

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**



**CITY OF REDLANDS
CALIFORNIA**

City of Redlands

Redlands, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

Prepared by
Management Services/Finance Department

City of Redlands
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023
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MANAGEMENT SERVICES
DEPARTMENT
FINANCE DIVISION

City of
REDLANDS

Incorporated 1888
35 Cajon Street, Redlands, CA 92373

Danielle Garcia
Management Services/Finance
Director

James Garland
Assistant Finance Director

December 20, 2023

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

It is the policy of the City of Redlands to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial statements of the City of Redlands (the City) for the Fiscal Year ended June 30, 2023.

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

The City's financial statements have been audited by The Pun Group, LLP, an independent firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the Fiscal Year ended June 30, 2023, 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, 2023 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 72,259.

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

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

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

The annual budget serves as the foundation for the City's financial planning and control. Biennially, during the period February through May, department heads prepare estimates of required appropriations for the following two-year budget cycle. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and financial resources and historical data for the preceding budget cycle. The City Manager's Recommended Budget is then presented either to the full City Council or to the Budget Subcommittee (comprised of 2 members of the City Council and the City Treasurer) at a public meeting noticed in accordance with the Brown Act. A series of two (2) to three (3) budget presentations are then provided to the City Council during regular and special Council meetings, with the Budget Adoption occurring last at a regular meeting of the Council prior to June 30th of each year.

The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations within a fund. All appropriations shall lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered.

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

ECONOMIC CONDITION AND OUTLOOK

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

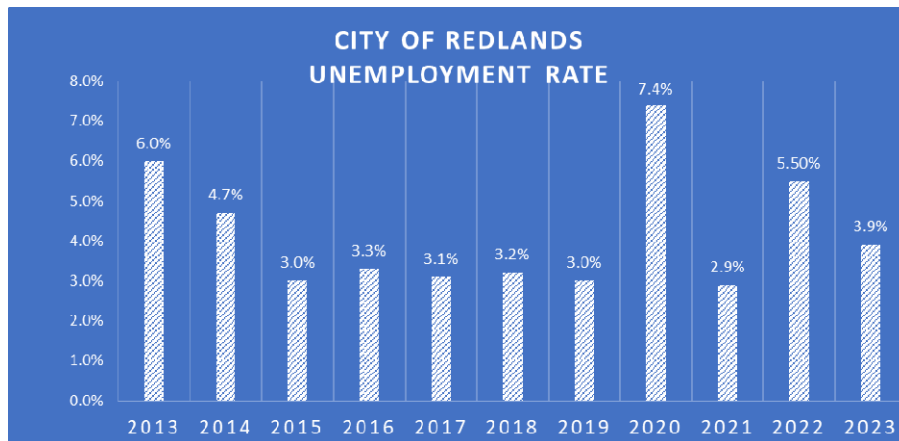
Local economy. Throughout fiscal year 2023, economic indicators showed that amid uncertainty, the City's economy was continuing to move further and further away from the pandemic shockwaves of recent years. The strength of the local economy was evidenced by significant growth in key revenue sources over prior years. In terms of year-over-year changes for the City's major revenue sources, Property Tax increased by 7% and Sales Tax increased by 1% after experiencing significant year-over-year growth. Other key revenue sources also saw year-over-year increases as well. Many of these increases are attributed to recent economic development the City has experienced over the past several years, as well as a continuing rebound from the pandemic.

The City of Redlands' economy is based largely in the service and trade sectors (health care, retail trade, logistics, technology, and education). The region has a varied manufacturing and industrial base that has added to the relative stability of the unemployment rate over the years. Redlands' unemployment rate remains lower than its neighboring communities. Since 2002, the annual unemployment rate for the City has ranged from a low of 2.9% in 2021 to a high of 10.5% in 2010, which surpasses the 2020 pandemic-related peak of 7.4%.

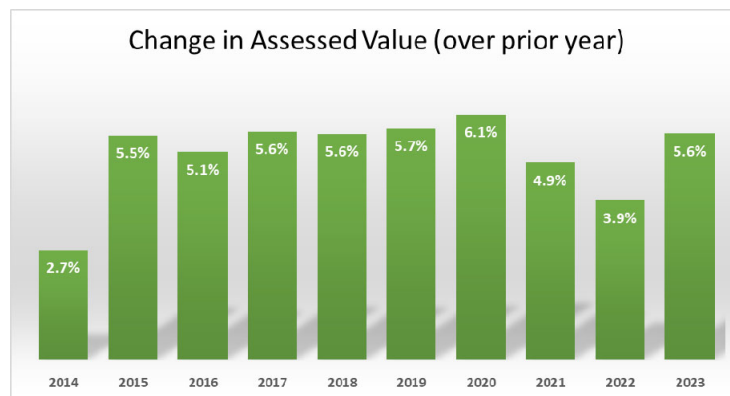
Major industries within the City's boundaries or in proximity include computer software manufacturers, higher education institutions, light manufacturing, regional distribution centers and several financial and insurance institutions. Major employers in the City, or within the vicinity, include the Redlands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

The City reviews a variety of indicators during the fiscal year as a part of the review of the economic conditions impacting the City and to analyze trends and patterns therein.

Unemployment Rate – The City’s unemployment rate over the last 4 years has moved a lot. In 2020, it reached its highest level since the Great Recession, recovering the next year in 2021 back to a pre-pandemic low of 2.9%. The following year, 2022, saw an increase to 5.5% in the unemployment rate as labor force participation increased at a rate faster than the economy was adding job openings. So far, in 2023, the 10-month average unemployment rate for the year is 3.9%, reflecting a decrease of nearly 1.5% from the prior year and indicating that the economy has added more jobs to accommodate the larger labor force.



Assessed Value – In calendar year 2023, the City’s assessed value increased a sizable 5.6% from the prior year and is the ninth consecutive year of growth above 3%. The 10-year average for growth in assessed value over the prior year is a healthy 5.1%. There are several factors that contribute to this growth. New residential and non-residential construction contributed roughly 1% of this growth, while the vast majority (~4.4%) of this growth is attributed to transfers of ownership (i.e., homes sales at prices above their assessed value).



Housing Market - The local real estate market strengthened compared to the broader economy, as a variety of market conditions are keeping median home sale prices well above pre-pandemic levels. Despite forecasts that increased borrowing costs would help induce home price moderation, median prices for detached single family homes in Redlands increased roughly 12% between December 2022 and October 2023 prices. This sustained increase in home prices, along with favorable state legislation has induced home building across the City. Several residential developments are currently in the entitlement process.

Trends in the regional and national economy have contributed to a fiscal year of revenue growth, growth in assessed value and improving unemployment numbers. Although the City is on strong financial footing, the potential fiscal impact of a future recession is always a topic of discussion.

The budget for fiscal year 2023 was the City's first biennial budget adopted by the City Council, covering fiscal years 2023 & 2024. This biennial budget builds on the City's continuing recovery from the pandemic and the significant addition of Measure T tax revenue beginning in April 2021 while investing in enhancements to services, infrastructure and programs that address deferred maintenance, homelessness, and other community priorities. In the General Fund, City revenue from combined sales tax sources increased from roughly \$17,510,000 in 2020 to \$48,633,000 in 2023 (an increase of 178%). Property tax has continued to perform well as home prices remain high and new development that has occurred in years passed is added to the tax rolls. During the same time frame from 2020 to 2023, the City's revenue from property tax grew from roughly \$32,000,000 to approximately \$38,300,000 (an increase of almost 20%).

Demand for homebuilding continues despite prevailing economic conditions that include inflation and higher interest rates.

In residential construction, there are over 1,400 apartment units and over 800 single family dwelling units in the application and entitlement phase at the close of fiscal year 2023. These projects are in addition to those residential developments currently under construction, all of which will add significantly to the housing stock of the City. The uptick in residential developments within the City has been boosted by state legislation requiring compliance with the Regional Housing Needs Allocation (RHNA) target determined by the California Department of Housing & Community Development.

Approved projects include the State Street Village Project to redevelop the former Redlands Mall site with a transit-oriented district and mixed uses. This project includes five 3-story and 4-story buildings with a total of up to 700 apartments/condominiums, a resident amenity building, public & private open space areas, public realm improvements and a variety of retail and office space. Completed projects include the Heritage Specific Plan project by Lennar Homes, referred to as Traditions, a 207-lot single-family residential subdivision in the northwest area of the City.

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

In terms of commercial development, several projects have either been completed or are currently in the entitlement process. Phase 2 of the Packing House District shopping center is complete and consists of two new commercial buildings on 3.9 acres for retail and restaurant uses. Most of this space has already been leased out. Also, the Redlands Railway District, LLC recently constructed a retail building on a vacant parcel that consists of roughly 7,000 square feet of retail spaced on the west side of the historic Santa Fe Depot. Projects in the pipeline include the Redlands City Center, a mixed-use development consisting of three retail & restaurant pads on the ground floor and 138 apartment units on upper floors on approximately 3 acres. The construction of two new medical office buildings with nine suites and related site improvements has been approved by the Planning Commission.

As well the Phelps Office Building has also received approvals to build a multi-tenant building for commercial, office and light industrial uses. Lastly, Newland Development has received approval to construct six Class-A concrete tilt-up light industrial buildings between 30,000 and 50,000 square feet each.

Other notable business openings in fiscal year 2022-23 include the following:

- Walters Wholesale Electric, an electrical supply and servicing store, opened in July 2022, providing industrial automation and low voltage solutions, lighting controls, tool rental, roadway and street lighting, and more.
- Pandion, a tech-sector logistics company, opened operations in Redlands at a newly constructed industrial building. They specialize in e-commerce delivery and are headquartered in Seattle.
- Hot Topic, a music-inspired clothing & accessory retailer, opened in November 2022 and offers band-related apparel and accessories, licensed merchandise, and accessories.
- The Overland opened in April 2023 and is billed as “equal parts cocktail lounge, small bites restaurant, and vinyl record listening space.”
- Pedego E-bikes opened a store in Redlands in March 2023, featuring options to buy or rent the nation’s bestselling models of electric bikes.
- Whiskey Republic Spirits & Kitchen opened in October 2022, and is a full-service bar offering line dancing, karaoke, and Sunday brunch.
- Sosogu Ramen opened in September 2022. Their menu highlights signature craft ramen with made-from-scratch noodles and offers the experience of traditional Japanese barbecue where customers share premium cooked meats over a flaming charcoal grill.
- Henry’s Sports Bar & Grill opened in March 2023, offering a sports bar experience as well as a neighborhood bar and grill atmosphere.
- In May 2023, the Veterinary Emergency Center of Redlands opened its doors and began offering the City’s first 24-hour veterinary clinic, including a fully equipped emergency and critical care overnight hospital for small animals, serving the pet owners of Redlands and nearby communities.
- Rui’s Shanghai Bistro opened a second location in the Redlands Packing House District in March 2023, serving authentic Chinese cuisine and other Asian specialties.

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, all outstanding liabilities of the Successor Agency were satisfied as of the end of Fiscal Year 2023. The City submitted a formal request to dissolve the Successor Agency to Former Redevelopment Agency of the City of Redlands and the Request for Action by the Countywide Oversight Board will be considered at its meeting of January 11, 2024. 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. As the COVID-19 pandemic continues to recede further into the fiscal distance, the City has benefitted from an expanding tax base, higher General Fund revenues and reserves, as well as ongoing residential and commercial development. While the trajectory of the economy long-term remains uncertain, there are several factors that bode well for the stability and resilience of the local economy.

Significant growth in the assessed values over the past several years has built a larger base upon which property taxes are levied. The unprecedented growth in value due to sales transactions is reflected in FY 2023 property tax revenue. Because housing plays an important role in the region's economy, it is important to monitor the effects of a higher interest rate environment as it will almost certainly affect home prices and volume of sales.

The City's and the region's labor force has continued to expand, and unemployment is below prior year levels, demonstrating that businesses are hiring. Worker availability has been the primary constraint on job growth. This has led to wage growth as employers compete for a smaller pool of applicants. These dynamics have helped to stave off unwanted side effects of a higher interest rate environment, like high unemployment and lending market tightening.

Overall in the economy, inflation remains high despite moderating; economic activity remains elevated despite high interest rates; unemployment is low and labor force participation is up. This data seems to support the concept of a projected "soft landing" for the economy. These factors will set the background for revenue forecast for the next biennium budget (fiscal year 2025 & 2026). The forecast will assume that inflation will continue to moderate and the economy will experience what has been described as a "slowsession," where economic growth stays low without slipping below zero for any extended period of time.

