</u>	<u>9,452</u>
Charges to Appropriations (Outflow)				
Culture and recreation	4,029	4,029	11,620	(7,591)
Capital outlay	-	50,000	-	50,000
Debt service				
Principal retirement	60,940	60,940	60,940	-
Interest and fiscal charges	41,347	41,347	41,347	-
Transfers out	-	60,000	-	60,000
Total charges to appropriations	<u>106,316</u>	<u>216,316</u>	<u>113,907</u>	<u>102,409</u>
Fund Balance, June 30	<u>\$ 602,155</u>	<u>\$ 766,468</u>	<u>\$ 878,329</u>	<u>\$ 111,861</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Arterial Street Construction
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 3,926,262	\$ 3,926,262	\$ 3,926,262	\$ -
Resources				
Charges for services	233,000	269,683	386,217	116,534
Use of money and property	29,308	29,308	12,611	(16,697)
Amounts available for appropriations	<u>4,188,570</u>	<u>4,225,253</u>	<u>4,325,090</u>	<u>99,837</u>
Charges to Appropriations (Outflow)				
Highway and streets	<u>-</u>	<u>417,843</u>	<u>425,208</u>	<u>(7,365)</u>
Total charges to appropriations	<u>-</u>	<u>417,843</u>	<u>425,208</u>	<u>(7,365)</u>
Fund Balance, June 30	<u>\$ 4,188,570</u>	<u>\$ 3,807,410</u>	<u>\$ 3,899,882</u>	<u>\$ 92,472</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Traffic Signals
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,149,767	\$ 1,149,767	\$ 1,149,767	\$ -
Resources				
Charges for services	16,000	16,504	24,019	7,515
Use of money and property	9,954	9,954	4,590	(5,364)
Amounts available for appropriations	1,175,721	1,176,225	1,178,376	2,151
Charges to Appropriations (Outflow)				
Highway and streets	-	-	505	(505)
Total charges to appropriations	-	-	505	(505)
Fund Balance, June 30	\$ 1,175,721	\$ 1,176,225	\$ 1,177,871	\$ 1,646

City of Redlands, California
 Budgetary Comparison Schedule
 Freeway Interchanges
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 3,740,603	\$ 3,740,603	\$ 3,740,603	\$ -
Resources				
Licenses and permits	-	-	-	-
Charges for services	150,000	159,864	232,664	72,800
Use of money and property	23,475	23,475	10,439	(13,036)
Amounts available for appropriations	<u>3,914,078</u>	<u>3,923,942</u>	<u>3,983,706</u>	<u>59,764</u>
Charges to Appropriations (Outflow)				
Highway and streets	-	-	46,944	(46,944)
Capital outlay	-	770,614	890,496	(119,882)
Total charges to appropriations	<u>-</u>	<u>770,614</u>	<u>937,440</u>	<u>(166,826)</u>
Fund Balance, June 30	<u>\$ 3,914,078</u>	<u>\$ 3,153,328</u>	<u>\$ 3,046,266</u>	<u>\$ (107,062)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Street Lighting District #1
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 13,807	\$ 13,807	\$ 13,807	\$ -
Resources				
Charges for services	<u>24,300</u>	<u>24,300</u>	<u>25,249</u>	<u>949</u>
Amounts available for appropriations	<u>38,107</u>	<u>38,107</u>	<u>39,056</u>	<u>949</u>
Charges to Appropriations (Outflow):				
Highway and streets	<u>21,202</u>	<u>20,753</u>	<u>16,809</u>	<u>3,944</u>
Total charges to appropriations	<u>21,202</u>	<u>20,753</u>	<u>16,809</u>	<u>3,944</u>
Fund Balance, June 30	<u><u>\$ 16,905</u></u>	<u><u>\$ 17,354</u></u>	<u><u>\$ 22,247</u></u>	<u><u>\$ 4,893</u></u>

City of Redlands, California
 Budgetary Comparison Schedule
 CFD 2004-1 Assessment
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 332,127	\$ 332,127	\$ 332,127	\$ -
Resources				
Charges for services	350,000	330,000	356,455	26,455
Use of money and property	5,000	(1,272)	275	1,547
Miscellaneous	-	-	30,000	30,000
Amounts available for appropriations	<u>687,127</u>	<u>660,855</u>	<u>718,857</u>	<u>58,002</u>
Charges to Appropriations (Outflow)				
General government	390,436	436,228	517,107	(80,879)
Capital outlay	45,000	-	-	-
Transfers out	-	118,000	101,939	16,061
Total charges to appropriations	<u>435,436</u>	<u>554,228</u>	<u>619,046</u>	<u>(64,818)</u>
Fund Balance, June 30	<u>\$ 251,691</u>	<u>\$ 106,627</u>	<u>\$ 99,811</u>	<u>\$ (6,816)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Landscape Maintenance District
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources				
Charges for services	29,000	29,000	28,766	(234)
Transfers in	31,434	25,826	35,764	9,938
Amounts available for appropriations	<u>60,434</u>	<u>54,826</u>	<u>64,530</u>	<u>9,704</u>
Charges to Appropriations (Outflow)				
General government	<u>60,435</u>	<u>54,827</u>	<u>64,530</u>	<u>(9,703)</u>
Total charges to appropriations	<u>60,435</u>	<u>54,827</u>	<u>64,530</u>	<u>(9,703)</u>
Fund Balance, June 30	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 1</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Local Transportation
 Year Ended June 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 186,569	\$ 186,569	\$ 186,569	\$ -
Resources				
Licenses and permits	-	-	8,149	8,149
Use of money and property	-	-	(817)	(817)
Miscellaneous	-	44,000	60,342	16,342
Amounts available for appropriations	<u>186,569</u>	<u>230,569</u>	<u>254,243</u>	<u>23,674</u>
Charges to Appropriations (Outflow)				
Highway and streets	753	169,407	52,787	116,620
Capital outlay	-	-	-	-
Total charges to appropriations	<u>753</u>	<u>169,407</u>	<u>52,787</u>	<u>116,620</u>
Fund Balance, June 30	<u>\$ 185,816</u>	<u>\$ 61,162</u>	<u>\$ 201,456</u>	<u>\$ 140,294</u>

City of Redlands, California
 Budgetary Comparison Schedule
 PARIS
 Year Ended June 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 8,929,882	\$ 8,929,882	\$ 8,929,882	\$ -
Resources				
Use of money and property	56,095	56,095	(10,597)	(66,692)
Miscellaneous	-	-	36,186	36,186
Transfers in	4,837,425	4,613,381	4,648,672	35,291
Amounts available for appropriations	<u>13,823,402</u>	<u>13,599,358</u>	<u>13,604,143</u>	<u>4,785</u>
Charges to Appropriations (Outflow)				
Highway and streets	452,156	499,677	483,534	16,143
Capital outlay	5,509,331	8,222,245	7,849,277	372,968
Total charges to appropriations	<u>5,961,487</u>	<u>8,721,922</u>	<u>8,332,811</u>	<u>389,111</u>
Fund Balance, June 30	<u>\$ 7,861,915</u>	<u>\$ 4,877,436</u>	<u>\$ 5,271,332</u>	<u>\$ 393,896</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Public Arts
 Year Ended June 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 17,129	\$ 17,129	\$ 17,129	\$ -
Resources				
Use of money and property	-	-	20	20
Amounts available for appropriations	17,129	17,129	17,149	20
Charges to Appropriations (Outflow)				
Culture and recreation	-	-	3,199	(3,199)
Fund Balance, June 30	<u>\$ 17,129</u>	<u>\$ 17,129</u>	<u>\$ 13,950</u>	<u>\$ (3,179)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Transportation Development Act
 Year Ended June 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ (99,934)	\$ (99,934)	\$ (99,934)	\$ -
Resources				
Intergovernmental	-	1,295,075	160,967	(1,134,108)
Amounts available for appropriations	(99,934)	1,195,141	61,033	(1,134,108)
Charges to Appropriations (Outflow)				
Highway and streets	-	(37,697)	13,893	(51,590)
Capital outlay	-	1,232,745	54,361	1,178,384
Total charges to appropriations	-	1,195,048	68,254	1,126,794
Fund Balance, June 30	<u>\$ (99,934)</u>	<u>\$ 93</u>	<u>\$ (7,221)</u>	<u>\$ (7,314)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Governmental Grants Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources				
Intergovernmental	570,501	11,016,576	3,630,170	(7,386,406)
Use of money and property	-	55	63	8
Transfer in	-	-	9,286	9,286
Amounts available for appropriations	<u>570,501</u>	<u>11,016,631</u>	<u>3,639,519</u>	<u>(7,377,112)</u>
Charges to Appropriations (Outflow)				
General government	145,865	1,771,974	1,096,903	675,071
Public safety	110,396	1,869,498	1,522,666	346,832
Culture and recreation	-	239,382	120,284	119,098
Capital outlay	267,501	6,451,763	709,480	5,742,283
Transfers out	-	-	456,512	(456,512)
Total charges to appropriations	<u>523,762</u>	<u>10,332,617</u>	<u>3,905,845</u>	<u>6,426,772</u>
Fund Balance, June 30	<u>\$ 46,739</u>	<u>\$ 684,014</u>	<u>\$ (266,326)</u>	<u>\$ (950,340)</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Storm Drain
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 2,049,154	\$ 2,049,154	\$ 2,049,154	\$ -
Resources				
Charges for services	75,000	118,500	127,781	9,281
Use of money and property	15,561	15,561	7,651	(7,910)
Transfers in	-	16,021	-	(16,021)
Amounts available for appropriations	<u>2,139,715</u>	<u>2,199,236</u>	<u>2,184,586</u>	<u>(14,650)</u>
Charges to Appropriations (Outflow)				
General government	4,982	6,182	7,537	(1,355)
Capital outlay	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>204,982</u>	<u>6,182</u>	<u>7,537</u>	<u>(1,355)</u>
Fund Balance, June 30	<u><u>\$ 1,934,733</u></u>	<u><u>\$ 2,193,054</u></u>	<u><u>\$ 2,177,049</u></u>	<u><u>\$ (16,005)</u></u>

City of Redlands, California
 Budgetary Comparison Schedule
 Safety Hall Replacement
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,463,122	\$ 1,463,122	\$ 1,463,122	\$ -
Resources				
Use of money and property	-	3,000	16,647	13,647
Proceeds from sale of property	-	1,386,982	1,386,982	-
Amounts available for appropriations	<u>1,463,122</u>	<u>2,853,104</u>	<u>2,866,751</u>	<u>13,647</u>
Charges to Appropriations (Outflow)				
General government	-	90,827	41,527	49,300
Capital outlay	-	584,290	83,220	501,070
Total charges to appropriations	<u>-</u>	<u>675,117</u>	<u>124,747</u>	<u>550,370</u>
Fund Balance, June 30	<u>\$ 1,463,122</u>	<u>\$ 2,177,987</u>	<u>\$ 2,742,004</u>	<u>\$ 564,017</u>

City of Redlands, California
 Budgetary Comparison Schedule
 General Debt Service
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 1,519,989	\$ 1,519,989	\$ 1,519,989	\$ -
Resources				
Taxes	40,200	35,005	62,589	27,584
Use of money and property	1,800	1,000	608	(392)
Transfers in	1,754,476	-	1,845,298	1,845,298
Amounts available for appropriations	<u>3,316,465</u>	<u>1,555,994</u>	<u>3,428,484</u>	<u>1,872,490</u>
Charges to Appropriations (Outflow)				
General government	-	-	3,414	(3,414)
Debt service				
Principal retirement	1,345,000	1,345,000	1,345,000	-
Interest and fiscal charges	410,476	410,006	406,058	3,948
Total charges to appropriations	<u>1,755,476</u>	<u>1,755,006</u>	<u>1,754,472</u>	<u>534</u>
Fund Balance, June 30	<u>\$ 1,560,989</u>	<u>\$ (199,012)</u>	<u>\$ 1,674,012</u>	<u>\$ 1,873,024</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Simonds Endowment
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 37,996	\$ 37,996	\$ 37,996	\$ -
Resources				
Use of money and property	-	-	121	121
Amounts available for appropriations	37,996	37,996	38,117	121
Fund Balance, June 30	<u>\$ 37,996</u>	<u>\$ 37,996</u>	<u>\$ 38,117</u>	<u>\$ 121</u>

City of Redlands, California
 Budgetary Comparison Schedule
 Pauline Stancliff Memorial Trust
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1	\$ 22,460	\$ 22,460	\$ 22,460	\$ -
Resources				
Use of money and property	-	-	71	71
Amounts available for appropriations	22,460	22,460	22,531	71
Fund Balance, June 30	<u>\$ 22,460</u>	<u>\$ 22,460</u>	<u>\$ 22,531</u>	<u>\$ 71</u>

City of Redlands, California
Combining Statement of Net Position – Nonmajor Proprietary Funds
June 30, 2021

	Business-Type Activities - Enterprise Funds				
	Groves	Non-Potable Water	Cemetery	Aviation	Totals
Assets					
Current					
Cash and investments	\$ 90,626	\$ 4,635,675	\$ 2,952,466	\$ 314,374	\$ 7,993,141
Receivables					
Accounts	235,231	46,475	133,045	-	414,751
Taxes	-	-	-	421	421
Total current assets	<u>325,857</u>	<u>4,682,150</u>	<u>3,085,511</u>	<u>314,795</u>	<u>8,408,313</u>
Noncurrent					
Capital assets not being depreciated	13,570,179	-	638,131	1,165,281	15,373,591
Capital assets - net of accumulated depreciation	127,393	10,848	692,095	2,816,945	3,647,281
Total noncurrent assets	<u>13,697,572</u>	<u>10,848</u>	<u>1,330,226</u>	<u>3,982,226</u>	<u>19,020,872</u>
Total assets	<u>14,023,429</u>	<u>4,692,998</u>	<u>4,415,737</u>	<u>4,297,021</u>	<u>27,429,185</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions	5,022	7,992	64,049	21,833	98,896
Deferred outflows related to OPEB	-	-	168,488	42,121	210,609
Total deferred outflows of resources	<u>5,022</u>	<u>7,992</u>	<u>232,537</u>	<u>63,954</u>	<u>309,505</u>
Total assets and deferred outflows of resources	<u>\$ 14,028,451</u>	<u>\$ 4,700,990</u>	<u>\$ 4,648,274</u>	<u>\$ 4,360,975</u>	<u>\$ 27,738,690</u>
Liabilities, Deferred Inflows of Resources, and Net Position					
Liabilities					
Current					
Accounts payable	\$ 148,333	\$ 274,237	\$ 87,478	\$ 15,307	\$ 525,355
Accrued payroll	8,939	4,282	26,985	6,386	46,592
Interest Payable	-	-	2,069	-	2,069
Unearned revenue	-	-	-	15,920	15,920
Deposits payable	-	-	1,116,883	12,541	1,129,424
Accrued compensated absences	3	397	17,517	388	18,305
Bonds, notes, and capital leases	-	-	26,449	-	26,449
Total current liabilities	<u>157,275</u>	<u>278,916</u>	<u>1,277,381</u>	<u>50,542</u>	<u>1,764,114</u>
Noncurrent					
Advances from other funds	-	-	897,886	836,251	1,734,137
Accrued compensated absences	4	397	17,516	387	18,304
Bonds, notes, and capital leases	-	-	83,329	-	83,329
Total OPEB liability	-	-	1,217,091	265,220	1,482,311
Net pension liability	34,631	55,125	441,711	150,565	682,032
Total noncurrent liabilities	<u>34,635</u>	<u>55,522</u>	<u>2,657,533</u>	<u>1,252,423</u>	<u>4,000,113</u>
Total liabilities	<u>191,910</u>	<u>334,438</u>	<u>3,934,914</u>	<u>1,302,965</u>	<u>5,764,227</u>
Deferred Inflow of Resources					
Deferred inflows related to pensions	2,173	1,064	3,198	5,544	11,979
Deferred inflows related to OPEB	-	-	32,899	8,224	41,123
Total deferred inflows of resources	<u>2,173</u>	<u>1,064</u>	<u>36,097</u>	<u>13,768</u>	<u>53,102</u>
Net Position					
Net investment in capital assets	13,697,572	10,848	1,220,448	3,982,226	18,911,094
Restricted	298,288	-	110,741	-	409,029
Unrestricted	(161,492)	4,354,640	(653,926)	(937,984)	2,601,238
Total net position	<u>13,834,368</u>	<u>4,365,488</u>	<u>677,263</u>	<u>3,044,242</u>	<u>21,921,361</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 14,028,451</u>	<u>\$ 4,700,990</u>	<u>\$ 4,648,274</u>	<u>\$ 4,360,975</u>	<u>\$ 27,738,690</u>

City of Redlands, California
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position – Nonmajor Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds				Totals
	Groves	Non-Potable Water	Cemetery	Aviation	
Operating Revenues					
Sales and services charges	\$ 684,782	\$ 629,395	\$ 1,258,104	\$ 125,857	\$ 2,698,138
Miscellaneous	232	-	349,466	199,755	549,453
Total operating revenues	<u>685,014</u>	<u>629,395</u>	<u>1,607,570</u>	<u>325,612</u>	<u>3,247,591</u>
Operating Expenses					
Personnel services	69,985	98,392	563,099	133,316	864,792
Administrative and contractual services	875,130	425,587	347,489	175,913	1,824,119
Supplies	25,237	150,939	170,334	37,132	383,642
Depreciation expense	21,240	2,170	31,272	231,485	286,167
Total operating expenses	<u>991,592</u>	<u>677,088</u>	<u>1,112,194</u>	<u>577,846</u>	<u>3,358,720</u>
Operating income (loss)	<u>(306,578)</u>	<u>(47,693)</u>	<u>495,376</u>	<u>(252,234)</u>	<u>(111,129)</u>
Nonoperating Revenues (Expenses)					
Interest revenue	-	15,162	26,431	1,425	43,018
Interest expense	(10)	-	(7,805)	(4,924)	(12,739)
Property taxes	-	-	-	79,616	79,616
Grants	-	-	-	2,785	2,785
Total nonoperating revenue (expenses)	<u>(10)</u>	<u>15,162</u>	<u>18,626</u>	<u>78,902</u>	<u>112,680</u>
Income (loss) before transfers and Contributions	<u>(306,588)</u>	<u>(32,531)</u>	<u>514,002</u>	<u>(173,332)</u>	<u>1,551</u>
Transfers in	154,345	-	-	-	154,345
Transfers out	(136,800)	(210,988)	-	-	(347,788)
Contributions	-	200,192	-	-	200,192
Changes in Net Position	<u>(289,043)</u>	<u>(43,327)</u>	<u>514,002</u>	<u>(173,332)</u>	<u>8,300</u>
Net Position, Beginning of Year, as Restated	<u>14,123,411</u>	<u>4,408,815</u>	<u>163,261</u>	<u>3,217,574</u>	<u>21,913,061</u>
Net Position, End of Year	<u>\$ 13,834,368</u>	<u>\$ 4,365,488</u>	<u>\$ 677,263</u>	<u>\$ 3,044,242</u>	<u>\$ 21,921,361</u>