Overall, fiscal conditions for the City have improved from the prior year's outlook, especially as the risk of recession has dampened from the outlook in FY 2021-22. 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 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.

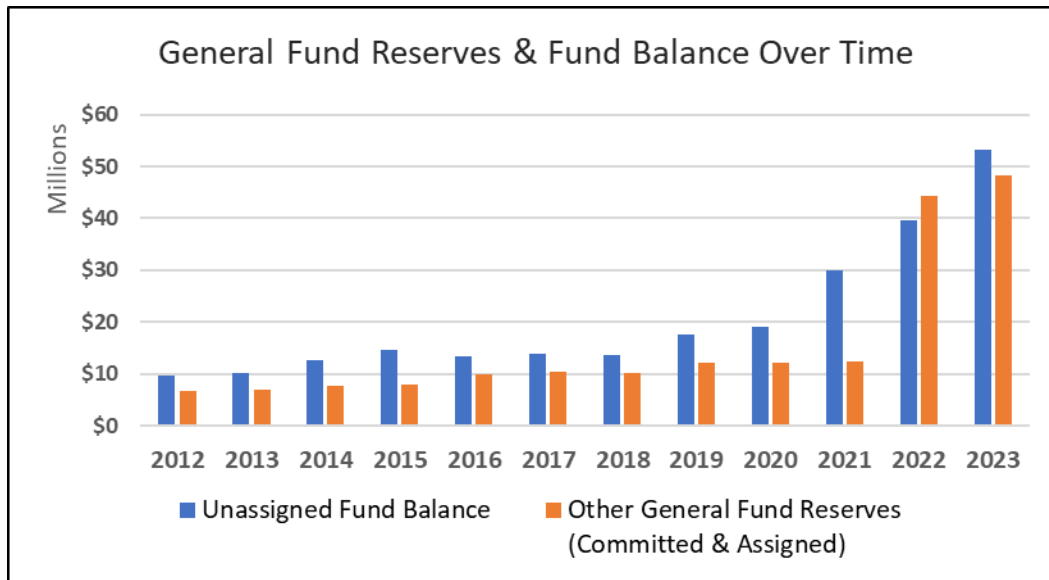
In March 2022, the City Council adopted a Strategic Plan for fiscal year 2022-23 through fiscal year 2027-28. The Strategic Plan resulted from a collaborative process that engaged our community. It is a living document that will focus the City's energy and resources, ensure that City officials and staff are working toward common goals, establish consensus around intended outcomes and allow us to regularly assess and adjust the organization's direction in a changing environment.

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

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

Each of these topics influence local forecasts for economic development, property & sales tax revenues, housing market, and City investment. In the wake of the pandemic, the City has not only rebuilt its labor force and fiscal reserve, but is also focusing on addressing long-standing capital and infrastructure needs. As a City, we are committed to acting with fiscal prudence, operating lean and utilizing resources responsibly as entrusted to us.

The graph below provides an at-a-glance view of the City’s ability to prioritize spending and facilitate investment in long-term capital needs. In fiscal year 2023, the City’s reserves for capital projects included: \$1.9 million for parking improvements in the downtown, roughly \$3.5 million in parks, equipment, facilities, sidewalks and building capital, \$24.8 million for future city facilities, \$2.5 million for public safety/homelessness, and \$2 million for unfunded mandates.



Notably, the ending unassigned fund balance for the General Fund was approximately \$13.8 million higher than the prior year and roughly \$23.4 million higher than FY 2021, increasing from \$29.9 million in FY 2021 to \$53.3 million in FY 2023. 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 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 and 15% of that excess to the committee reserve for operating contingency. 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 adequate reserves to respond to natural disasters or other disruptions to the City’s critical revenue streams.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Redlands for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the annual comprehensive financial report was made possible by the dedicated service of the entire staff of the Finance division. Special recognition is due to Assistant Finance Director, James Garland; Finance Manager, Marie Datuin; senior accountants Denise Camarillo and Jannette Mendoza, and budget analyst, Miriam Valtierra for their efforts in overseeing the compilation of the accounting data and interfacing with our auditors; and to the accounting firm of The Pun Group, LLP, and to the City Manager's Office. Credit is also due to City Manager Charles M. Duggan, Jr., Assistant City Manager Janice McConnell, and the Mayor and the City Council for their consistent support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Danielle Garcia
Management Services / Finance Director

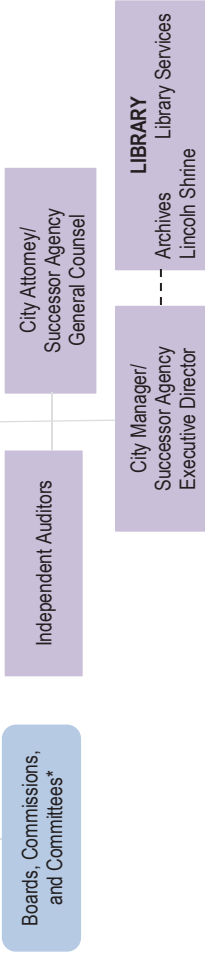
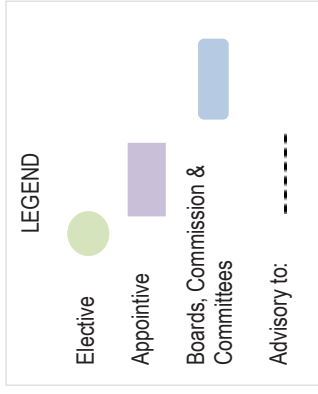
City of Redlands

Principal Officers
as of June 30, 2023

City Council (Elected)	Eddie Tejada, Mayor
	Paul T. Barich, Mayor Pro Tem
	Denise Davis, Councilmember
	Mario Saucedo, Councilmember
	Jenna Guzman-Lowery, Councilmember
City Manager	Charles M. Duggan, Jr.
Assistant City Manager	Janice McConnell
Assistant City Manager	Christopher Boatman
City Clerk (Elected)	Jeanne Donaldson
City Treasurer	Phillip Doolittle
City Attorney	Yvette Abich Garcia
Development Services Director	Brian Desatnik
Fire Chief	Rich Sessler
Library Director	Donald McCue
Management Services/Finance Director	Danielle Garcia
Municipal Utilities & Engineering Director	John Harris
Facilities & Community Services Director	Tabitha Crocker
Police Chief	Rachel Tolber

Charles M. Duggan, Jr.

Charles M. Duggan, Jr.
City Manager
Effective July, 2022



OFFICE OF THE CITY MANAGER

- Administration**
 - Budget
 - Grants
 - Legal
- Public Information Office**
 - Media Unit/Redlands TV
 - Public Information
- Purchasing / Stores**
- Human Resources/Risk Management**
 - Benefits Administration
 - Employee & Labor Relations
 - Employee Services
 - Liability & Claims Administration
 - Recruitment & Selection
 - Safety Administration
 - Training
 - Volunteer & Intern Resources
 - Worker's Compensation Admin.

DEVELOPMENT SERVICES

- Building & Safety
- CDBG
- Economic Development
- Environmental Review
- Historic Preservation
- Land Use Engineering
- One Stop Permit Center
- Planning (current and long range)

FACILITIES AND COMMUNITY SERVICES

- Airport
- Animal Services
- Building Maintenance
- Cemetery
- Citrus Groves
- Code Enforcement
- Equipment Maintenance
- Parks
- Recreation & Senior Services
- Solid Waste
- Street Trees
- Sustainability

FIRE

- Administration**
 - Grants
 - Policy and Procedures
- Operations**
 - Emergency Medical Services
 - Fire/Arson Investigations
 - Fire Suppression & Rescue
- Community Risk Reduction**
 - Fire Code Safety
 - Fire Prevention Outreach
- Emergency Operations Mgmt.**
 - Disaster Preparedness
 - EOC Activation
 - CERT/Training/Volunteers
 - Emergency Notification System

MANAGEMENT SERVICES

- Finance**
 - Accounting
 - Budget
 - Business License
 - Customer Service
 - Debt Management
 - Internal Audit
 - Payroll
 - Receivables
 - Revenue Collection
- Innovation and Technology**
 - Information Management Systems
 - GIS, Client Services, Operations
 - Organizational Efficiency

MUNICIPAL UTILITIES AND ENGINEERING

- Construction
- CIP Engineering
- Water
- Wastewater
- Streets and Inspections**
 - Electrical
 - Streets
 - Street Maintenance

POLICE

- Operations Division**
 - Patrol
 - Community Policing
 - Traffic, Parking, Special Events
 - School Resource Investigations
 - Multiple Enforcement Team
 - Street Enforcement Team
 - Crime Analysis, Forensics, Property & Evidence
 - Volunteers
- Administration Division**
 - Communications
 - Records
 - Professional Standards
 - Personnel, Background & Training
 - Fleet
 - Custody

❖ There are fourteen advisory Boards/Commissions/Committees as follows: Airport Advisory Board, Citrus Preservation Commission, Cultural Arts Commission, Disaster Council, Historic & Scenic Preservation Commission, Human Relations Commission, Measure T Oversight Committee, Municipal Utilities & Public Works Commission, Parks & Recreation Advisory Board, Planning Commission, Library Board, Street Tree Committee, Traffic & Parking Commission, and the Utilities Advisory Committee.



Government Finance Officers Association

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**City of Redlands
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redlands, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Implementation of New GASB Pronouncements

As discussed in Note 1J and 1V to the basic financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription Based Information Technology Arrangements* during the year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in Net Pension Liability and Related Ratios, Schedules of Contributions – Pension Plans, and Schedule of Changes in Total OPEB Liability and Related Ratios, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

To the Honorable Mayor and Members
of the City Council of the City of Redlands
Redlands, California
Page 3

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

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

Santa Ana, California
December 20, 2023

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City of Redlands
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

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, 2023. Please read the MD&A in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

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

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Reporting the City as a Whole

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

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

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

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

Reporting the City's Most Significant Funds

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

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *current-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* in a reconciliation on the page following the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) *are part of* the business-type activities we report in the government-wide statements but provide more detail and additional information for proprietary funds, such as statement of cash flows. The City's internal service funds (the other component of proprietary funds) reports activities that provide supplies and services internally to other City departments and programs.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

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, 2023 and June 30, 2022, which allows for analysis of the City's net position as a whole.

Table 1

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other Assets	\$ 171,147,279	\$ 151,671,652	\$ 118,298,267	\$ 121,034,762	\$ 289,445,546	\$ 272,706,414
Capital Assets	595,664,117	543,297,925	205,597,161	201,718,510	801,261,278	745,016,435
Total Assets	766,811,396	694,969,577	323,895,428	322,753,272	1,090,706,824	1,017,722,849
Deferred Outflows of Resources						
Pension & OPEB	91,969,372	69,833,304	20,066,931	17,234,776	112,036,303	87,068,080
Long-Term Liabilities Outstanding	268,208,274	254,476,498	94,801,822	98,184,008	363,010,096	352,660,506
Other Liabilities	20,507,492	21,948,107	8,489,325	10,210,571	28,996,817	32,158,678
Total Liabilities	288,715,766	276,424,605	103,291,147	108,394,579	392,006,913	384,819,184
Deferred Inflows of Resources						
Leases & Pension & OPEB	54,513,053	53,766,395	15,230,825	10,728,333	69,743,878	64,494,728
Net Position						
Net Investments in Capital Assets	590,288,015	537,558,597	190,475,232	183,665,229	780,763,247	721,223,826
Restricted	13,385,123	11,326,983	16,677,323	16,677,323	30,062,446	28,004,306
Unrestricted	(88,121,189)	(114,273,699)	18,287,832	20,522,584	(69,833,357)	(93,751,115)
Total Net Position	\$ 515,551,949	\$ 434,611,881	\$ 225,440,387	\$ 220,865,136	\$ 740,992,336	\$ 655,477,017

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 \$85.5 million or 13%, from \$655,477,017 in 2022 to \$740,992,336 in 2023.