City of Redlands, California
Combining Statement of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds				
	Groves	Non-Potable Water	Cemetery	Aviation	Totals
Operating Activities					
Cash received from customers	\$ 573,892	\$ 623,335	\$ 1,634,277	\$ 369,995	\$ 3,201,499
Cash paid to suppliers for goods and services	(902,007)	(328,948)	(457,024)	(203,929)	(1,891,908)
Cash paid to employees for services	(60,525)	(99,635)	(499,317)	(117,058)	(776,535)
Net Cash Provided (Used) by Operating Activities	<u>(388,640)</u>	<u>194,752</u>	<u>677,936</u>	<u>49,008</u>	<u>533,056</u>
Non-Capital Financing Activities					
Cash transfers in	154,345	-	-	-	154,345
Cash transfers out	(136,800)	(210,988)	-	-	(347,788)
Advances from other funds	-	-	(126,483)	(43,076)	(169,559)
Intergovernmental	-	-	-	79,615	79,615
Grants received	-	-	-	32,785	32,785
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>17,545</u>	<u>(210,988)</u>	<u>(126,483)</u>	<u>69,324</u>	<u>(250,602)</u>
Capital and Related Financing Activities					
Acquisition and construction of capital assets	-	(13,020)	(21,250)	-	(34,270)
Principal paid on long-term debt	-	-	(29,280)	-	(29,280)
Interest paid on long-term debt	(11)	-	(5,736)	(4,924)	(10,671)
Cash contributions received from developers	-	200,192	-	-	200,192
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(11)</u>	<u>187,172</u>	<u>(56,266)</u>	<u>(4,924)</u>	<u>125,971</u>
Investing Activities					
Interest received	-	15,162	26,431	1,425	43,018
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>15,162</u>	<u>26,431</u>	<u>1,425</u>	<u>43,018</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(371,106)</u>	<u>186,098</u>	<u>521,618</u>	<u>114,833</u>	<u>451,443</u>
Cash and Cash Equivalents at Beginning of Year	<u>461,732</u>	<u>4,449,577</u>	<u>2,430,848</u>	<u>199,541</u>	<u>7,541,698</u>
Cash and Cash Equivalents at End of Year	<u>\$ 90,626</u>	<u>\$ 4,635,675</u>	<u>\$ 2,952,466</u>	<u>\$ 314,374</u>	<u>\$ 7,993,141</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	<u>\$ (306,578)</u>	<u>\$ (47,693)</u>	<u>\$ 495,376</u>	<u>\$ (252,234)</u>	<u>\$ (111,129)</u>
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	21,240	2,170	31,272	231,485	286,167
(Increase) decrease in accounts receivable	(111,122)	(6,060)	(36,644)	25,636	(128,190)
(Increase) decrease in deferred outflows	(791)	(1,259)	(107,629)	(27,824)	(137,503)
Increase (decrease) in deferred inflows	(646)	(1,029)	(16,754)	(4,938)	(23,367)
Increase (decrease) in accounts payable	(1,640)	247,578	60,799	9,537	316,274
Increase (decrease) in accrued payroll	8,939	(808)	19,456	4,380	31,967
Increase (decrease) in deposits payable	-	-	63,353	11,110	74,463
Increase (decrease) in unearned revenue	-	-	-	7,215	7,215
Increase (decrease) in net pension liability	2,034	3,237	25,940	8,842	40,053
Increase (decrease) in total OPEB liability	-	-	150,703	37,676	188,379
Increase (decrease) in compensated absences	(76)	(1,384)	(7,936)	(1,877)	(11,273)
Total Adjustments	<u>(82,062)</u>	<u>242,445</u>	<u>182,560</u>	<u>301,242</u>	<u>644,185</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (388,640)</u>	<u>\$ 194,752</u>	<u>\$ 677,936</u>	<u>\$ 49,008</u>	<u>\$ 533,056</u>
Non-Cash Investing, Capital, and Financing Activities					
Equipment purchase under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,059</u>	<u>\$ -</u>	<u>\$ 139,059</u>

City of Redlands, California
Combining Statement of Net Position – Internal Service Funds
June 30, 2021

	Governmental Activities - Internal Service Funds						Total
	Liability Self-Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance	Utility Billing	Payroll Clearing	
Assets							
Current							
Cash and investments	\$ 1,335,624	\$ 1,945,026	\$ 2,887,577	\$ 3,190,162	\$ 1,637,410	\$ 554,077	\$ 11,549,876
Receivables							
Accounts	-	-	-	166,301	4,233	2,496	173,030
Taxes	-	-	-	518,864	-	-	518,864
Prepaid costs	182,219	-	-	-	-	-	182,219
Inventory	-	-	-	93,897	-	-	93,897
Total current assets	1,517,843	1,945,026	2,887,577	3,969,224	1,641,643	556,573	12,517,886
Noncurrent							
Capital assets - net of accumulated depreciation	-	981,179	-	39,128	-	-	1,020,307
Total noncurrent assets	-	981,179	-	39,128	-	-	1,020,307
Total assets	1,517,843	2,926,205	2,887,577	4,008,352	1,641,643	556,573	13,538,193
Deferred Outflows of Resources							
Deferred outflows related to pensions	47,576	252,724	64,453	163,703	201,360	-	729,816
Deferred outflows related to OPEB	42,121	463,004	42,121	186,226	427,872	-	1,161,344
Total deferred outflows of resources	89,697	715,728	106,574	349,929	629,232	-	1,891,160
Total assets and deferred outflows of resources	\$ 1,607,540	\$ 3,641,933	\$ 2,994,151	\$ 4,358,281	\$ 2,270,875	\$ 556,573	\$ 15,429,353
Liabilities, Deferred Inflows of Resources and Net Position							
Liabilities							
Current							
Accounts payable	\$ 1,152,074	\$ 41,035	\$ 11,328	\$ 354,649	\$ 7,857	\$ 48,396	\$ 1,615,339
Accrued payroll	6,070	69,524	19,586	34,289	46,681	435,276	611,426
Accrued compensated absences	1,767	94,525	4,023	36,244	84,519	-	221,078
Accrued claims and judgments	1,216,668	-	4,933,500	-	-	-	6,150,168
Total current liabilities	2,376,579	205,084	4,968,437	425,182	139,057	483,672	8,598,011
Noncurrent							
Accrued compensated absences	1,768	94,526	4,023	36,243	84,518	-	221,078
Accrued claims and judgments	1,216,668	-	4,933,499	-	-	-	6,150,167
Total OPEB liability	344,275	3,569,547	254,328	1,747,015	3,254,645	-	9,169,810
Net pension liability	316,329	1,742,908	426,868	1,128,972	1,388,675	-	5,003,752
Total noncurrent liabilities	1,879,040	5,406,981	5,618,718	2,912,230	4,727,838	-	20,544,807
Total liabilities	4,255,619	5,612,065	10,587,155	3,337,412	4,866,895	483,672	29,142,818
Deferred Inflows of Resources							
Deferred inflows related to pensions	(9,891)	(10,140)	(13,348)	3,742	31	-	(29,606)
Deferred inflows related to OPEB	8,224	77,992	8,224	43,252	69,766	-	207,458
Total deferred inflows of resources	(1,667)	67,852	(5,124)	46,994	69,797	-	177,852
Net Position							
Net investment in capital assets	-	981,179	-	39,128	-	-	1,020,307
Unrestricted	(2,646,412)	(3,019,163)	(7,587,880)	934,747	(2,665,817)	72,901	(14,911,624)
Total net position	(2,646,412)	(2,037,984)	(7,587,880)	973,875	(2,665,817)	72,901	(13,891,317)
Total liabilities, deferred inflows of resources and net position	\$ 1,607,540	\$ 3,641,933	\$ 2,994,151	\$ 4,358,281	\$ 2,270,875	\$ 556,573	\$ 15,429,353

City of Redlands, California
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position – Internal Service Funds
Year Ended June 30, 2021

	Governmental Activities - Internal Service Funds						Total
	Liability Self-Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance	Utility Billing	Payroll Clearing	
Operating Revenues							
Sales and service charges	\$ -	\$ 4,061,240	\$ 2,416,402	\$ 6,066,818	\$ 1,265,260	\$ 1,845,298	\$ 15,655,018
Miscellaneous	2,707	-	20,469	536,387	52,638	-	612,201
Total operating revenues	2,707	4,061,240	2,436,871	6,603,205	1,317,898	1,845,298	16,267,219
Operating Expenses							
Personnel services	138,726	1,638,901	506,569	768,830	1,051,078	-	4,104,104
Administrative and contractual services	3,894,264	1,803,893	3,089,447	1,790,286	389,937	-	10,967,827
Supplies	-	203,859	7,300	2,897,876	4,627	-	3,113,662
Depreciation expense	-	160,657	-	5,874	-	-	166,531
Total operating expenses	4,032,990	3,807,310	3,603,316	5,462,866	1,445,642	-	18,352,124
Operating income (loss)	(4,030,283)	253,930	(1,166,445)	1,140,339	(127,744)	1,845,298	(2,084,905)
Nonoperating Revenues (Expenses)							
Interest revenue	(6,335)	5,959	16,824	14,059	4,168	-	34,675
Interest expense	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	(6,335)	5,959	16,824	14,059	4,168	-	34,675
Income (loss) before transfers	(4,036,618)	259,889	(1,149,621)	1,154,398	(123,576)	1,845,298	(2,050,230)
Transfers in	3,106,396	-	-	-	-	-	3,106,396
Transfers out	-	-	-	-	-	(1,845,298)	(1,845,298)
Total transfers	3,106,396	-	-	-	-	(1,845,298)	1,261,098
Changes in Net Position	(930,222)	259,889	(1,149,621)	1,154,398	(123,576)	-	(789,132)
Beginning of Year	(1,716,190)	(2,297,873)	(6,438,259)	(180,523)	(2,542,241)	72,901	(13,102,185)
End of Year	\$ (2,646,412)	\$ (2,037,984)	\$ (7,587,880)	\$ 973,875	\$ (2,665,817)	\$ 72,901	\$ (13,891,317)

City of Redlands, California
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2021

	Governmental Activities - Internal Service Funds						Total
	Liability Self-Insurance	Information Technology	Workers' Compensation Self-Insurance	Equipment Maintenance	Utility Billing	Payroll Clearing	
Operating Activities							
Cash received from customers and users	\$ 2,708	\$ 4,061,243	\$ 2,498,569	\$ 6,646,213	\$ 1,317,270	\$ 1,892,170	\$ 16,418,173
Cash paid to suppliers for goods and services	(2,989,035)	(2,363,187)	(24,428)	(4,619,342)	(390,700)	-	(10,386,692)
Cash received for claims	464,091	-	-	-	-	-	464,091
Cash payments for claims	-	-	(1,789,013)	-	-	-	(1,789,013)
Cash paid to employees for services	(121,485)	(1,459,261)	(483,040)	(695,880)	(896,795)	(1,412,747)	(5,069,208)
Net Cash Provided (Used) by Operating Activities	(2,643,721)	238,795	202,088	1,330,991	29,775	479,423	(362,649)
Non-Capital Financing Activities							
Cash transfers in	3,106,396	-	-	-	-	-	3,106,396
Cash transfers out	-	-	-	-	-	(1,845,298)	(1,845,298)
Net Cash Provided (Used) by Non-Capital Financing Activities	3,106,396	-	-	-	-	(1,845,298)	1,261,098
Capital and Related Financing Activities							
Acquisition and construction of capital assets	-	(191,967)	-	-	-	-	(191,967)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(191,967)	-	-	-	-	(191,967)
Investing Activities							
Interest received	(6,335)	5,959	16,824	14,059	4,168	-	34,675
Net Increase (Decrease) in Cash and Cash Equivalents	456,340	52,787	218,912	1,345,050	33,943	(1,365,875)	741,157
Cash and Cash Equivalents at Beginning of Year	879,284	1,892,239	2,668,665	1,845,112	1,603,467	1,919,952	10,808,719
Cash and Cash Equivalents at End of Year	\$ 1,335,624	\$ 1,945,026	\$ 2,887,577	\$ 3,190,162	\$ 1,637,410	\$ 554,077	\$ 11,549,876
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities							
Operating Income (Loss)	\$ (4,030,283)	\$ 253,930	\$ (1,166,445)	\$ 1,140,339	\$ (127,744)	\$ 1,845,298	\$ (2,084,905)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities							
Depreciation	-	160,657	-	5,874	-	-	166,531
(Increase) decrease in accounts receivable	-	-	61,687	43,013	(625)	(2,369)	101,706
(Increase) decrease in prepaids	(178,458)	-	-	-	-	2,256	(176,202)
(Increase) decrease in inventory	-	-	-	(1,389)	-	-	(1,389)
(Increase) decrease in deferred outflows	(31,609)	(332,429)	(34,134)	(123,325)	(299,954)	-	(821,451)
Increase (decrease) in deferred inflows	(8,032)	(58,061)	(10,096)	(29,584)	(49,322)	-	(155,095)
Increase (decrease) in accounts payable	1,083,684	(355,435)	(24,422)	70,202	3,860	46,985	824,874
Increase (decrease) in accrued payroll	2,585	38,731	12,138	19,687	22,387	(1,412,747)	(1,317,219)
Increase (decrease) in net pension liability	18,577	102,356	25,069	66,301	81,553	-	293,856
Increase (decrease) in total OPEB liability	37,676	452,108	37,676	150,703	414,432	-	1,092,595
Increase (decrease) in claims and judgments	464,091	-	1,307,734	(10,830)	-	-	1,760,995
Increase (decrease) in compensated absences	(1,952)	(23,062)	(7,119)	-	(14,812)	-	(46,945)
Total Adjustments	1,386,562	(15,135)	1,368,533	190,652	157,519	(1,365,875)	1,722,256
Net Cash Provided (Used) by Operating Activities	\$ (2,643,721)	\$ 238,795	\$ 202,088	\$ 1,330,991	\$ 29,775	\$ 479,423	\$ (362,649)

Statistical Section

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

Contents	Page
Financial Trends	162
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	168
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	173
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	178
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	179
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	2012	2013	2014	2015 ¹	2016	2017	2018 ²	2019 ³	2020 ⁴	2021
Governmental activities:										
Invested in capital assets	592,254,886	594,654,756	609,555,372	625,683,667	622,119,006	642,109,428	655,044,577	443,551,078	473,042,917	481,259,666
Restricted	19,135,526	20,158,877	18,466,430	15,584,054	15,258,535	11,100,669	20,499,351	15,676,686	17,346,674	14,059,449
Unrestricted	<u>(28,840,249)</u>	<u>(26,982,114)</u>	<u>(21,119,030)</u>	<u>(81,181,952)</u>	<u>(81,795,361)</u>	<u>(93,361,330)</u>	<u>(148,371,437)</u>	<u>(148,411,538)</u>	<u>(154,157,129)</u>	<u>(143,979,153)</u>
Total governmental activities	<u>582,550,163</u>	<u>587,831,519</u>	<u>606,902,772</u>	<u>560,085,769</u>	<u>555,582,180</u>	<u>559,848,767</u>	<u>527,172,491</u>	<u>310,816,226</u>	<u>336,232,462</u>	<u>351,339,962</u>
Business-type activities:										
Invested in capital assets	132,535,317	146,926,486	157,413,884	154,904,203	163,565,980	149,771,777	150,228,905	150,997,528	165,453,760	167,349,714
Restricted	4,259,155	416,340	3,702,600	4,671,097	3,702,600	17,399,398	17,516,341	26,162,608	23,794,167	18,031,654
Unrestricted	<u>61,219,702</u>	<u>52,104,617</u>	<u>41,100,249</u>	<u>22,953,122</u>	<u>13,253,120</u>	<u>12,757,392</u>	<u>117,617</u>	<u>6,544,230</u>	<u>10,901,482</u>	<u>25,405,456</u>
Total business-type activities	<u>198,014,174</u>	<u>199,447,443</u>	<u>202,216,733</u>	<u>182,528,422</u>	<u>180,521,700</u>	<u>179,928,567</u>	<u>167,862,863</u>	<u>183,704,366</u>	<u>200,149,409</u>	<u>210,786,824</u>
Primary government:										
Invested in capital assets	724,790,203	741,581,242	766,969,256	780,587,870	785,684,986	791,881,205	805,273,482	594,548,606	638,496,677	648,609,380
Restricted	23,394,681	20,575,217	22,169,030	20,255,151	18,961,135	28,500,067	38,015,692	41,839,294	41,140,841	32,091,103
Unrestricted	<u>32,379,453</u>	<u>25,122,503</u>	<u>19,981,219</u>	<u>(58,228,830)</u>	<u>(68,542,241)</u>	<u>(80,603,938)</u>	<u>(148,253,820)</u>	<u>(141,867,308)</u>	<u>(143,255,647)</u>	<u>(118,573,697)</u>
Total primary government	<u>780,564,337</u>	<u>787,278,962</u>	<u>809,119,505</u>	<u>742,614,191</u>	<u>736,103,880</u>	<u>739,777,334</u>	<u>695,035,354</u>	<u>494,520,592</u>	<u>536,381,871</u>	<u>562,126,786</u>

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

	2012	2013	2014	2015 ¹	2016	2017	2018 ²	2019 ³	2020 ⁴	2021
Governmental activities:										
Invested in capital assets	592,254,886	594,654,756	609,555,372	625,683,667	622,119,006	642,109,428	655,044,577	443,551,078	473,042,917	481,259,666
Restricted	19,135,526	20,158,877	18,466,430	15,584,054	15,258,535	11,100,669	20,499,351	15,676,686	17,346,674	14,059,449
Unrestricted	(28,840,249)	(26,982,114)	(21,119,030)	(81,181,952)	(81,795,361)	(93,361,330)	(148,371,437)	(148,411,538)	(154,157,129)	(143,979,153)
Total governmental activities	582,550,163	587,831,519	606,902,772	560,085,769	555,582,180	559,848,767	527,172,491	310,816,226	336,232,462	351,339,962
Business-type activities:										
Invested in capital assets	132,535,317	146,926,486	157,413,884	154,904,203	163,565,980	149,771,777	150,228,905	150,997,528	165,453,760	167,349,714
Restricted	4,259,155	416,340	3,702,600	4,671,097	3,702,600	17,399,398	17,516,341	26,162,608	23,794,167	18,031,654
Unrestricted	61,219,702	52,104,617	41,100,249	22,953,122	13,253,120	12,757,392	117,617	6,544,230	10,901,482	25,405,456
Total business-type activities	198,014,174	199,447,443	202,216,733	182,528,422	180,521,700	179,928,567	167,862,863	183,704,366	200,149,409	210,786,824
Primary government:										
Invested in capital assets	724,790,203	741,581,242	766,969,256	780,587,870	785,684,986	791,881,205	805,273,482	594,548,606	638,496,677	648,609,380
Restricted	23,394,681	20,575,217	22,169,030	20,255,151	18,961,135	28,500,067	38,015,692	41,839,294	41,140,841	32,091,103
Unrestricted	32,379,453	25,122,503	19,981,219	(58,228,830)	(68,542,241)	(80,603,938)	(148,253,820)	(141,867,308)	(143,255,647)	(118,573,697)
Total primary government	780,564,337	787,278,962	809,119,505	742,614,191	736,103,880	739,777,334	695,035,354	494,520,592	536,381,871	562,126,786

NOTE:

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

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

	2012	2013	2014	2015 ¹	2016	2017	2018 ²	2019 ³	2020 ⁴	2021
Expenses:										
Governmental activities:										
General government	9,468,848	9,883,877	10,423,298	10,229,535	16,235,478	14,391,456	12,394,000	16,210,304	16,211,056	18,717,217
Public safety	39,036,010	40,027,122	40,235,772	40,920,668	42,097,211	43,263,363	32,240,549	53,095,381	57,656,302	57,395,655
Culture and recreation	2,810,345	2,997,558	3,041,620	3,554,720	3,542,242	4,086,880	4,748,841	4,783,803	5,227,381	4,250,967
Highway and streets	8,465,455	6,839,184	4,002,946	12,043,276	15,594,075	11,271,259	12,854,490	10,183,231	4,060,779	11,057,940
Library	1,820,554	1,968,343	1,913,756	1,929,752	2,023,972	2,304,552	2,000,613	2,537,698	2,921,245	2,792,316
Interest and fiscal charges	2,120,151	1,589,928	1,447,056	1,297,837	1,123,871	936,132	834,297	683,446	994,894	888,750
Total governmental activities expenses	<u>63,721,363</u>	<u>63,306,012</u>	<u>61,064,448</u>	<u>69,975,788</u>	<u>80,616,849</u>	<u>76,253,642</u>	<u>65,072,790</u>	<u>87,493,863</u>	<u>87,071,657</u>	<u>95,102,845</u>
Business-type activities:										
Water	15,328,398	20,139,662	19,437,970	19,556,198	21,635,151	20,514,340	20,369,100	20,857,656	22,719,142	23,411,564
Disposal	8,925,740	10,313,939	11,131,004	12,201,957	12,172,640	12,274,583	12,877,703	16,162,875	15,194,462	15,026,409
Wastewater (Sewer)	7,643,531	8,080,035	8,505,197	8,030,897	8,956,871	8,979,254	8,851,848	9,926,236	11,242,914	12,077,904
Aviation	335,501	317,970	421,012	333,061	609,088	785,348	466,972	617,285	637,012	582,770
Cemetery	522,711	555,402	493,616	681,223	1,304,891	75,761	861,109	936,535	1,049,876	1,119,999
Groves	941,578	12,006,971	630,488	689,839	841,529	742,740	788,554	849,678	845,498	991,602
NP Water	203,890	197,393	81,897	73,383	81,152	434,912	125,323	116,759	249,911	677,088
Total business-type activities expenses	<u>33,901,349</u>	<u>51,611,372</u>	<u>40,701,184</u>	<u>41,566,558</u>	<u>45,601,322</u>	<u>43,806,938</u>	<u>44,340,609</u>	<u>49,467,024</u>	<u>51,938,815</u>	<u>53,887,336</u>
Total primary government expenses	<u>97,622,712</u>	<u>114,917,384</u>	<u>101,765,632</u>	<u>111,542,346</u>	<u>126,218,171</u>	<u>120,060,580</u>	<u>109,413,399</u>	<u>136,960,887</u>	<u>139,010,472</u>	<u>148,990,182</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	8,654,843	9,181,388	10,286,376	10,625,356	9,270,657	10,144,231	10,811,937	11,151,187	11,482,417	13,967,066
Public safety	1,394,932	1,407,921	1,916,750	1,975,667	3,403,559	2,696,810	3,076,343	2,711,769	1,769,514	669,155
Culture and recreation	220,020	343,620	296,386	295,199	286,315	719,642	303,222	310,780	291,801	261,090
Highway and streets	1,123,342	1,169,364	1,716,965	1,681,146	1,205,141	1,361,187	1,895,996	2,322,468	2,311,254	350,025
Library	35,086	34,312	35,200	33,270	33,098	125,052	131,408	131,338	120,623	418,298
Operating grants and contributions	6,160,827	4,032,286	7,195,092	8,607,394	5,596,864	2,911,259	4,469,962	1,867,228	2,995,658	3,941,740
Capital grants and contributions	1,146,004	987,916	2,117,482	4,666,849	1,346,021	2,257,370	4,533,292	7,083,735	32,104,508	11,372,774
Total governmental activities program revenues	<u>18,735,054</u>	<u>17,156,807</u>	<u>23,564,251</u>	<u>27,884,881</u>	<u>21,141,655</u>	<u>20,215,551</u>	<u>25,222,160</u>	<u>25,578,505</u>	<u>51,075,775</u>	<u>30,980,148</u>
Business-type activities:										
Charges for services:										
Water	20,319,999	22,350,078	23,453,512	22,217,588	18,873,106	22,479,655	27,030,979	28,053,989	28,014,723	31,217,602
Disposal	10,079,232	10,669,471	11,623,769	12,887,067	13,504,267	13,657,953	15,110,821	17,159,911	18,566,965	19,009,933
Sewer	8,653,651	9,092,431	9,576,740	9,688,884	9,531,484	9,340,274	9,611,197	10,229,449	10,154,451	10,124,426
Aviation	11,721	18,592	16,704	16,472	15,214	575,846	127,233	120,087	133,262	125,857
Cemetery	311,420	341,950	371,968	349,472	461,997	514,015	745,347	555,256	926,398	1,258,104
Groves	778,378	471,150	740,707	798,577	507,914	700,334	741,397	930,738	481,632	684,782
NP Water	474,349	513,722	554,914	499,211	508,556	83,905	638,313	528,296	484,262	629,395
Operating grants and contributions	1,301	24,285	180,000	180,000	-	-	-	56,555	55,371	20,125
Capital grants and contributions	1,821,907	2,233,877	3,433,586	4,593,429	392,189	816,777	347,871	5,450,817	6,800,041	2,840,765
Total business-type activities program revenues	<u>42,451,958</u>	<u>45,715,556</u>	<u>49,951,900</u>	<u>51,230,700</u>	<u>43,794,727</u>	<u>48,168,759</u>	<u>54,353,158</u>	<u>63,085,098</u>	<u>65,617,105</u>	<u>65,910,989</u>
Total primary government program revenues	<u>61,187,012</u>	<u>62,872,363</u>	<u>73,516,151</u>	<u>79,115,581</u>	<u>64,936,382</u>	<u>68,384,310</u>	<u>79,575,318</u>	<u>88,663,603</u>	<u>116,692,880</u>	<u>96,891,137</u>

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

	2012	2013	2014	2015 ¹	2016	2017	2018 ²	2019 ³	2020 ⁴	2021
Net revenues (expenses):										
Governmental activities	(44,986,309)	(46,149,205)	(37,500,197)	(42,090,907)	(59,475,194)	(56,038,091)	(39,850,630)	(61,915,358)	(35,995,882)	(64,122,697)
Business-type activities	8,550,609	(5,895,816)	9,250,716	9,664,142	(1,806,595)	4,361,821	10,012,549	13,618,074	13,678,290	12,023,653
Total net revenues (expenses)	<u>(36,435,700)</u>	<u>(52,045,021)</u>	<u>(28,249,481)</u>	<u>(32,426,765)</u>	<u>(61,281,789)</u>	<u>(51,676,270)</u>	<u>(29,838,081)</u>	<u>(48,297,284)</u>	<u>(22,317,592)</u>	<u>(52,099,044)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	26,741,406	23,536,133	24,650,592	25,157,824	26,424,395	28,173,741	30,067,473	31,833,632	33,743,135	35,722,886
Sales taxes	12,903,249	15,049,517	15,219,210	16,040,049	18,344,596	16,843,090	17,177,492	18,838,445	17,510,274	26,541,469
Franchise taxes	2,826,459	2,853,021	3,235,114	3,735,682	3,079,571	3,035,317	3,224,053	2,221,789	2,369,348	2,379,571
Other taxes	1,198,772	1,313,022	1,473,576	1,681,618	1,792,527	1,977,985	1,907,344	2,061,674	2,031,015	2,462,019
Use of money & property	665,553	58,972	517,169	467,427	800,889	212,991	206,304	2,421,036	1,869,008	282,836
Intergovernmental (unrestricted)	165,876	153,836	165,974	424,385	234,787	196,602	195,866	187,586	167,157	1,455,573
Other	273,246	2,496,060	689,160	1,035,134	1,105,258	7,331,734	1,689,135	1,498,562	1,865,686	3,064,706
Gain/(loss) on sale of capital assets	-	151,116	-	-	-	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of Redevelopment agency (Note 18)	21,444,268	-	-	-	-	-	-	-	-	-
Transfers	856,972	5,841,908	10,654,350	16,113,690	4,486,199	2,500,914	8,243,110	2,943,934	1,856,495	3,660,469
Total governmental activities	<u>67,075,801</u>	<u>51,453,585</u>	<u>56,605,145</u>	<u>64,655,809</u>	<u>56,268,222</u>	<u>60,272,374</u>	<u>62,710,777</u>	<u>62,006,658</u>	<u>61,412,118</u>	<u>75,569,529</u>
Business-type activities:										
Property taxes	37,808	41,673	34,597	35,225	38,109	40,199	66,263	85,928	81,098	79,616
Use of money & property	757,749	185,475	1,053,356	921,859	1,335,997	500,783	509,882	3,310,733	3,214,540	557,392
Other	914,887	3,686,367	1,032,469	1,152,177	2,911,966	4,627,943	2,457,912	1,770,702	1,327,610	1,637,223
Gain on sale of capital assets	34,949	9,736,268	28,334	4,840	-	-	-	-	-	-
Extraordinary gain	-	-	2,024,168	-	-	-	-	-	-	-
Transfers	(856,972)	(5,841,908)	(10,654,350)	(16,113,690)	(4,486,199)	(2,500,914)	(8,243,110)	(2,943,934)	(1,856,495)	(3,660,469)
Total business-type activities	<u>888,421</u>	<u>7,807,875</u>	<u>(6,481,426)</u>	<u>(13,999,589)</u>	<u>(200,127)</u>	<u>2,668,011</u>	<u>(5,209,053)</u>	<u>2,223,429</u>	<u>2,766,753</u>	<u>(1,386,238)</u>
Total primary government	<u>67,964,222</u>	<u>59,261,460</u>	<u>50,123,719</u>	<u>50,656,220</u>	<u>56,068,095</u>	<u>62,940,385</u>	<u>57,501,724</u>	<u>64,230,087</u>	<u>64,178,871</u>	<u>74,183,291</u>
Changes in net position										
Governmental activities	22,089,492	5,304,380	19,104,948	22,564,902	(3,206,972)	4,234,283	22,860,147	91,300	25,416,236	11,446,832
Business-type activities	9,439,030	1,912,059	2,769,290	(4,335,447)	(2,006,722)	7,029,832	4,803,496	15,841,503	16,445,043	10,637,415
Total primary government	<u>31,528,522</u>	<u>7,216,439</u>	<u>21,874,238</u>	<u>18,229,455</u>	<u>(5,213,694)</u>	<u>11,264,115</u>	<u>27,663,643</u>	<u>15,932,803</u>	<u>41,861,279</u>	<u>22,084,247</u>

NOTE:

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

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

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

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

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

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

(4) The significant variance in the change in net position for Governmental Activities is due to a large decrease in the prior year to account for a revised right-of-way valuation methodology that had an adverse effect on net position, followed by a significant increase in right-of-way value added in FY 2020. More information is available in Management's Discussion and Analysis.