Governmental activities net position increased significantly by 18.6%, from \$434,611,881 at June 30, 2022 to \$515,551,949 at June 30, 2023. Consistent with its prior year increase, the City's net position for business-type activities increased by 2.1% from \$220,865,136 in 2022 to \$225,440,387 in 2023. For governmental activities, the increase of roughly \$81 million in net position is mostly attributable to a significant increase total assets of \$71.8 million, offset by a corresponding increase in total liabilities of only \$12.3 million, contributing a gain in net position of \$59.5 million. That positive impact on net position was decreased by changes in lease-related, pension & OPEB deferred inflows of roughly \$750,000, and an increase in pension & OPEB deferred outflows of \$22.1 million, for a net positive effect of \$21.4 million. For the business type activities, the growth in total net position of 2.1% (or \$4.57 million) is attributable to an increase in total assets combined with a decrease in total liabilities for a positive impact of \$6.2 million, as well as an increase in pension & OPEB deferred outflows of \$2.8 million, offset with a decrease in lease-related, pension & OPEB deferred inflows of \$4.5 million. Further detail on prior year comparisons is provided below.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

The City implemented GASB Statement No. 96 effective July 1, 2023. GASB 96 requires the City recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability as it relates to subscription-based information technology arrangements (SBITA's) that it has entered into. The following categories were added to the financial statements: subscription assets and subscription liability. Additional discussion of these changes can be found in Note 1 - J and 7 of the financial statements.

Statement of Net Position - Total Primary Government

- Again, this year, the largest portion of total assets consists of capital assets (e.g., land, infrastructure and equipment), totaling \$801 million or 73.5% of total assets. These are detailed in Note 6 of the financial statements.
- Net investment in capital assets of approximately \$781 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 \$255.6 million in the City treasury and \$2.3 million of cash and investments held with fiscal agents. These assets are detailed in Note 2 of the financial statements.
- Deferred outflow of resources related to pension and OPEB increased notably by \$25 million, roughly 28.7%. The change in deferred outflow of resources related to pensions was due mainly to pension contributions made after the measurement date, total actual earnings were less than total projected earnings, and changes in assumptions. Deferred outflows related to OPEB were due mainly to changes in assumptions.
- Receivables, totaling \$21.7 million, consist of accounts, taxes and leases receivable. While most receivables consist of taxes and accounts payable, it is noted here that leases receivable recognizes agreements with third parties for the right-to-use of City property that is leased for special purposes. More information on leases receivable is found in Note 3 to the financial statements.
- Noncurrent long-term liabilities totaled \$346 million, approximately, and represent the City's obligations on debt, pensions, and other post-employment benefits. More information is presented in Notes 7 and 9-13 of the financial statements.
- Other liabilities decreased by 9.8%, from \$32.2 to \$29 million. Aside from fluctuations in several other accounts in this category, the main cause of this decrease is related to the recognition of revenue under the American Rescue Plan Act funding received towards the end of the prior fiscal year and earned this current fiscal year. There was also the liquidation of an accounts payable invoice for the I-10 / Alabama Interchange Improvement Project.
- Lease related deferred inflows of resources decreased by \$1.7 million for spaces and land leased out by the City. As well, deferred inflows related to pension & OPEB increased by a net amount \$5.2 million, roughly 8.1%, but had significant fluctuations individually. These fluctuations are based on actuarial assumptions that are made during the measurement of each corresponding deferred inflow. More will be discussed regarding these categories below.
- Overall investment in capital assets, net of related debt, increased by \$59.5 million, or 8.3%. 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, land and machinery, equipment & vehicles.
- Restricted net position, totaling \$30.1 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 -\$69.8 million represents an unrestricted net position deficit, mainly resulting from the recognition of the net pension liability in fiscal year 2015, in accordance with GASB 68, and the recognition of total OPEB liability in fiscal year 2018, in accordance with GASB 75. As well, beginning in FY 2022, the City also recognized the deferred inflows related to leases in accordance with GASB 87. Additional details can be found in Note 11 as it pertains to net pension liability, in Note 12 for the Total OPEB liability and in Note 3 for Leases.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Governmental Activities

- Receivables, totaling \$12.8 million, consists mainly of taxes receivable at \$10.7 million, \$1 million in accounts receivable, and \$1.1 in leases receivable. Recognition of leases payable, in accordance with GASB 87 reflects the City's portion of property leased to others for their right-of-use of a particular underlying asset.
- The net position of governmental activities increased significantly by 18.6% (or \$81 million), attributable to a variety of factors. Cash and other assets increased by \$19.5 million, capital assets increased by \$52.4 million. As well, deferred outflows related to pension & OPEB increased by roughly \$22.1 million. These increases were offset by an increase in total liabilities of \$12.3 million and increases in deferred inflows related to leases, pension & OPEB of roughly \$750,000.
- Deferred outflow of resources related to pension and OPEB increased by \$22.1 million, roughly 32%. OPEB deferred outflows decreased by approximately \$6.1 million and this is attributed mainly to changes in assumptions used to calculate the City's Total OPEB liability. Pension deferred outflows increased significantly by \$28.3 million, or 112%. This change is attributable to differences between projected earnings on pension plan investments in excess of actual earnings and changes in assumptions. There are more details available in Notes 11 & 12 of the financial statements.
- This year, there was a net increase of 4.4%, or \$12.3 million in total liabilities. This increase relates mostly to changes in total OPEB liability and net pension liability, as the two saw dramatic swings in their values. Total OPEB liability decreased by \$43.2 million and net pension liability increased by \$58 million.
 - Changes in OPEB liability are attributed to changes in assumptions, predominately. While the changes in net pension liability are due mainly to the difference between actual versus projected performance of investment income. There are more details available in Notes 11 & 12 of the financial statements.
- Deferred inflow of resources related to pension decreased by \$40 million, after a prior year increase of \$43.4 million. 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, among other factors. OPEB deferred inflows increased over the prior year by \$42.1 million, or 1,799%. This change is mainly due to changes in assumptions related to the discount rate and inflation. There are more details available in Notes 11 & 12 of the financial statements.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Business-Type Activities

- The net position of business-type activities increased by 2.1%, or \$4.57 million. This change is attributed to an increase in total assets of \$1.1 million; an increase in deferred outflows from pension and OPEB of \$2.8 million; and a decrease in total liabilities of \$5.1 million, offset by an increase in deferred inflows from leases, pension and OPEB of \$4.5 million for a net increase of \$4.57 million overall.
- Receivables, totaling \$8.9 million, represent a decrease of approximately \$2.5 million from the prior year. The majority of accounts receivable relate to the Water, Wastewater and Solid Waste unbilled customer accounts (\$2.5 million).
- Total capital assets of \$205.6 million represent 26% of total capital assets citywide.
- Deferred outflow of resources related to pension and OPEB increased by \$2.8 million, roughly 16%.
 - OPEB deferred outflows decreased by approximately \$1.7 million, or 12%. This is a result of changes in assumptions and differences between actual and expected experience.
 - Pension deferred outflows increased notably by \$4.5 million, or 146%. This too is a result of a variety of factors including: the City's pension contributions made subsequent to the measurement date of the actuarial report, changes in assumptions, difference between projected and actual earnings on pension plan investments and difference between actual and expected experience.
- This year, there was a net decrease of \$3.4 million in long-term liabilities outstanding.
 - In terms of long-term debt – there was a net decrease of \$3.1 million.
 - This is representative of repayment of bonds, notes, and leases payable within Water, Solid Waste (Disposal) and Wastewater (Sewer) funds of roughly \$3.5 million, which offset the addition of a new capital leases payable for Water Production and Distribution as well as for Wastewater for \$473,000.
 - Within long-term liabilities outstanding is a newly recognized category of subscription liability. While it was reduced to a zero balance, that repayment is reflected in the above calculation and factors into the difference between this fiscal year and the previous fiscal year.
 - In terms of other long-term liabilities, there were significant and offsetting changes in net pension liability and total OPEB liability. There was a decrease of \$11.78 million in total OPEB liability, due mainly to changes in assumptions. There was an increase in net pension liability of \$10.39 million. This is due to the changes in assumptions and valuation data provided to the City by CalPERS, mainly differences between estimated and actual experience, contributions after the date of the valuation, and actual earnings compared to projected earnings.
 - Landfill closure liability also increased by \$876,000.
 - There was also an increase in long-term debt due in more than one year of roughly \$216,000.
- Deferred inflow of resources related to leases, pension and OPEB increased by \$4.5 million, roughly 42%.
 - Deferred inflows related to leases decreased by \$270,000 as existing leases of land owned by the Water, Aviation and Cemetery Funds were paid by the current lessees.
 - Pension deferred inflows decreased by \$6.7 million, this is based on the annual actuarial analysis performed by CalPERS and consists of changes in assumptions and differences between estimated and actual experience, among other factors.
 - These decreases were totally offset by an increase in deferred inflows related to OPEB of \$11.5 million. This change is based on the actuarial valuation performed with a measurement date of June 30, 2023 and consists of changes in assumptions and differences between estimated and actual experience.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

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, 2023 and June 30, 2022:

Table 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for services:	\$ 17,451,819	\$ 17,335,323	\$ 63,283,866	\$ 65,976,505	\$ 80,735,685	\$ 83,311,828
Operating grants and contributions	5,158,328	4,223,681	385,895	631,695	5,544,223	4,855,376
Capital grants and contributions	53,471,990	28,433,466	4,010,635	6,134,627	57,482,625	34,568,093
General Revenues						
Property taxes	40,372,312	37,769,495	96,621	73,337	40,468,933	37,842,832
Sales taxes	48,632,853	48,232,171	-	-	48,632,853	48,232,171
Franchise taxes	4,487,821	2,625,852	-	-	4,487,821	2,625,852
Other taxes	3,109,696	2,706,919	-	-	3,109,696	2,706,919
Investment income (loss)	2,757,278	(1,546,892)	1,123,030	(2,929,740)	3,880,308	(4,476,632)
Gain/(loss) on sale of capital assets	-	-	-	44,643,370	-	44,643,370
Intergovernmental (unrestricted)	572,685	1,308,520	-	-	572,685	1,308,520
Other	4,734,390	1,689,391	1,107,435	1,208,057	5,841,825	2,897,448
Total Revenues	180,749,172	142,777,926	70,007,482	115,737,851	250,756,654	258,515,777
Program Expenses						
General government	28,913,048	26,157,408	-	-	28,913,048	26,157,408
Public safety	48,272,159	61,325,651	-	-	48,272,159	61,325,651
Culture and recreation	9,123,333	6,902,767	-	-	9,123,333	6,902,767
Highway and streets	12,081,745	9,754,750	-	-	12,081,745	9,754,750
Library	3,557,350	2,754,340	-	-	3,557,350	2,754,340
Interest on Long-Term Debt	792,780	738,561	-	-	792,780	738,561
Water	-	-	26,729,160	26,535,646	26,729,160	26,535,646
Disposal	-	-	17,755,193	15,454,382	17,755,193	15,454,382
Sewer	-	-	13,554,178	11,764,304	13,554,178	11,764,304
Groves	-	-	1,880,763	1,146,879	1,880,763	1,146,879
NP Water	-	-	563,123	956,768	563,123	956,768
Cemetery	-	-	1,441,652	958,443	1,441,652	958,443
Aviation	-	-	819,188	715,647	819,188	715,647
Total Expenses	102,740,415	107,633,477	62,743,257	57,532,069	165,483,672	165,165,546
Change in Net Position Before Transfers	78,008,757	35,144,449	7,264,225	58,205,782	85,272,982	93,350,231
Transfers	2,742,192	48,127,470	(2,742,192)	(48,127,470)	-	-
Increase (Decrease) in Net Position	80,750,949	83,271,919	4,522,033	10,078,312	85,272,982	93,350,231
Beginning Net Position	434,611,881	351,339,962	220,865,136	210,786,824	655,477,017	562,126,786
Restatement of Net Position	189,119	-	53,218	-	242,337	-
Beginning Net Position, as Restated	434,801,000	351,339,962	220,918,354	210,786,824	655,719,354	562,126,786
Ending Net Position	\$ 515,551,949	\$ 434,611,881	\$ 225,440,387	\$ 220,865,136	\$ 740,992,336	\$ 655,477,017

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Total Primary Government –

- Total Primary Government revenues for fiscal year 2022-23 decreased slightly by 3%, or roughly 7.8 million. This small decrease belies some significant changes from the previous year. First, in Business-Type Activities, there is a large decrease in revenue due mainly to a one-time large land sale in the prior fiscal year of roughly \$44 million. In Governmental Activities, there is a dramatic increase in capital grants and contributions as well as property tax that offsets this large year-over-year variance.
- Property tax grew by 7%, or \$2.6 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 stayed roughly level in fiscal year 2022-23 with a difference of only \$318,000 over the prior year (or 0.2%). This small difference is a net result of higher expenses in Business-Type Activities and lower expenses in Governmental Activities. More detail on these fluctuations is presented below.
- Transfers between governmental activities and business-type activities decreased by roughly \$45.4 million. This was due to a large prior-year one-time transfer of land sale proceeds between the Solid Waste (Disposal) & Wastewater (Sewer) Funds to the General Fund to transfer net profits on a property sale after both funds were made whole with their original capital outlay for the property plus CPI adjustments to preserve the purchasing power within both funds. Such a transaction is a one-time event.