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

	2012	2013	2014	2015 ¹	2016	2017	2018	2019	2020	2021 ²
General fund:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	6,598,127	7,717,839	7,857,633	7,481,159	8,324,472	8,517,994	8,734,646	8,707,654	8,469,766	8,327,781
Restricted	-	-	-	-	-	-	1,057,918	1,104,848	1,058,540	1,076,656
Committed	6,855,311	7,644,141	7,903,654	7,935,152	8,122,332	8,122,332	8,285,676	8,285,676	8,285,676	11,863,318
Assigned	-	-	-	1,883,794	2,267,840	2,130,916	4,063,636	3,894,566	3,901,788	4,188,185
Unassigned	<u>9,773,767</u>	<u>10,116,118</u>	<u>12,586,391</u>	<u>14,510,450</u>	<u>13,454,147</u>	<u>13,927,733</u>	<u>13,592,754</u>	<u>17,654,773</u>	<u>19,000,734</u>	<u>29,877,229</u>
Total general fund	<u>23,227,205</u>	<u>25,478,098</u>	<u>28,347,678</u>	<u>31,810,555</u>	<u>32,168,791</u>	<u>32,698,975</u>	<u>35,734,630</u>	<u>39,647,517</u>	<u>40,716,504</u>	<u>55,333,169</u>
All other governmental funds:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Nonspendable	361,351	384,997	384,873	327,340	-	2,539,567	123,661	123,682	104,242	30,200
Restricted	19,035,151	20,058,201	18,365,510	15,584,054	15,258,535	9,563,703	19,321,372	14,541,638	16,266,437	13,024,622
Committed	5,609,361	5,921,050	6,816,041	6,698,593	7,212,199	8,013,248	8,441,919	9,738,292	11,048,266	10,748,915
Assigned	-	-	-	-	-	3,419,978	1,204,854	1,480,036	1,463,122	2,742,004
Unassigned	<u>(7,711,358)</u>	<u>(8,801,461)</u>	<u>(8,787,268)</u>	<u>(7,849,278)</u>	<u>(9,553,680)</u>	<u>(10,470,797)</u>	<u>(8,761,721)</u>	<u>(8,548,572)</u>	<u>(7,740,144)</u>	<u>(7,558,978)</u>
Total all other governmental funds	<u>17,294,505</u>	<u>17,562,787</u>	<u>16,779,156</u>	<u>14,760,709</u>	<u>12,917,054</u>	<u>13,065,699</u>	<u>20,330,085</u>	<u>17,335,076</u>	<u>21,141,923</u>	<u>18,986,763</u>

NOTE:

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

(2) The City passed a one-cent sales tax which added significant revenue over budget forecasts, additionally \$7.1 million in unspent appropriations were carried over to the following fiscal year.

Lastly the City implemented GASB 84 to recognize special deposits from another fund in the General Fund as committed fund balance.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 ²
Revenues:										
Taxes	43,669,886	42,751,693	44,578,492	46,615,173	49,641,089	51,196,332	53,608,771	56,188,843	57,080,368	68,307,527
Licenses and permits	5,628,860	6,090,892	8,668,245	11,582,473	7,321,567	8,482,996	8,249,522	9,363,446	9,786,703	7,579,479
Intergovernmental	5,947,380	4,455,718	6,305,374	5,602,252	3,637,854	4,266,267	4,029,164	4,290,382	5,052,310	7,520,076
Charges for services	6,934,677	6,711,043	7,186,570	7,283,095	7,469,738	7,484,890	8,100,020	9,912,278	9,659,518	9,853,495
Use of money and property	626,072	52,596	491,377	431,301	717,504	191,541	185,610	1,823,854	1,659,740	248,353
Other/Miscellaneous	632,943	2,974,531	1,472,348	1,900,979	3,785,796	3,958,621	4,866,979	1,930,916	2,846,580	1,712,985
Total revenues	63,439,818	63,036,473	68,702,406	73,415,273	72,573,548	75,580,647	79,040,066	83,509,719	86,085,219	95,221,915
Expenditures										
Current:										
General government	9,788,982	10,080,042	10,562,420	11,041,353	12,915,590	12,351,772	12,830,680	14,702,684	14,842,765	16,897,961
Public safety	35,502,542	36,619,437	37,633,605	37,891,668	40,337,356	42,755,811	45,246,205	45,514,084	48,554,670	50,208,365
Highway and streets	4,250,686	4,122,692	5,913,207	6,107,137	5,034,090	5,695,084	7,033,817	6,565,573	6,998,840	3,154,163
Culture and recreation	2,121,891	2,400,303	2,631,892	2,791,661	2,481,223	2,611,210	2,870,721	3,286,739	3,244,432	4,657,068
Library	1,722,370	1,762,796	1,762,608	1,824,593	1,909,442	1,942,607	1,989,717	2,158,580	2,464,463	2,426,448
Other pass-through payments	524,481	-	-	-	-	-	-	-	-	-
Capital outlay	3,176,270	7,470,985	13,431,527	23,146,625	11,481,823	15,476,158	6,132,826	10,307,277	4,819,364	11,067,756
Debt service:										
Principal	5,636,144	3,771,848	3,948,940	3,701,474	3,947,223	3,115,653	3,043,767	2,688,630	1,477,188	1,708,629
Interest and fiscal charges	2,717,604	1,672,907	1,489,466	1,343,002	1,158,384	976,711	812,002	665,241	548,472	488,363
Total expenditures	65,440,970	67,901,010	77,373,665	87,847,513	79,265,131	84,925,006	79,959,735	85,888,808	82,950,194	90,608,753
Excess (deficiency) of revenues over (under) expenditures	(2,001,152)	(4,864,537)	(8,671,259)	(14,432,240)	(6,691,583)	(9,344,359)	(919,669)	(2,379,089)	3,135,025	4,613,162
Other financing sources (uses):										
Transfers in	13,566,661	18,682,589	20,792,923	29,941,931	15,911,839	15,430,085	19,326,814	16,569,439	12,557,880	14,158,728
Transfers out	(10,990,445)	(11,307,814)	(10,187,645)	(13,980,425)	(9,720,247)	(11,558,209)	(9,788,204)	(13,525,085)	(10,906,728)	(11,759,357)
Proceeds from sale of capital assets	-	350	185,625	16,083	311,189	6,272,810	1,975,203	252,613	89,657	1,425,889
Extraordinary gain/(loss) on dissolution of Redevelopment agency (Note 18)	(5,453,452)	-	-	-	-	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	362,413
Contributions to other Governments	-	-	-	(100,919)	-	-	-	-	-	-
Total other financing sources (uses)	(2,877,236)	7,375,125	10,790,903	15,876,670	6,502,781	10,144,686	11,513,813	3,296,967	1,740,809	4,187,673
Net change in fund balances	(4,878,388)	2,510,588	2,119,644	1,444,430	(188,802)	800,327	10,594,144	917,878	4,875,834	8,800,835
Restatements	(30,841)	8,587	(33,695)	-	-	-	-	-	-	3,660,669
Debt service as a percentage of noncapital expenditures ¹	13.5%	9.3%	9.5%	8.1%	7.5%	5.9%	5.2%	4.4%	2.6%	2.8%

NOTE:

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.

² The City's tax revenue was bolstered by the passage of a new one-cent local sales tax and a favorable tax reallocation from its Amazon fulfillment center.

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

Fiscal Year Ended June 30	City				Redevelopment Agency				Total	Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Taxable Assessed Value	
2012	6,214,264	189,324	(79,239)	6,324,349	702,581	98,928	(5,052)	796,457	7,120,806	0.28343
2013	7,127,034	301,158	(78,056)	7,350,136	-	-	-	-	7,350,136	0.28450
2014	7,311,929	313,408	(76,552)	7,548,785	-	-	-	-	7,548,785	0.22927
2015	7,725,648	316,364	(75,033)	7,966,979	-	-	-	-	7,966,979	0.21913
2016	8,112,897	337,359	(74,030)	8,376,226	-	-	-	-	8,376,226	0.21877
2017	8,616,414	309,224	(76,808)	8,848,830	-	-	-	-	8,848,830	0.21877
2018	9,090,915	328,121	(76,265)	9,342,771	-	-	-	-	9,342,771	0.21877
2019	9,564,308	387,527	(74,744)	9,877,091	-	-	-	-	9,877,091	0.21877
2020	10,187,750	361,653	(74,204)	10,475,199	-	-	-	-	10,475,199	0.21877
2021	10,700,129	358,630	(73,396)	10,985,363					10,985,363	0.21877

NOTE:

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

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

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

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

Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Residential	4,375,904	4,603,792	4,781,493	5,102,276	5,355,614	5,643,230	5,935,215	6,246,593	6,708,893	7,072,365
Commercial	909,737	919,179	920,337	941,128	959,063	988,145	1,040,344	1,085,468	1,176,203	1,253,237
Industrial	649,237	641,987	675,107	774,960	790,087	1,035,053	1,160,879	1,201,011	1,253,275	1,326,479
Government	2,499	488	498	1,478	505	513	522	548	576	2,883
Institutional	13,890	14,083	15,906	15,809	16,172	16,293	17,188	18,463	18,506	20,405
Irrigated	26,967	27,292	41,179	30,844	26,691	26,750	26,471	26,136	28,199	27,275
Miscellaneous	16,123	19,068	20,217	22,390	23,785	26,495	27,016	39,302	33,513	37,025
Recreational	32,453	34,762	31,852	31,962	32,520	32,808	49,678	49,887	50,098	51,028
Vacant Land	249,102	249,220	234,071	231,763	277,305	209,375	200,329	199,973	232,018	222,964
SBE Nonunitary	629,042	610,154	591,269	573,038	631,155	637,752	633,273	696,927	686,469	686,469
Unsecured	297,334	301,158	313,408	316,364	337,359	309,224	328,121	387,527	361,653	358,629
Unknown	2,809	7,009	-	-	-	-	-	-	-	-
Total Assessed Value	<u>7,205,097</u>	<u>7,428,192</u>	<u>7,625,337</u>	<u>8,042,012</u>	<u>8,450,256</u>	<u>8,925,638</u>	<u>9,419,036</u>	<u>9,951,835</u>	<u>10,549,403</u>	<u>11,058,759</u>
Less: Exemptions	(84,291)	(78,056)	(76,552)	(75,033)	(74,030)	(76,808)	(76,265)	(74,744)	(74,204)	(73,396)
Taxable Assessed Value	<u>7,120,806</u>	<u>7,350,136</u>	<u>7,548,785</u>	<u>7,966,979</u>	<u>8,376,226</u>	<u>8,848,830</u>	<u>9,342,771</u>	<u>9,877,091</u>	<u>10,475,199</u>	<u>10,985,363</u>
Total Direct Rate	0.28343	0.28450	0.22927	0.21913	0.21877	0.21877	0.21877	0.21877	0.21874	0.21874

NOTE:

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

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	0.02640
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	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Redlands Debt Service	0.01110	0.01090	0.01050	-	-	-	-	-	-	-
Redlands Unified	0.05820	0.06410	0.06290	0.05940	0.05670	0.05240	0.04940	0.03240	0.03390	0.03600
San Bernardino Community College	0.03730	0.04590	0.04190	0.03930	0.04030	0.03500	0.03760	0.04070	0.05620	0.06510
San Bernardino Unified	0.09780	0.09980	0.13500	0.10810	0.11820	0.07950	0.10070	0.11260	0.09690	0.10340
San Bernardino Valley Municipal Water	0.16500	0.16250	0.16250	0.16250	0.16250	0.16250	0.15250	0.15250	0.14250	0.14250
San Bernardino Valley Municipal Water Debt Service	-	-	-	-	-	-	-	-	-	-
Total Voter Approved Rate	0.36940	0.38320	0.41280	0.36930	0.37770	0.32940	0.34020	0.33820	0.32950	0.34700
Total Direct and Overlapping Rate	1.36940	1.38320	1.41280	1.36930	1.37770	1.32940	1.34020	1.33820	1.32950	1.34700
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	0.01110	0.01090	0.01050	-	-	-	-	-	-	-
RDA Incremental Rate ⁽⁴⁾	1.17610	-	-	-	-	-	-	-	-	-
City Direct Rate ⁽⁵⁾	0.28343	0.28450	0.22927	0.21913	0.21877	0.21877	0.21877	0.21877	0.21877	0.21869

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 section.

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

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

Taxpayer	2021		2012	
	Total Net Taxable Assessed Value	Percentage of Total City Net Taxable Assessed Value	Total Net Taxable Assessed Value	Percentage of Total City Net Taxable Assessed Value
Southern California Edison Company	\$ 684,337	6.23%	628,809	8.83%
PVT Apartments SPE LLC	133,212	1.21%	37,116	0.52%
Ashley Furniture Industries	112,716	1.03%	-	0.00%
NYS New LLC	104,353	0.95%	60,338	0.85%
Prologis LP	95,450	0.87%	82,640	1.16%
AMB Institutional Alliance Fund III	91,845	0.84%	57,000	0.80%
BRE California Redlands LLC	87,819	0.80%	-	0.00%
Teachers Insurance and Annuity Assoc**	86,914	0.79%	-	0.00%
BCI-OEF Redlands DC LP	67,104	0.61%	-	0.00%
2301 W. San Bernardino Ave Invest Group	61,944	0.56%	52,887	0.74%
Redlands Business Center LLC			46,977	0.66%
NP Redlands LLC			35,096	0.49%
Environmental Systems Research Institute			34,274	0.48%
MSEM Redlands LLC			31,716	0.45%
Top Ten Total	\$ 1,525,694	13.89%	\$ 1,066,853	14.98%
City Total Net Taxable Assessed Value	\$ 10,985,363		\$ 7,120,806	

* Formerly known as Prologis-A4 CA IILP

** Pending appeals on parcels

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

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy ²		Subsequent Years Collections of Prior Years	Total Collections to Date ²	
		Amount	Percent of Levy		Amount	Percent of Levy
2012	28,198,322	26,757,388	94.89%	722,821	27,480,209	97.45%
2013	29,365,178	28,237,555	96.16%	725,114	28,962,669	98.63%
2014	29,697,798	29,620,584	99.74%	834,306	30,454,890	102.55%
2015	30,236,660	30,224,565	99.96%	618,909	30,843,474	102.01%
2016	31,245,233	31,220,237	99.92%	593,784	31,814,021	101.82%
2017	33,814,971	33,547,833	99.21%	561,371	34,109,204	100.87%
2018	35,648,742	35,417,025	99.35%	585,973	36,002,998	100.99%
2019	41,184,840	40,950,087	99.43%	571,918	41,522,005	100.82%
2020	42,472,462	42,173,456	99.30%	524,343	42,697,799	100.53%
2021	46,298,808	46,048,794	99.46%	615,108	46,663,902	100.79%

NOTE:

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

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

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

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

Fiscal Year Ended	Governmental Activities						Business-type Activities						Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation	Taxable Pension	Tax Allocation	Certificates of Participation	Loans / Capital Lease Obligations	Total Governmental Activities	Water Revenue	Wastewater Revenue	Solid Waste Revenue	Certificates of Participation	Loans / Capital Lease Obligations	Total Business-type Activities			
	Bonds	Bonds	Bonds				Bonds	Bonds	Bonds						
2012	1,145,000	22,667,969	-	8,448,026	2,548,241	34,809,236	7,485,000	7,580,000	-	-	10,347,274	25,412,274	60,221,510	2.78%	867
2013	585,000	21,400,395	-	6,800,022	2,266,391	31,051,808	3,579,945	4,959,409	-	-	14,909,475	23,448,829	54,500,637	2.42%	781
2014	-	19,966,684	-	5,077,018	2,077,451	27,121,153	2,402,890	4,001,754	15,132,303	-	17,496,799	39,033,746	66,154,899	2.92%	947
2015	-	18,367,081	-	3,299,014	2,959,007	24,625,102	1,195,000	3,024,098	13,834,309	-	16,429,544	34,482,951	59,108,053	2.63%	847
2016	-	16,581,841	-	1,466,010	2,656,784	20,704,635	-	2,021,443	12,506,313	-	18,819,314	33,347,070	54,051,705	2.41%	774
2017	-	14,596,411	-	643,006	2,376,131	17,615,548	-	990,000	11,138,322	-	20,929,311	33,057,633	50,673,181	2.31%	732
2018	-	12,452,070	-	-	2,207,364	14,659,434	-	-	9,720,331	-	19,440,040	29,160,371	43,819,805	1.76%	618
2019	-	10,015,991	-	-	2,033,734	12,049,725	-	-	8,247,337	-	18,129,060	26,376,397	38,426,122	1.54%	542
2020	-	8,869,341	-	-	2,148,647	11,017,988	-	-	6,704,343	-	16,784,165	23,488,508	34,506,496	1.20%	486
2021	-	7,591,783	-	-	2,138,431	9,730,214	-	-	5,091,347	-	15,514,242	20,605,589	30,335,803	1.16%	426

NOTE:

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

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

As of 6/30/2021, that indebtedness has been reduced to \$5,123,042.

Source: City of Redlands

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt					Accumulated Resources to Repay Principal	Net General Bonded Debt	Percent of Assessed Value ¹	Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Total				
2012	1,145	22,668	-	8,448	32,261	3,518	28,743	0.45%	414
2013	585	21,400	-	6,800	28,785	3,708	25,077	0.39%	359
2014	-	19,967	-	5,077	25,044	3,521	21,523	0.33%	308
2015	-	18,367	-	3,299	21,666	2,129	19,537	0.27%	280
2016	-	16,582	-	1,466	18,048	2,265	15,783	0.21%	232
2017	-	14,596	-	643	15,239	2,416	12,823	0.17%	185
2018	-	12,452	-	-	12,452	2,575	9,877	0.13%	139
2019	-	10,016	-	-	10,016	1,383	8,633	0.10%	122
2020	-	8,869	-	-	8,869	1,520	7,349	0.08%	104
2021	-	7,592	-	-	7,592	1,480	6,112	0.06%	86

NOTE:

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

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

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

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

Net Taxable 2020-2021 Assessed Valuation		\$ 10,965,318,721
	Percentage Applicable ¹	Outstanding Debt 06/30/20
		Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:		
San Bernardino Community College District	13.746%	\$ 727,578,368
Redlands Unified School District	57.099%	63,768,512
San Bernardino City Unified School District	0.030%	289,886,327
City of Redlands Community Facilities District No. 2001-1	100.000%	3,585,000
City of Redlands Community Facilities District No. 2003-1	100.000%	7,505,000
Total Overlapping Tax and Assessment Debt		<u>1,092,323,207</u>
Overlapping General Fund Debt:		
San Bernardino County General Fund Obligations	4.381%	214,095,000
San Bernardino County Pension Obligations	4.381%	180,825,585
San Bernardino County Flood Control District General Fund Obligations	4.381%	51,360,000
Redlands Unified School District Certificates of Participation		-
San Bernardino City Unified School District	0.030%	90,000,000
Yucaipa-Calimesa Joint Unified School District Authority	0.679%	6,220,000
Total Overlapping General Fund Debt		<u>542,500,585</u>
Overlapping Tax Increment Debt		
City of Redlands (Successor Agency) Tax Allocation Bonds	100%	5,123,042
San Bernardino County Inland Valley Tax Allocation Bonds	7.827%	225,585,000
Total Overlapping Tax Increment Debt		<u>230,708,042</u>
Total Gross Overlapping General Fund Debt		<u>773,208,627</u>
Less: Redlands Unified School District Self-Supporting Qualified Zone Academy Bonds ²		<u>(778,954)</u>
Total Net Overlapping General Fund Debt		<u>41,621,412</u>
Total Gross Overlapping Debt		\$ 190,001,437
Total Net Overlapping Debt		\$ 189,222,483
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%	7,591,783
Total Direct General Fund Debt		<u>7,591,783</u>
Direct Loan/Capital Lease Debt:		
I-Bank Sports Park Lease	100.000%	\$ 1,282,144
Capital Leases -Equipment	100.000%	865,287
Total Direct General Fund Debt		<u>2,147,431</u>
Total Direct Debt		\$ 9,739,214
Total Gross Direct and Overlapping Debt ³		\$ 199,740,651
Total Net Direct and Overlapping Debt ³		\$ 198,961,697

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

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

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

Sources: Avenu Insights and Analytics
San Bernardino County Assessor (via HdL, Coren & Cone)
San Bernardino County Auditor-Controller - Property Tax Division