Governmental Activities

- Total Governmental Activity revenues for fiscal year 2022-23 increased by roughly 26.6%. This growth in the prior year was mainly due to significant additions under capital grants and contributions, notably the 2022 Alley Paving Improvements, the 2022 Citywide Sidewalk & ADA replacement project, the 2022 Street Resurfacing Project and infrastructure asset additions from several private developments. Other significant variances are detailed below.
- Investment Income revenue saw a very significant increase of 278%, or \$4.3 million, when compared to the prior year. Much of this is due to was due to a prior year decrease in the fair market value of the City's investment portfolio resulting from an overall increase in interest rates. In fiscal year 2022-23, the opposite is true and the City's investment portfolio value has increased in value due to a leveling-off of interest rate increases.
- Franchise taxes increased this year by almost 71%, or \$1.8 million, due mainly to several anomalies that influenced the amount of revenue that the subject utility companies were required to pay the City. The anomalies included severe weather during the winter months and sharp spikes in unregulated natural gas prices. The City does not anticipate franchise fees returning to these levels in future fiscal years.
- Other General Revenues increased by just over \$3 million, and \$2.5 million of this is attributable to cost recovery received from the San Bernardino Regional Transportation Authority (SBCTA) for cost sharing related to Interstate-10 / Alabama Street improvements. The remaining \$500,000 is mainly due to increased cost recovery by several General Fund functions, like planning, police and streets.
- Property taxes, as noted above, were boosted by sales in 2021, which was an extraordinary year for home prices and number of sales. That, coupled with new construction being added to the property tax rolls lead to a very strong increase in assessed values for the City.
- Total expenses for Governmental Activities decreased in fiscal year 2022-23 by \$4.9 million (or 4.6%). The following categories saw the largest fluctuations over the prior year:
 - General Government expenses increased by roughly \$2.8 million (or 10.5%). The increase was due to several factors, including higher expenses for pension & OPEB (net of each other) and higher operating expenses in Finance, Development Services and Facilities.
 - The Public Safety category saw a \$13 million decrease over the prior year. This variance was the net effect of \$1.5 million increase in Police Department operating costs and Fire Department operating costs - respectively, as well as a large reduction in expenses related to pensions (of \$15 million over the prior year) and a reduction of \$400,000 related to compensated absences among other, smaller variances.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Governmental Activities (Continued)

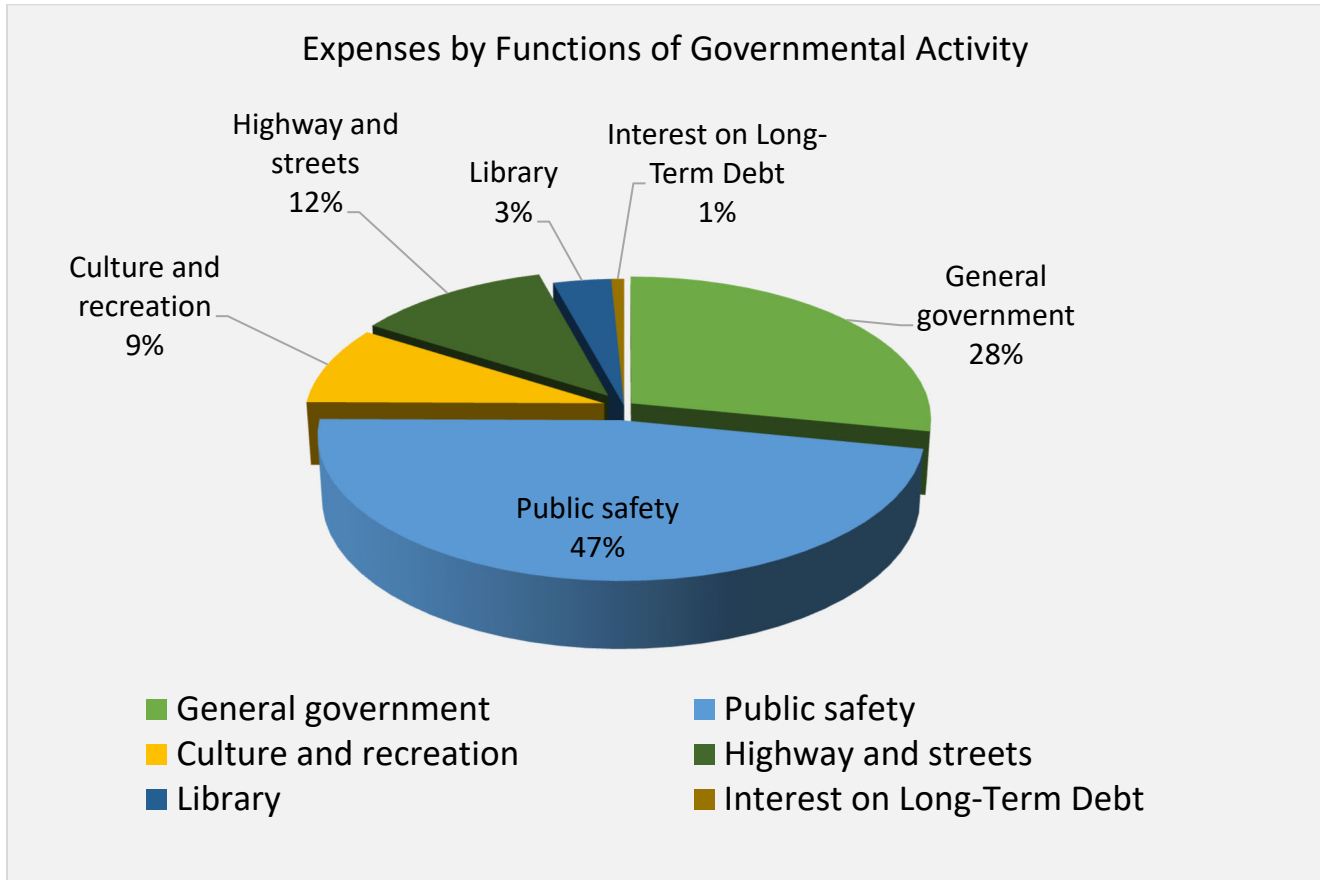
- Culture and recreation increased by \$2.2 million, or 31%, due to increases in OPEB & pension expenses (net of each other), higher staffing costs, higher spending on internal and special contractual services related to multiple park renovations, as well as the payment of a settlement for terminating an exclusive agreement for the use of the Sports Park with a local youth sports organization.
- Highways & streets also increased by \$2.3 million which was due to a variety of factors, including higher depreciation over last year, increases in OPEB & pension expenses (net of each other), higher spending on special contractual, electrical and internal services and one-time capital projects.

Business-Type Activities

- Overall, ending net position for the business-type activities increased by \$4.6 million, or 2.1%.
- Comparing fiscal year 2021-22 and fiscal year 2022-23, total revenues decreased by \$45.7 million overall, or 39.5%. The decrease in revenues is almost exclusively due to the one-time sale of property and associated proceeds in the prior year.
 - The \$2.7 million decrease in Charges for Service was due to several changes in revenues for enterprise funds. In the Water and Solid Waste Funds, charges for service decreased by roughly \$3.7 million. This decrease was offset by higher revenue in the Grove Fund as well as Sewer Services.
 - Capital grants and contributions decreased by roughly \$2.1 million, or 34.6% over the prior year. This was due mainly to several the prior year completion of several large capital projects, including Phase 1 of the Water System SCADA Design & Integration and Year 1 of the Citywide Water Meter Replacement project.
 - An increase in investment income of \$4 million reflects the unrealized gain booked to reflect the difference between the book value of the City's investments and their market value.
 - The prior year sale of property caused an increase in the category of Gain on the sale of capital assets of \$44.6 million. This was a one-time event, and, as a result, the revenue for this year in this category shows a decrease of \$44.6 million.
- Expenses overall increased from fiscal year 2021-22 levels by \$5.2 million, or 9.1%. The programs with the largest increase in expenses were the Solid Waste (Disposal), Wastewater (Sewer), Groves and Cemetery funds. Over the prior year:
 - In the Solid Waste (Disposal) Fund, expenses increased by \$2.3 million or roughly 15%. This increase was mainly due to increases in general and administrative expenses, as well as increased costs for parts and supplies.
 - In the Wastewater (Sewer) Fund, expenses increased by \$1.8 million, also roughly 15%. These increases were due to higher costs for salaries & benefits (mainly due to pension expense recognition), parts & supplies, the cost of utilities, as well as increased depreciation in the current year.
 - In the Groves Fund, expenses increased by \$734,000, or 64%. This was due mostly to a sharp increase in general and administrative expenses related to grove care and maintenance as the operation grapples with the dual plagues of the Oriental Fruit Fly quarantine and the Huanglongbing Citrus quarantine, as well as increases in salary and benefits (mainly due to pension expense recognition).
 - While in the Nonpotable Water Fund, expenses decreased by \$394,000, or 41%. The decrease was due to lower spending on general and administrative expenses as well as lower spending on parts and supplies.
 - Lastly in the Cemetery Fund, there was a notable increase of \$483,000 in expenses, or roughly 50%. This increase was due mainly to an increase in salary and benefits (mainly due to pension expense recognition).

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

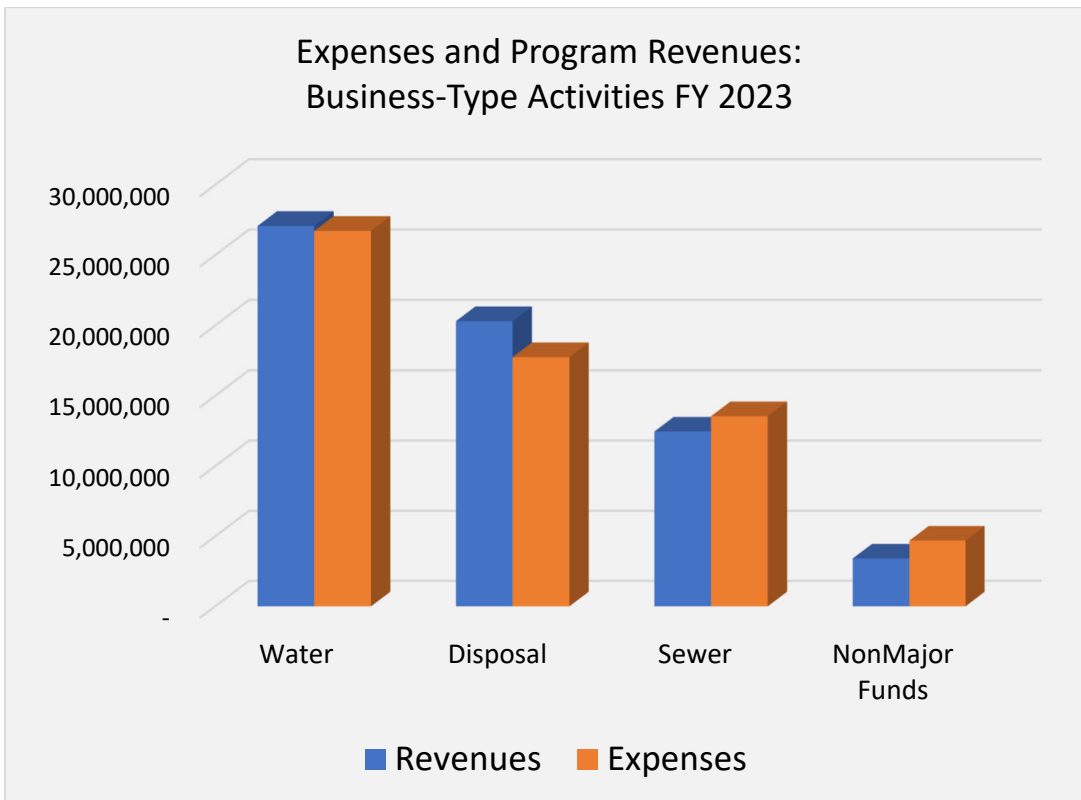
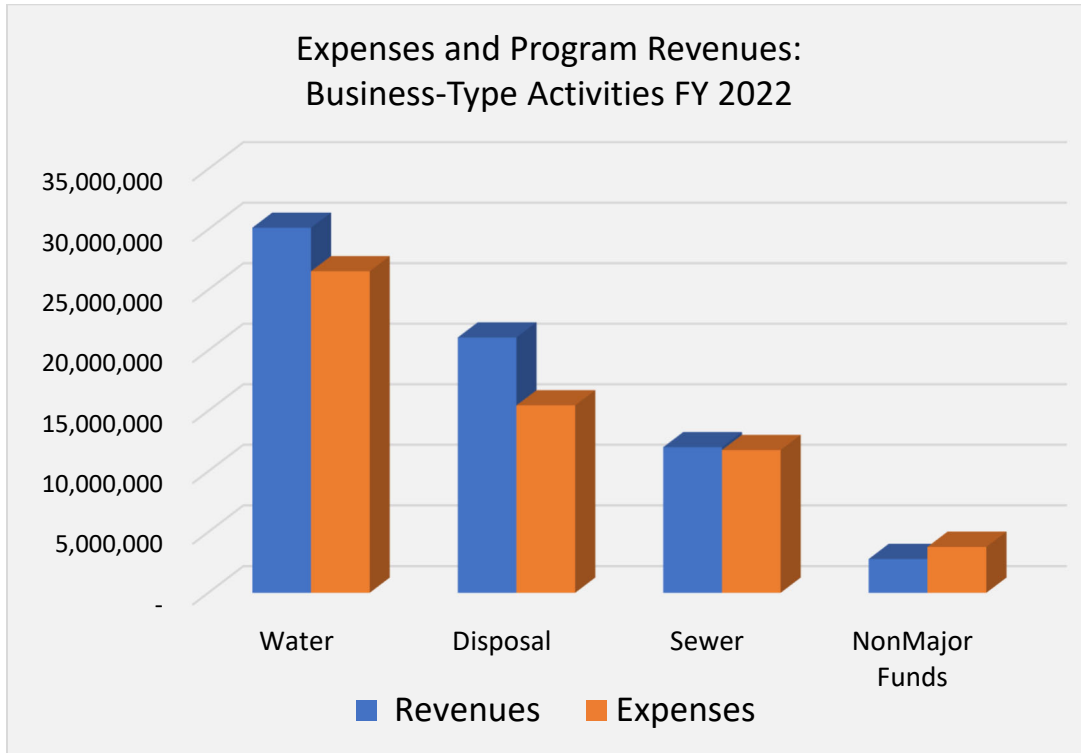
Expenses by Function of Governmental Activity



- Expenses overall for governmental activities totaled \$102.7 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 28% of total governmental activities, or \$28.9 million. General government includes functions such as human resources, finance administration, engineering and City Council.
- Expenses for public safety represent 47% of total governmental activities in the amount of \$48.3 million. The main operations within public safety are the Police and Fire Departments. These departments are service-centric. As such, personnel costs represent the majority of costs in these departments. The effects of salary increases, pension cost increases and the recognition of OPEB liability tend to have a larger impact proportionately for public safety activities.
- Expenses for highway and streets are 12% of all governmental activities, or \$12.1 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 9%, 3%, and 1% of government activity respectively, or \$9.1 million, \$3.6 million, and \$793,000.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Expenses and Program Revenues : Business Type Activities Fiscal Year Comparison



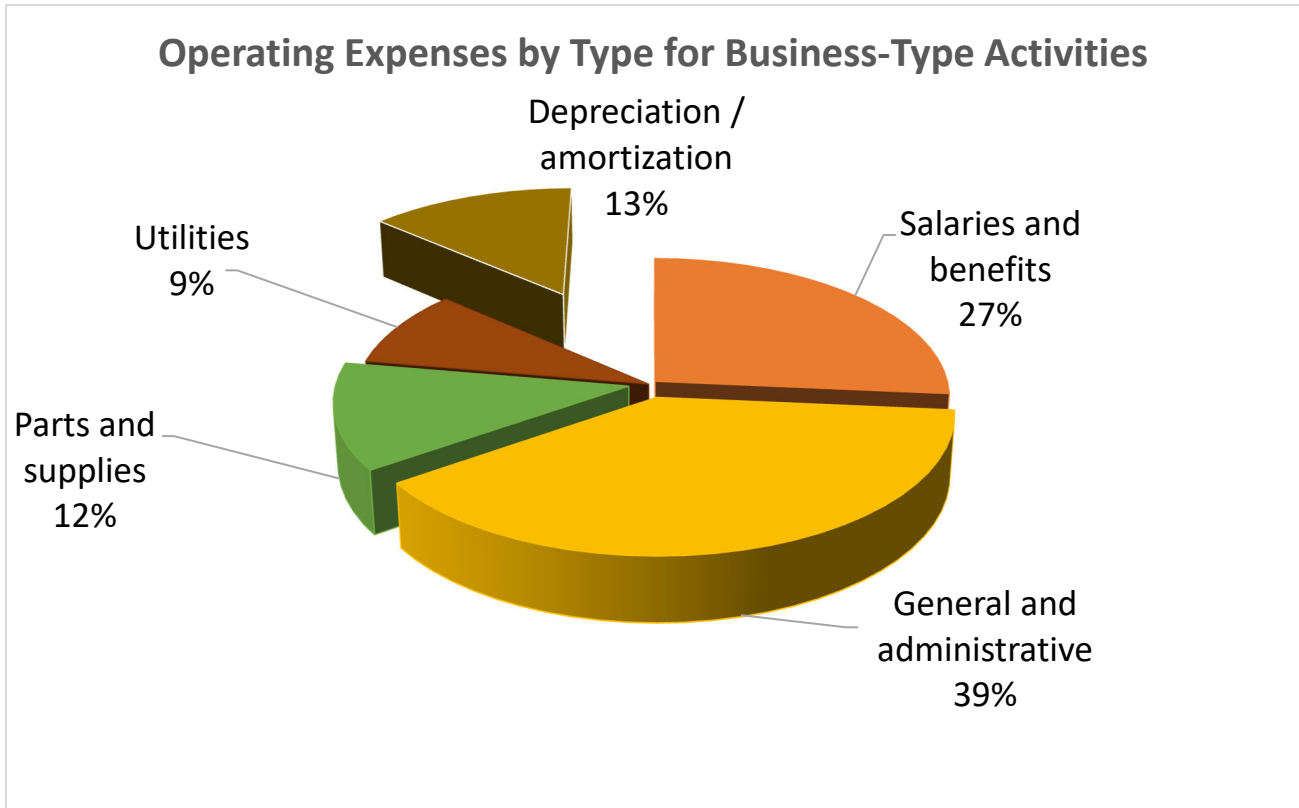
City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

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

- Fiscal year 2022-23 saw a significant decrease in Water revenues of \$3 million, or 10%, and a small increase in expenses of \$193,000, or 0.7%. Seasonality and weather usually have the greatest impacts on water consumption and revenue. This is ties back to record rainfall that occurred in the winter of late 2022 and early 2023. Statewide totals put rainfall at 141% above normal levels, and Redlands was no exception. Overall, the Water Fund has several fluctuations in the categories of depreciation, parts & supplies, general and administrative and salaries & benefits. The net effect of these changes was an increase of \$193,000, mainly due to the recognition of higher pension expenses in the fund.
- For Solid Waste (Disposal) operations, there was a decrease in revenues over fiscal year 2021-22 of \$772,000, or 3.6% and an increase in expenses in the amount of \$2.3 million, or 15%. Decreased revenues are the result the variation of billing cycles and the date the accruals are made for accounting purposes. In this case, accruals for the prior year were higher and the accrual for unbilled accounts receivable this year is lower by roughly \$635,000. Higher expenses are a result higher City garage charges and other overhead/general services charges in the Fund as well as the purchase of additional solid waste collection containers.
- In the Wastewater (Sewer) Fund, revenues increased by \$466,000, or 3.9%, and expenses increased by \$1.8 million, or 15.2%. The increase in revenues a function of the variation of billing cycles which impacts the amount of revenues accrued and reversed during the accounting cycle. The increased expenses represents a higher pension expense over the previous year of almost \$600,000 and higher costs overall for electrical service and chemical treatments, both of which comprise a large proportion of expenses in the Fund overall. These costs increases are attributable to inflation and higher costs for electricity.
- Lastly, for nonmajor business-type funds,
 - The Groves Fund experienced a significant increase in revenue by roughly \$818,458 (or 95%). The 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 13.4% decrease in revenues due to higher than average cemetery lot sales and internment services during the preceeding years.
 - The Aviation fund saw a small 1% decrease in rental income due to slighly higher ground lease payments offset by lower payments for gate card access to the airport.
 - The Non-Potable Water Fund experienced a decrease in revenues of 3.5%, or \$22,500. The decrease in revenue is related to the number of residential and commercial development projects started in FY 2023. In this case, there were slighly less fees paid indicating the size and number of applications for development projects was slightly lower than the prior fiscal year.
 - Expenses increased in the Cemetery Fund by \$483,000, or 50.4% due mainly the recognition of higher pension costs over the previous year.
 - Operating expenses in the Groves Fund increased by 64% (due to higher spending on professional services for farming as well as recognition of higher pension costs over the previous fiscal year).
 - Expenses decreased in Non-Potable Water by \$394,000, or 41.1% due mainly to higher costs in the previous fiscal year associated with one-time projects related to new meters & fittings.
 - Lastly, expenses increased by \$104,000, or 14.5% in the Aviation Fund due mainly the recognition of higher pension costs over the previous year.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

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 2023, the total fund balance reported for the General Fund was \$110,957,841, an increase of \$17,517,617 (18.7%) from the prior year ending fund balance of \$93,440,224. This variance is due to several factors that will be detailed below.

As a measure of the General Fund's liquidity, it can be useful to compare the total fund balance to total fund expenditures. This measure indicates that the fund balance is approximately 120% of general fund expenditures, however, only \$53,289,070 of the \$111 million fund balance is unassigned. The unassigned fund balance of \$53.3 million, together with the \$9.7 million in fund balance committed to stabilization arrangement (contingencies), is the only portion of fund balance readily available for spending and represents 68% of general fund expenditures. Total general fund expenditures this year were \$92.5 million, which is \$2.9 million lower than the prior year amount of \$95.4 million. Total general fund revenues were \$116.3 million, or 8% higher than the prior year amount of \$107.6 million.

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

- Property tax increased again by \$2.5 million, or 7%. This significant increase is due to a few factors affecting the prior year's enrolled values. Since there is a lag between the time a property is assessed in value and the time when the taxes are collected from property owners, this year's revenue reflects assessed values in effect during calendar year 2021. In 2021, there was a large increase in the number of homes sold in addition to large increases in the sales price those properties were sold for. These factors lead to strong growth in the City's total assessed values, which grew by a factor of roughly 5.42% for the fiscal year. Different property use categories grew at different rates. Most of this growth (82%) is due to transfers of ownership, the CPI 2% growth factor (30%), and some new construction of both residential and non-residential properties (17%).