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed valuation	7,205,098,137	7,428,192,465	7,625,337,937	8,042,012,336	8,450,256,632	8,925,637,991	9,342,770,314	9,877,091,307	10,475,199,528	10,985,363,463
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	1,801,274,534	1,857,048,116	1,906,334,484	2,010,503,084	2,112,564,158	2,231,409,498	2,335,692,579	2,469,272,827	2,618,799,882	2,746,340,866
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	270,191,180	278,557,217	285,950,173	301,575,463	316,884,624	334,711,425	350,353,887	370,390,924	392,819,982	411,951,130
Total net debt applicable to limit:										
General obligation bonds	<u>1,145,000</u>	<u>585,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>269,046,180</u>	<u>277,972,217</u>	<u>285,950,173</u>	<u>301,575,463</u>	<u>316,884,624</u>	<u>334,711,425</u>	<u>350,353,887</u>	<u>370,390,924</u>	<u>392,819,982</u>	<u>411,951,130</u>
Total debt applicable to the limit as a percentage of debt limit	0.4%	0.2%	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTE:

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

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

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

Fiscal Year Ended June 30	Water Revenue Bonds						Wastewater Revenue Bonds						Solid Waste Revenue Bonds					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Wastewater Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Solid Waste Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest					Principal	Interest	
2012	21,849,228	12,345,054	9,504,174	1,660,000	411,500	4.59	9,377,389	5,693,909	3,683,480	1,065,000	402,900	2.51	-	-	-	-	-	-
2013	25,251,130	15,262,512	9,988,618	1,740,000	220,710	5.09	9,669,957	6,244,252	3,425,705	1,115,000	244,767	2.52	-	-	-	-	-	-
2014	25,638,627	16,837,289	8,801,338	1,125,000	81,900	7.29	11,290,716	6,917,341	4,373,375	880,000	141,550	4.28	12,560,609	10,130,417	2,430,192	-	213,642	11.38
2015	23,236,963	16,684,682	6,552,281	1,160,000	53,250	5.40	9,932,156	6,483,856	3,448,300	900,000	119,250	3.38	13,442,842	10,341,915	3,100,927	1,115,000	516,422	1.90
2016*	19,566,403	18,802,920	763,483	1,195,000	17,925	0.63	9,981,677	7,319,389	2,662,288	925,000	91,875	2.62	13,974,604	10,437,524	3,537,080	1,145,000	572,150	2.06
2017*	-	-	-	-	-	N/A	9,483,891	7,207,159	2,276,732	960,000	58,800	2.23	13,899,757	9,911,432	3,988,325	1,185,000	537,800	2.32
2018	-	-	-	-	-	N/A	-	-	-	-	-	N/A	15,507,091	11,060,050	4,447,041	1,235,000	465,700	2.05
2019	-	-	-	-	-	N/A	-	-	-	-	-	N/A	17,996,521	14,518,673	3,477,848	1,290,000	408,750	1.61
2020	-	-	-	-	-	N/A	-	-	-	-	-	N/A	19,780,794	13,669,667	6,111,127	1,430,000	272,750	2.82
2021	-	-	-	-	-	N/A	-	-	-	-	-	N/A	-	-	-	-	-	-

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

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

Source: City of Redlands

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (In Thousands)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2011	69,498	2,167,990	31,195	9.7%
2012	69,813	2,248,258	32,204	7.0%
2013	69,882	2,265,714	32,422	6.0%
2014	69,814	2,243,752	32,139	4.7%
2015	68,040	2,192,657	32,226	3.0%
2016	69,211	2,195,442	31,721	3.3%
2017	70,851	2,494,168	35,203	3.1%
2018	71,441	2,790,914	39,066	3.2%
2019	70,952	2,882,851	40,631	3.0%
2020	71,154	2,607,954	36,652	7.4%

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

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

Employer	2021		2012	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
ESRI	2,700	7.69%	1,900	5.78%
Redlands Unified School District*	2,277	6.49%	1,700	5.17%
Redlands Community Hospital	1,373	3.91%	1,250	3.80%
Beaver Medical Group (aka Epic Mgmt)	920	2.62%	518	1.57%
University of Redlands	543	1.55%	547	1.66%
City of Redlands	449	1.28%	478	1.45%
Terracina Post Acute	354	1.01%		
Loma Linda University Behavioral Medicine Ctr.	279	0.79%		
The Home Depot	269	0.77%		
Amazon Fulfillment Center (Redlands)**	250	0.71%		
La-Z-Boy, Inc.			391	1.19%
United States Postal Service			1,400	4.26%
Verizon			1,240	3.77%
Wal-Mart Stores, Inc.			420	1.28%
Southern CA. Gas Company/Sempra			383	1.16%
Total of Top Employers	9,414	26.82%	10,227	31.09%
Total Employees in City(1)	35,100		32,900	
County "Donut Hole" Employers (2):				
Burlington Coat Factory Distribution Center	1,788	5.09%		
Amazon Fulfillment Center	500	1.42%		
Target	345	0.98%		
Prime Line Products	220	0.63%		
Kohls Retail Store	192	0.55%		
JCPenney	150	0.43%		
Becton Dickinson Distribution	102	0.29%		
Total Employees	3,297	9.39%		

*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 choosen to list some of the significant employers within this area as it is believed to contribute to the financial well being of the city.

Source: Avenu Insights and Analytics

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Full-time employees:										
City clerk's office	-	-	1	1	1	1	1	1	-	2
City manager's office	6	6	7	7	9	11	12	12	9	7
Development services	20	20	19	21	22	22	21	19	17	18
Finance	21	22	24	25	26	27	24	27	24	26
Fire	60	61	58	60	60	60	61	63	62	63
Human resources	5	5	7	7	8	10	9	9	7	9
Library	15	16	16	16	17	17	18	20	18	11
Management information systems	9	9	9	9	-	-	-	-	-	
Department of Innovation & Tech					10	9	10	12	12	9
Municipal utilities and engineering:										
Administration	24	28	28	34	34	34	33	29	30	26
Water	47	49	49	50	49	49	50	50	48	45
Wastewater	24	24	24	24	24	24	24	24	23	21
Police	131	111	113	121	122	122	126	130	117	112
Facilities & Community Services ²										
Administration, parks & streets	42	46	48	52	56	56	62	63	63	51
Equipment maintenance	7	6	6	6	5	5	5	4	4	10
Solid waste	33	33	32	32	33	33	33	39	39	38
Cemetery	3	3	3	4	4	4	4	4	4	4
Redevelopment	-	-	-	-	-	-	-	-	-	
	<u>447</u>	<u>439</u>	<u>444</u>	<u>469</u>	<u>480</u>	<u>484</u>	<u>493</u>	<u>506</u>	<u>477</u>	<u>452</u>
Part-time employees	64	81	81	88	87	87	90	68	43	39
At-will employees	-	-	-	-	-	-	-	-	-	10
Grant-funded employees ¹	12	12	10	10	10	10	7	7	1	1
Limited Term Position	-	-	-	-	1	1	4	-	-	1
 Total	 <u>523</u>	 <u>532</u>	 <u>535</u>	 <u>567</u>	 <u>578</u>	 <u>582</u>	 <u>594</u>	 <u>581</u>	 <u>521</u>	 <u>503</u>

¹ Includes both full & part time positions.

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

Source: City of Redlands Budget

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Calls for service ¹	51,248	52,349	54,529	55,972	47,488	40,159	54,370	52,914	52,520	44,259
Emergency calls for service ¹	1,167	592	504	538	578	517	708	815	808	649
Citations issued ¹	5,803	7,617	6,571	6,733	7,062	5,299	7,347	5,449	6,837	4,239
Fire:										
Number of incidents	8,323	8,946	8,980	9,354	10,169	10,484	10,684	10,760	10,789	10,636
Inspections performed ¹	2,994	2,208	2,234	1,974	2,186	2,827	4,075	5,821	6,429	1,362
Building and safety:										
Permits issued	1,536	1,600	2,150	1,932	1,947	2,110	2,408	2,111	2,159	2,078
Inspections performed	7,358	7,717	7,839	4,486	8,293	10,015	9,381	9,431	11,211	12,017
Parks and recreation:										
Community center attendance	18,000	21,084	19,100	31,238	42,625	44,725	51,000	48,500	45,022	13,645
Senior center attendance	20,668	24,897	27,891	29,415	28,675	24,415	24,970	25,109	20,175	5,822
Joslyn center attendance	13,016	19,934	16,932	21,846	23,795	21,554	20,498	22,679	18,257	1,206
Youth sports attendance	3,566	5,677	2,100	21,102	11,521	12,271	12,870	12,396	10,032	4,774
Adult sports attendance	7,780	6,534	20,340	7,200	5,760	2,830	1,800	3,200	2,480	6,524
Water:										
Number of services	23,075	23,845	21,732	21,842	21,842	22,378	22,113	22,440	22,380	22,537
Average daily consumption (thousands of gallons)	23,362	28,375	29,900	24,631	18,679	20,989	30,328	26,670	25,926	22,560
Solid waste:										
Recycled materials (tons)	24,183	25,756	26,570	20,611	22,805	22,287	23,758	25,474	23,952	24,703
Refuse disposed (tons)	71,441	65,887	72,228	49,416	52,826	52,527	51,798	51,769	52,476	61,631
Library:										
Number of volumes	143,622	143,436	142,989	140,667	144,122	144,887	144,173	146,173	146,379	148,652

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

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

Source: City of Redlands

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	2	2	2	2	2	2	2	1	1	1
Fire:										
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	315	315	315	316	316	319	368	368	368	300
Traffic signals (city-owned)	68	68	68	68	68	68	69	72	73	73
Parks and recreation:										
Parks (acreage)	260	279	295	295	295	295	295	327	333	333
Groves (acreage)	195	159	159	159	159	164	164	180	199	199
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	386	386	390	386	386	385	388	388	388	400
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	34,900
Non Potable Water *										
Water mains (miles)	27	29	30	32	33	34	34	34	34	34
Maximum daily production capacity (thousands of gallons)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	14,000	4,100
Wastewater:										
Sewers (miles)	240	242	243	245	245	245	245	245	245	247
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