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

MAJOR FUNDS (Continued)

- Overall sales tax increased only slightly by \$401,000, or 0.8%, representing an elastic source of revenue that, unlike property taxes, is more responsive to current economic conditions without the same lag time. This slight increase is a signal that sales tax revenue has stabilized after a period of strong growth and the notable addition of the City local add-on sales tax, known as Measure T sales tax, which has been in place for two complete fiscal years so far.
- Transient occupancy tax (TOT) increased by \$255,000, or 12.4%. Over the past 2 years, the City has added several new hospitality accommodations for travelers: the Hilton Home2 Suites, a 77-room hotel located at 1342 Industrial Park Avenue; the Marriot Springhill Suites, an 88-room hotel located at 1765 West Lugonia Avenue; and the Woodsprings Suites Hotel located at 1700 Orange Tree Lane with 123 guest rooms. This has contributed to steady growth in the revenue category.
- Licenses and permits reflect an increase of \$741,000 or 9.1%. This increase is due to an increased collection of business license revenue and street permits. The vast majority of business license revenue is based on the gross receipts of a business. Healthy growth in this category is an indication of a strong local economy.
- Intergovernmental revenues decreased by \$778,000 or 63%, which is primarily the result of a very significant increase in Mutual Aid received during the prior fiscal year (FY 2022), as compared with the amount received prior in FY 2021. This year-to-year amount in this revenue category fluctuates according to wildfires and other extreme conditions where mutual aid assistance has been requested by other cities and fire departments and is then reimbursed after the fact.
- Charges for services decreased by \$401,000, or 5.1% from prior year. While there are variations over and under in each revenue account, recovery of general government overhead had the largest decrease over the prior year.
- Earnings from the investment income were up significantly from FY 2022, by \$2.9 million. This dramatic increase reflects the effects of GASB 31, which requires an unrealized loss to be recorded to adjust for market fluctuations. The investments held by the City were subject to these market fluctuations and while the City holds them to maturity, FY 2022 required the City to book a loss of close to \$2.4 million. In this year, the value of the investments has rebounded, and the City is experiencing a moderate gain, which – again – is unrealized.
- For Rents and leases, revenue increased slightly by \$27,900, or 1.6%. There were fewer park rental reservations and more recreation rentals, which offset the drop in park rentals.
- Miscellaneous revenue increased by \$908,000, or 61.6%. This increase is attributed to a one-time donation from the Friends of Prospect Park (\$363,000) for lighting upgrades to the park as well as increases in cost recovery in different City departments.
- Transfers in decreased significantly in FY 2023 over the prior year by approximately \$43.5 million, a 95% decrease. This was due to a large one-time transfer that occurred in FY 2022 to record land sale proceeds from the Solid Waste (Disposal) and Wastewater (Sewer) funds, after each fund was made whole with the original purchase price plus an inflation factor representing the incremental increase in value of the original purchasing funds to 2022-dollar values. The remaining funds were transferred to the General Fund for the purposes of funding the acquisition of a new City Hall building (300 East State Street) and a new Public Safety (Police) facility (1625 West Redlands Boulevard). For FY 2023, transfers reflect the normal operating transfers that can be expected in most years.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

The **Public Facilities Development** fund accounts for the collection and related expenditure of development impact fees designated for constructing new and upgrading existing public facilities. This fund holds Advances Payable to other funds totaling \$7,706,632. The funds and amounts owed include the General Fund in the amount of \$7,690,541 and the Water Fund in the amount of \$16,091. This represents an increase from last year of roughly \$17,331, caused by the fact that higher interest rates assessed on the payable were higher than the amount of fees collected and transferred to repay the loan. These interfund loans were made when impact fee revenues were insufficient to cover the 60% share the Public Facilities DIF portion of debt service on the 2003 Lease Revenue Refunding COPs, which matured in fiscal year 2017-18. Development Impact Fee (DIF) revenue collected in these categories is now being used to repay the non-General Fund loans first per a Council directive. As such, the interfund loans owed to the Open Space Fund (227), Park Development Fund (250), and Storm Drain Construction (405) Fund have been repaid in full, including interest and all outstanding principal.

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

Major Enterprise Funds. The **Water Fund** has a total net position of \$149 million at the end of the fiscal year, \$28.5 million of which is unrestricted. The **Solid Waste (Disposal) Fund** has a total net position deficit of (\$1.5 million) at the end of the fiscal year, which marks a \$702,000 improvement over the prior fiscal year; and its unrestricted net position is a deficit of (\$3.4 million). The **Wastewater Fund** has a total net position of \$56.5 million at the end of the fiscal year; \$6.7 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 2022-23 activity in the General Fund can be briefly summarized as follows:

- Total Revenues - \$8.8 million received in excess of budgeted amounts.
- General Government – spent \$3.9 million less than the final amount appropriated in the budget (savings).
- Public Safety – spent \$5.7 million less than the final amount appropriated in the budget (savings).
- Culture and Recreation – spent \$168,600 less than the final amount appropriated in the budget (savings).
- Highways and Streets – spent \$46,000 less than the final amount appropriated in the budget (savings).
- Library – there was a negative variance between the final budget amount and the amount expended of \$211,400.
- Transfers - there was a negative variance between the final budget amount and the amount expended of \$429,100.
- Capital Outlay – there was a savings of roughly \$8.9 million between the final amount budgeted for capital outlay versus the actual amount expended.
- Debt Service – in this category, there was another large savings of roughly \$4 million when comparing the final budget to the actual amount expended during this fiscal year.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Deviations in major categories 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	\$ 87,560,504	\$ 94,742,275	\$ 7,181,771
License and permits	7,815,609	8,862,824	1,047,215
Fines and forfeitures	135,000	241,830	106,830
Intergovernmental	731,500	453,475	(278,025)
Charges for services	7,060,722	7,420,190	359,468
Investment income (loss)	200,000	327,573	127,573
Rents and leases	2,037,396	1,821,671	(215,725)
Miscellaneous	1,953,499	2,391,443	437,944
Transfers in	2,636,093	2,307,193	(328,900)
Inception of lease liability	-	384,011	384,011
Total Revenues	<u>110,130,323</u>	<u>118,952,485</u>	<u>8,822,162</u>
EXPENDITURES*			
General Government	25,611,676	21,713,295	3,898,381
Public Safety	53,123,288	47,391,651	5,731,637
Culture & Recreation	7,329,069	7,160,435	168,634
Highways & Streets	5,336,383	5,290,295	46,088
Library	2,913,708	3,125,090	(211,382)
Transfers	8,508,458	8,937,560	(429,102)
Capital Outlay	14,528,131	5,650,480	8,877,651
Debt Service	5,256,079	1,247,000	4,009,079
Total Expenditures	<u>\$ 122,606,792</u>	<u>\$ 100,515,806</u>	<u>\$ 22,090,986</u>
*Budget savings noted as positive figures			

There are some noteworthy variations between the final budget and the actual receipts recorded in Fiscal Year 2022-23 revenues. This year, property and sales tax comprised 75% of total General Fund revenues. This represents an 18% increase in the share of revenue from property and sales tax over the prior fiscal year. The strong performance in these two categories is related to the passage of Measure T, the City's 1-cent sales tax, and the strong performance of housing prices and home sales during calendar year 2021, which accounted for a large part of the growth in property tax. Budget estimates were under by roughly \$4.3 million. Some of this can be attributed to better-than-expected growth in sales tax, as consumer demand and prices remained higher than forecast. In terms of property taxes, the local real estate market remained relatively strong compared to the broader economy, as a variety of market conditions led to large increases in the number of houses sold and the price for which they were selling. Median prices for detached single family homes in Redlands increased roughly 40% between 2019 and 2023.

Actual revenues were above the amended budget estimates by \$8.8 million, or 8%. Revenues from franchise fees also exceeded budget projection by \$1.8 million. This variance is attributable to the electrical and natural gas utilities serving the City. Severe weather fluctuations during the fiscal year as well as unregulated natural gas prices contributed to the higher franchise fee amounts.

All revenue categories had positive variances, except for the categories of Intergovernmental revenue, Rents and Leases, and Transfers in.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Licenses and permits performed better than expected, by roughly \$1 million, or 13.4%, above forecasts. This was mainly due to increased receipts from business licenses and street permits.

Intergovernmental revenue was lower than expected by approximately \$278,000, or 38%. 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 request for reimbursement of the related funds.

Charges for service were slightly higher by \$360,000, or 5.1%. This revenue category covers numerous individual revenue objects. While many areas fluctuated between actual amount and the final budget amount, the largest variance was an increase in receipts from Building & Safety plan checks as well as landfill mitigation fees from the County of San Bernardino.

Rents and leases were roughly \$215,700 lower than budgeted amounts. These revenues include lease revenue from a six-story office building located at 300 East State Street in downtown Redlands. The decrease in the revenue from this building reflects the expiration and early move-out dates opted for by then-current tenants as the City prepares the building for occupancy by its administrative staff.

Transfers in were lower than budgeted by 12.5%. This can be attributed to lower revenues from funds like the Gas Tax Fund and the Traffic Safety Fund. This is caused by less revenue being collected in these funds, as both of them are cleared to zero at the end of the accounting cycle, transferring all of their revenue into other funds, with most of it going to the General Fund.

Miscellaneous revenues were up by \$438,000, or 22.4%. This was mainly due to an increase in miscellaneous receipts from the transfer of late fees from the Enterprise Funds to the General Fund.

Total General Fund expenditures ended the year under budget by 18%, or \$22.1 million. The vast majority of the unspent funds will be carried forward to the subsequent fiscal year (2023-24) for expenditure.

General Government expenditures ended the year under budget by 15.2%, or \$3.9 million. Part of this is attributed to savings in the areas of retiree health insurance premiums, savings on costs associated with electronic plan review software, savings on elections costs, lower expenditures on professional services as well as salary savings across most departments.

Public Safety expenditures were under budget by \$5.7 million, or 10.8%. Much of this savings is due to salary and overtime savings in the Police and Fire departments, as well as unspent funds for vehicle leases, services, supplies, equipment, and building improvements.

Culture and Recreation was under budget by roughly \$168,600, or 2.3%, this was attributable to salary savings in the Parks, Trees and Recreation & Senior Services divisions.

Highways and Streets expenditures were under budget by \$46,088, or 0.9%. This small savings was mainly a result of salary savings in the Electrical and Streets Divisions.

Library expenditures were over budget by \$211,400, or 7.3% at year-end. This amount represents higher costs for internal services like information technology.

Capital outlay expenditures were under budget by \$8.9, or 61.1% at year-end. This large variance difference is due to the delay in completion and progress on of several large projects:

- Library boiler and elevator replacement
- Motor vehicle leases for the Police Department
- The redesign of Fire Station #262

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

- Various building maintenance projects related to roofing, capital project planning and building security
- Various park improvement projects Citywide
- Vehicles & equipment for the Streets Division
- Various improvement projects related to the Community Center, Joslyn Senior Center, Community Senior Center and gym facilities
- Engineering projects related to public parking lot, alley, sidewalk and ADA improvements

Actual debt service expenditures were significantly below budgeted levels, at a savings of 76.3%, or \$4 million, under budget. This is due mainly to equipment & vehicle capital leases not being fulfilled by the manufacturer/suppliers by the end of the fiscal year. Most of these leases were for the Fire Department, where roughly \$2.9 million was budgeted to pay off a finance purchase agreement for a Smeal Triple Combination Pumper (type 1 engine) and a Spartan LF Quint Tractor (aerial ladder). Other departments, including Police also experienced delays in acquiring vehicle leases budgeted for in FY 2023. As noted above, almost all of these appropriations are carried over into the following fiscal year.

A total overall favorable variance between actual revenues & expenditures of \$30.8 million resulted from a combination of stronger revenue performance in property & sales tax combined with significant savings across departments. Savings on salaries & benefits, contractual services, and vehicle & equipment purchases, and unspent funds for large projects like \$2 million for the redesign of Fire Station #262, \$3.2 million on various park capital improvement projects, and \$1.4 million on engineering projects, to name a few, resulted in the positive variance for the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2023, amounted to \$801 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, water rights, rights of way and construction in progress. This year also includes the new category of Subscription Assets. The category reflects the value of the City's right, as a part of a subscription-based information technology arrangement, to use the information technology as an asset over the life of its corresponding arrangement, in accordance with GASB Statement No. 96.

Major capital asset events for Governmental Activities during FY 2022-23 include the following:

Significant additions netting \$4.2 million were made to machinery, equipment, and vehicles in governmental activities. The majority of this increase reflects the lease purchase of 3 fire engines, 2 police department motorcycles for the traffic division, specialized equipment for streets & parks, as well as anti-vehicle barricades that were purchased to secure large public events held in the downtown area.

Net additions to infrastructure assets in general government activities totaled approximately \$9.4. Roughly half of the additions to infrastructure assets were the result of the projects constructed by the City, including the 2021 Citywide Sidewalk and ADA Ramp replacement; the 2021 Alley Paving Improvement project; and the Pedestrian Crossing Countdown Head replacement project. Roughly \$4.4 million was added during these projects to the total overall road system, which includes pavement, curbs & gutter, trails and landscaping. From the private developer side another \$5 million was added to the total road system as a result of several privately constructed development projects including the 420,000 square foot Mountain View Avenue tilt up buildings and the development of 105 residential lots as a part of the KB Homes project on the northeast corner of Lugonia Avenue & Judson Street.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Construction in Progress values also increased significantly in general government by \$4.2 million, or 60%. This is due to the start of several large capital improvement projects including the widening and other improvements to the Interstate-10 & Alabama Interchange, the Pavement Management Program 2022 Street Resurfacing Project, the Joslyn Senior Center Renovation, and the Redlands Bowl renovation that includes lighting, speakers, cabling and electrical upgrades.

Right of Way assets increased by 14%, or \$41.8 million. This was due to several public and private development projects noted above under net additions to infrastructure assets, including the 2021 Alley Paving Improvement project, and the construction of the Orange Blossom Trail – Phase III on the public side. On the private side, projects include the 420,000 square foot Mountain View Avenue tilt up buildings and the development of 105 residential lots as a part of the KB Homes project on the northeast corner of Lugonia Avenue & Judson Street.

Lastly, Accumulated Depreciation increased by \$9.1 million, or 6.2%. The City's measurement of accumulated depreciation is based on estimated useful lives by infrastructure asset type. Estimated useful lives were initially established using engineering standards, as well as discussions with City staff regarding the City's maintenance program for each asset type. The largest increases were in the categories of road system assets and building & improvements.

For business type activities, land capital assets increased by roughly \$1.4 million representing purchase of unimproved property to place a temporary water storage reservoir to allow the demolition and replacement of the existing Sunset Water Reservoir and to mitigate the impact of future drought conditions by expanding water storage capacity.

Buildings & Improvements also increased by \$9.1 million. Most of this increase reflects the completion of the Phase 1B Wastewater Treatment Plant Modifications that pertained to the installation of fine screens and associated ancillaries, ejector priming system upgrade, digester boilers upgrade, installation of heated exchangers, and construction of gas conditioning system.

Infrastructure assets increased by roughly \$6.2 million. These increases are attributed to the reclassification of construction in progress from the completion of the 2021 Water Pipeline Replacement Project that replaced roughly 3.9 miles of water pipeline, as well as private development projects noted above (the 420,000 square foot Mountain View Avenue tilt up buildings and the development of 105 residential lots as a part of the KB Homes project on the northeast corner of Lugonia Avenue & Judson Street).

Construction in progress decreased by \$5.8 million, or almost 41%, as the result of the net effect of the completion of several large capital improvement projects, like the 2021 Water Pipeline Replacement and the completion of the Wastewater Treatment Plant Modification Phases 1A and 1B, as well as the initiation of more capital projects like the 2022 Water Pipeline Replacement project, the Recycled Water Reservoir design, the Tate raw water influent pipeline project, and the Phase 2 design of the Wastewater Treatment Plant Modifications. The SCADA project is also ongoing from the prior year.

Accumulated depreciation increased by \$6.6 million, with the largest increases in the categories of Infrastructure and Building & Improvements. Lease Assets increased by \$474,000 and this reflects the net effect of the reduction by payments made in lease assets and the addition of new leased assets in the Solid Waste Division. Subscription Assets is a new addition to the categories of assets classes and is being recognized for the first time in fiscal year 2023 by GASB Statement No. 96. In this context, the Subscription Asset represents the right to use an information technology asset.

Overall, for primary government the City's net capital assets increased significantly by \$56.2 million for the fiscal year ended June 30, 2023, or 7.5% over prior year. This is slightly lower than the previous year's increase of 9.8%.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

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.)
	2023	2022	2023	2022	2023	2022	% of Change
Land	\$ 40,956,320	\$ 40,956,320	\$ 28,069,057	\$ 26,667,376	\$ 69,025,377	\$ 67,623,696	2.1%
Buildings & Improvements	61,847,805	60,553,082	122,661,207	113,470,547	184,509,012	174,023,629	6.0%
Machinery/Equip./Vehicles	26,468,907	22,262,850	24,096,435	25,081,193	50,565,342	47,344,043	6.8%
Infrastructure	272,359,117	262,936,330	205,766,544	199,550,139	478,125,661	462,486,469	3.4%
Water Rights	408,125	408,125	9,884,095	9,881,460	10,292,220	10,289,585	0.0%
Right of Way	337,105,665	295,304,762	-	-	337,105,665	295,304,762	14.2%
Construction in Progress	11,404,751	7,126,967	8,463,598	14,225,414	19,868,349	21,352,381	(7.0%)
Accumulated Depreciation	(156,079,017)	(146,972,512)	(193,915,709)	(187,275,173)	(349,994,726)	(334,247,685)	0.0%
Lease Assets	1,288,724	904,713	621,090	147,183	1,909,814	1,051,896	0.0%
Subscription Assets*	593,542	-	107,285	-	700,827	-	100.0%
Accumulated Amortization	(689,822)	(182,712)	(156,441)	(29,629)	(846,263)	(212,341)	298.5%
Total	\$ 595,664,117	\$ 543,297,925	\$ 205,597,161	\$ 201,718,510	\$ 801,261,278	\$ 745,016,435	7.5%

* Subscription Assets were first reported for fiscal year ending 2023, per GASB Statement No. 96.

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

Long-Term Liabilities

Major long-term liability events during FY 2022-23 include the following:

- The Lease Liability category increased by \$512,000, or 60.7% as a result of the addition of 23 new leases for vehicles in Police Support Services, Building Maintenance, Streets, Water and Wastewater operations.
- A new category of Subscription Liability is recognized this year in accordance with GASB Statement No. 96, which requires that the City establish accounting methods for a right-to-use subscription assets representing its agreements for subscription-based information technology arrangements and a corresponding subscription liability for the same.
- A significant decrease in total OPEB liability was recognized of \$55 million, or a reduction of 27%. This follows a significant increase in the prior year of \$49.7 million (33% roughly). This is due mainly to differences between estimated and actual experience and changes in assumptions used to perform the actuarial valuation.
- The City's net pension liability increased by \$68.3 million, or 79%. This dramatic increase follows a significant decrease recognized in the prior year (\$50 million). This is due to the changes in assumptions and valuation data provided to the City by CalPERS, mainly differences between estimated and actual experience, contributions after the date of the valuation, and actual earnings compared to projected earnings.
- Taxable pension bonds and revenue bonds all experienced decreases as a result of annual debt service and no new additions were made to such debt.
- Notes payable decreased by roughly \$2.2 million as a result of repayments and no new additions to debt in this category.
- Claims payable increased by approximately \$759,000, or 5% due to minor variances in claims filed against the City, which can fluctuate significantly from year to year.
- Lastly, there was a small increase in compensated absences of roughly \$208,000, or 2.4%. This was due to more leave hours being accrued by employees than were used during the same period of time.

City of Redlands
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

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.)
	2023	2022	2023	2022	2023	2022	% of Change
Lease Liability	\$ 832,107	\$ 724,361	\$ 523,389	\$ 118,959	\$ 1,355,496	\$ 843,320	60.73%
Subscription Liability*	185,429	-	-	-	185,429	-	-
Taxable Pension Bonds	4,607,478	6,172,956	-	-	4,607,478	6,172,956	-25.36%
Revenue Bonds	-	-	1,660,000	3,240,000	1,660,000	3,240,000	-48.77%
Add: Unamortized Premium	-	-	-	168,353	-	168,353	-100.00%
Notes Payable	4,358,566	5,014,967	12,938,540	14,525,969	17,297,106	19,540,936	-11.48%
Claims Payable	15,525,893	14,767,131	-	-	15,525,893	14,767,131	5.14%
Compensated Absences	7,925,416	7,760,175	1,065,169	1,022,107	8,990,585	8,782,282	2.37%
Landfill Closure Liability	-	-	11,606,913	10,730,423	11,606,913	10,730,423	8.17%
Total OPEB Liability	102,959,850	146,160,286	44,000,415	55,755,636	146,960,265	201,915,922	-27.22%
Net Pension Liability	131,813,535	73,876,622	23,007,396	12,622,561	154,820,931	86,499,183	78.99%
Total	\$268,208,274	\$254,476,498	\$ 94,801,822	\$ 98,184,008	\$363,010,096	\$352,660,506	2.93%

*Subscription liability was first reported for fiscal year ending 2023, per GASB Statement No. 96.

Additional information on the City's long-term liabilities can be found in Note 7 and 9-13 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>.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Redlands
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 150,768,235	\$ 104,839,989	\$ 255,608,224
Accounts receivable, net	1,008,391	8,655,463	9,663,854
Taxes receivable	10,668,385	622	10,669,007
Lease receivable - due within one year	1,107,155	229,628	1,336,783
Due from other governments	2,316,399	65,802	2,382,201
Due from Fiduciary Funds	369,064	-	369,064
Prepaid items	1,236,092	-	1,236,092
Inventories	94,254	-	94,254
Internal balances	(16,091)	16,091	-
Total current assets	167,551,884	113,807,595	281,359,479
Noncurrent assets:			
Restricted cash and investments	257,351	2,096,523	2,353,874
Lease receivable - due in more than one year	3,338,044	2,394,149	5,732,193
Capital assets:			
Non-depreciable	389,874,861	46,416,750	436,291,611
Depreciable, net	205,789,256	159,180,411	364,969,667
Total capital assets	595,664,117	205,597,161	801,261,278
Total noncurrent assets	599,259,512	210,087,833	809,347,345
Total assets	766,811,396	323,895,428	1,090,706,824
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	38,579,840	12,485,317	51,065,157
Related to pensions	53,389,532	7,581,614	60,971,146
Total deferred outflows of resources	91,969,372	20,066,931	112,036,303

City of Redlands
Statement of Net Position (Continued)
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	7,414,767	4,404,572	11,819,339
Accrued payroll	3,250,408	863,910	4,114,318
Interest payable	123,460	92,760	216,220
Unearned revenue	6,766,135	140,460	6,906,595
Deposits payable	2,952,722	2,987,623	5,940,345
Compensated absences - due within one year	3,962,708	532,585	4,495,293
Claims payable - due within one year	7,762,947	-	7,762,947
Long-term debt - due within one year	1,273,203	3,411,890	4,685,093
Total current liabilities	33,506,350	12,433,800	45,940,150
Noncurrent liabilities:			
Compensated absences - due in more than one year	3,962,708	532,584	4,495,292
Claims payable - due in more than one year	7,762,946	-	7,762,946
Long-term debt - due in more than one year	8,710,377	11,710,039	20,420,416
Landfill closure liability	-	11,606,913	11,606,913
Total OPEB liability - due in more than one year	102,959,850	44,000,415	146,960,265
Aggregate net pension liability - due in more than one year	131,813,535	23,007,396	154,820,931
Total noncurrent liabilities	255,209,416	90,857,347	346,066,763
Total liabilities	288,715,766	103,291,147	392,006,913
DEFERRED INFLOWS OF RESOURCES			
Related to leases	4,258,682	2,534,738	6,793,420
Related to OPEB	44,456,577	12,287,103	56,743,680
Related to pensions	5,797,794	408,984	6,206,778
Total deferred inflows of resources	54,513,053	15,230,825	69,743,878
NET POSITION			
Net investment in capital assets	590,288,015	190,475,232	780,763,247
Restricted:			
Donations	595,902	-	595,902
PEG Fees	664,781	-	664,781
Public safety	560,656	-	560,656
Police programs and equipment	1,699,668	-	1,699,668
Public art	9,411	-	9,411
Street reconstruction/improvement projects	6,617,218	-	6,617,218
Debt service	559,509	462,600	1,022,109
Storm drain improvements	2,545,321	16,103,982	18,649,303
Endowment - non-expendable	-	110,741	110,741
Endowment - expendable	29,393	-	29,393
CFD assessment	103,264	-	103,264
Total restricted	13,385,123	16,677,323	30,062,446
Unrestricted (deficit)	(88,121,189)	18,287,832	(69,833,357)
Total net position	\$ 515,551,949	\$ 225,440,387	\$ 740,992,336

City of Redlands
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 28,913,048	\$ 15,681,682	\$ 4,200,923	\$ 138,580	\$ 20,021,185
Public safety	48,272,159	932,542	521,298	119,576	1,573,416
Culture and recreation	9,123,335	421,867	436,107	294,300	1,152,274
Highway and streets	12,081,743	332,187	-	52,893,918	53,226,105
Library	3,557,350	83,541	-	25,616	109,157
Interest on long-term debt	792,780	-	-	-	-
Total governmental activities	102,740,415	17,451,819	5,158,328	53,471,990	76,082,137
Business-type activities:					
Water	26,729,160	27,080,827	78,647	2,205,981	29,365,455
Disposal	17,755,193	20,313,945	11,585	266,670	20,592,200
Wastewater	13,554,178	12,465,052	136,957	1,433,064	14,035,073
Groves	1,880,763	1,681,761	-	-	1,681,761
Non-Potable	563,123	618,839	-	104,920	723,759
Cemetery	1,441,652	986,715	-	-	986,715
Aviation	819,188	136,727	158,706	-	295,433
Total business-type activities	62,743,257	63,283,866	385,895	4,010,635	67,680,396
Total primary government	\$ 165,483,672	\$ 80,735,685	\$ 5,544,223	\$ 57,482,625	\$ 143,762,533

City of Redlands
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (8,891,863)	\$ -	\$ (8,891,863)
Public safety	(46,698,743)	-	(46,698,743)
Culture and recreation	(7,971,061)	-	(7,971,061)
Highway and streets	41,144,362	-	41,144,362
Library	(3,448,193)	-	(3,448,193)
Interest on long-term debt	(792,780)	-	(792,780)
Total governmental activities	(26,658,278)	-	(26,658,278)
Business-type activities:			
Water	-	2,636,295	2,636,295
Disposal	-	2,837,007	2,837,007
Wastewater	-	480,895	480,895
Groves	-	(199,002)	(199,002)
Non-Potable	-	160,636	160,636
Cemetery	-	(454,937)	(454,937)
Aviation	-	(523,755)	(523,755)
Total business-type activities	-	4,937,139	4,937,139
Total primary government	(26,658,278)	4,937,139	(21,721,139)
General Revenues and Transfers:			
General revenues:			
Taxes:			
Property taxes	40,372,312	96,621	40,468,933
Sales and use taxes	48,632,853	-	48,632,853
Franchise taxes	4,487,821	-	4,487,821
Other taxes	3,109,696	-	3,109,696
Total taxes	96,602,682	96,621	96,699,303
Investment income	2,757,278	1,123,030	3,880,308
Intergovernmental - unrestricted	572,685	-	572,685
Miscellaneous revenue	4,734,390	1,107,435	5,841,825
Transfers	2,742,192	(2,742,192)	-
Total general revenues and transfers	107,409,227	(415,106)	106,994,121
Change in net position	80,750,949	4,522,033	85,272,982
Net Position:			
Beginning of year, as restated (Note 19)	434,801,000	220,918,354	655,719,354
End of year	\$ 515,551,949	\$ 225,440,387	\$ 740,992,336

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FUND FINANCIAL STATEMENTS

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Governmental Funds Financial Statements

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

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

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

**City of Redlands
Balance Sheet
Governmental Funds
June 30, 2023**

	Major Funds		
	General Fund	Public Facilities Development Special Revenue Fund	Governmental Grants Special Revenue Fund
ASSETS			
Cash and investments	\$ 99,045,971	\$ 1,544,793	\$ 5,294,835
Restricted cash and investments	-	-	-
Accounts receivable, net	936,682	-	-
Taxes receivable	9,730,965	-	-
Lease receivable	4,334,753	-	-
Due from other governments	165,190	-	1,432,303
Prepaid items	524,050	-	528,897
Due from other funds	641,625	-	-
Due from Fiduciary Funds	369,064	-	-
Advances to other funds	7,690,541	-	-
Total assets	\$ 123,438,841	\$ 1,544,793	\$ 7,256,035
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,974,815	\$ -	\$ 944,459
Accrued payroll	2,358,480	-	16,674
Deposits payable	2,466,778	-	-
Unearned revenues	293,016	-	6,074,912
Due to other funds	-	-	-
Advances from other funds	-	7,706,632	-
Total liabilities	8,093,089	7,706,632	7,036,045
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	238,036	-	1,297,316
Deferred inflows related to leases	4,149,875	-	-
Total deferred inflows of resources	4,387,911	-	1,297,316
Fund Balances:			
Nonspendable	8,214,591	-	528,897
Restricted	1,260,683	-	-
Committed	12,492,698	-	-
Assigned	35,700,799	-	-
Unassigned (deficit)	53,289,070	(6,161,839)	(1,606,223)
Total fund balances	110,957,841	(6,161,839)	(1,077,326)
Total liabilities, deferred inflows of resources, and fund balances	\$ 123,438,841	\$ 1,544,793	\$ 7,256,035

(Continued)

**City of Redlands
Balance Sheet (Continued)
Governmental Funds
June 30, 2023**

	Non-major Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 28,361,041	\$ 134,246,640
Restricted cash and investments	257,351	257,351
Accounts receivable, net	13,372	950,054
Taxes receivable	937,420	10,668,385
Lease receivable	110,446	4,445,199
Due from other governments	718,906	2,316,399
Prepaid items	15,730	1,068,677
Due from other funds	-	641,625
Due from Fiduciary Funds	-	369,064
Advances to other funds	-	7,690,541
Total assets	\$ 30,414,266	\$ 162,653,935
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 2,192,040	\$ 6,111,314
Accrued payroll	198,422	2,573,576
Deposits payable	485,944	2,952,722
Unearned revenues	398,207	6,766,135
Due to other funds	641,625	641,625
Advances from other funds	-	7,706,632
Total liabilities	3,916,238	26,752,004
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	843,695	2,379,047
Deferred inflows related to leases	108,807	4,258,682
Total deferred inflows of resources	952,502	6,637,729
Fund Balances:		
Nonspendable	45,930	8,789,418
Restricted	11,961,583	13,222,266
Committed	11,893,350	24,386,048
Assigned	2,325,558	38,026,357
Unassigned (deficit)	(680,895)	44,840,113
Total fund balances	25,545,526	129,264,202
Total liabilities, deferred inflows of resources, and fund balances	\$ 30,414,266	\$ 162,653,935

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City of Redlands
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds	<u>\$ 129,264,202</u>
Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
Unavailable revenues reported on the Governmental Fund Financial Statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.	<u>2,379,047</u>
Capital Assets used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Government-Wide Statement of Net Position	595,664,117
Less: capital assets reported in Internal Service Funds	<u>(1,112,684)</u>
Total capital assets	<u>594,551,433</u>
Long-term liabilities are not due and payable in the current period and therefore were not reported in the Governmental Funds Balance Sheet.	
Amount reported in Government-Wide Statement of Net Position	
Compensated absences - due within one year	(3,962,708)
Compensated absences - due in more than one year	(3,962,708)
Long-term debt - due within one year	(1,273,203)
Long-term debt - due in more than one year	(8,710,377)
Less: amount reported in Internal Service Funds:	
Compensated absences - due within one year	207,399
Compensated absences - due in more than one year	207,399
Long-term debt - due within one year	137,376
Long-term debt - due in more than one year	59,323
Total long-term liabilities	<u>(17,297,499)</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.	<u>(123,460)</u>
Aggregate net pension liability and total OPEB liability used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Total OPEB liability	(102,959,850)
Net pension liability	(131,813,535)
Less: amount reported in Internal Service Funds:	
Total OPEB liability	8,686,241
Net pension liability	6,193,697
Total OPEB and Pension	<u>(219,893,447)</u>
Deferred outflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds	
Amount reported in Government-Wide Statement of Net Position	
Deferred outflows of resources related to OPEB	38,579,840
Deferred outflows of resources related to pensions	53,389,532
Less: amount reported in Internal Service Funds:	
Deferred outflows of resources related to OPEB	(3,005,542)
Deferred outflows of resources related to pensions	(2,041,006)
Total deferred outflows of resources	<u>86,922,824</u>
Deferred inflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred inflows of resources related to OPEB	(44,456,577)
Deferred inflows of resources related to pensions	(5,797,794)
Less: amount reported in Internal Service Funds:	
Deferred inflows of resources related to OPEB	3,582,567
Deferred inflows of resources related to pensions	110,101
Total deferred inflows of resources	<u>(46,561,703)</u>
Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, risk management, and information technology, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	<u>(13,689,448)</u>
Net Position of Governmental Activities	<u><u>\$ 515,551,949</u></u>

See accompanying Notes to the Basic Financial Statements.

City of Redlands
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds		
	General Fund	Public Facilities Development Special Revenue Fund	Governmental Grants Special Revenue Fund
REVENUES:			
Property taxes	\$ 38,511,905	\$ -	\$ -
Sales and use taxes	48,632,853	-	-
Other taxes	3,109,696	-	-
Franchise fees	4,487,821	-	-
Licenses and permits	8,862,824	-	-
Fines and forfeitures	241,830	-	-
Intergovernmental	453,475	-	4,545,209
Charges for services	7,420,190	283,772	-
Investment income (loss)	327,573	-	38
Rents and leases	1,821,671	-	-
Miscellaneous	2,391,443	-	-
Total revenues	116,261,281	283,772	4,545,247
EXPENDITURES:			
Current:			
General government	21,713,295	5,675	2,688,212
Public safety	48,310,713	-	153,948
Culture and recreation	7,160,435	-	23,493
Highway and streets	5,290,295	-	-
Library	3,125,090	-	-
Capital outlay	5,650,480	-	2,425,421
Debt service:			
Principal	860,759	-	-
Interest and fiscal charges	386,241	178,244	-
Total expenditures	92,497,308	183,919	5,291,074
REVENUES OVER (UNDER) EXPENDITURES	23,763,973	99,853	(745,827)
OTHER FINANCING SOURCES (USES):			
Inception of lease liability	384,011	-	-
Transfers in	2,307,193	-	97
Transfers out	(8,937,560)	-	-
Total other financing sources (uses)	(6,246,356)	-	97
NET CHANGE IN FUND BALANCES	17,517,617	99,853	(745,730)
FUND BALANCES (DEFICIT):			
Beginning of year	93,440,224	(6,261,692)	(331,596)
End of year	<u>\$ 110,957,841</u>	<u>\$ (6,161,839)</u>	<u>\$ (1,077,326)</u>

(Continued)

City of Redlands
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2023

	Non-major Governmental Funds	Total Governmental Funds
REVENUES:		
Property taxes	\$ 1,223,275	\$ 39,735,180
Sales and use taxes	1,924,654	50,557,507
Other taxes	-	3,109,696
Franchise fees	-	4,487,821
Licenses and permits	-	8,862,824
Fines and forfeitures	487,236	729,066
Intergovernmental	6,471,533	11,470,217
Charges for services	1,874,927	9,578,889
Investment income (loss)	154,408	482,019
Rents and leases	9,988	1,831,659
Miscellaneous	77,259	2,468,702
Total revenues	12,223,280	133,313,580
EXPENDITURES:		
Current:		
General government	929,412	25,336,594
Public safety	5,590,652	54,055,313
Culture and recreation	221,896	7,405,824
Highway and streets	560,919	5,851,214
Library	-	3,125,090
Capital outlay	6,252,495	14,328,396
Debt service:		
Principal	1,684,839	2,545,598
Interest and fiscal charges	287,483	851,968
Total expenditures	15,527,696	113,499,997
REVENUES OVER (UNDER) EXPENDITURES	(3,304,416)	19,813,583
OTHER FINANCING SOURCES (USES):		
Inception of lease liability	-	384,011
Transfers in	9,148,480	11,455,770
Transfers out	(4,274,924)	(13,212,484)
Total other financing sources (uses)	4,873,556	(1,372,703)
NET CHANGE IN FUND BALANCES	1,569,140	18,440,880
FUND BALANCES (DEFICIT):		
Beginning of year	23,976,386	110,823,322
End of year	\$ 25,545,526	\$ 129,264,202

(Concluded)

City of Redlands
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2023

Total Fund Balances - Total Governmental Funds	\$ 18,440,880
Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation and amortization expenses. This is the amount of capital assets recorded in the current period (net of \$293,183 added in internal service funds) (\$268,609 of the governmental fund capital outlay balance were for repairs and maintenance expenditures).	14,328,396
In the Government-Wide Statement of Activities, donated assets are reported as a capital contribution.	47,311,022
Depreciation/amortization expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation/amortization expense, net of internal service funds of \$549,543, was not reported as expenditures in the Governmental Funds.	(9,546,543)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position.	(81,745)
Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position.	
Leases liabilities	(384,011)
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Principal payment of long-term debt (net of internal service funds principal payments of \$226,062)	2,545,598
Amortization of accreted interest	(54,522)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year.	123,982
Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (net of \$10,915 deducted in internal service funds).	(154,326)
Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds.	(50,421)
Certain pension expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in pension related deferred outflows of resources	26,890,201
Changes in net pension liabilities	(54,280,672)
Changes in pension related deferred inflows of resources	38,251,759
Certain OPEB expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in OPEB related deferred outflows of resources	(5,646,634)
Changes in total OPEB liabilities	39,673,870
Changes in OPEB related deferred inflows of resources	(38,677,145)
The internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, risk management, and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	2,061,260
Change in Net Position of Governmental Activities	\$ 80,750,949

See accompanying Notes to the Basic Financial Statements.

Proprietary Funds Financial Statements

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

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

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

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

City of Redlands
Statement of Net Position
Proprietary Funds
June 30, 2023

	Major Funds		
	Water Fund	Disposal Fund	Wastewater Fund
ASSETS			
Current assets:			
Cash and investments	\$ 56,667,174	\$ 20,870,206	\$ 19,257,459
Accounts receivable, net	3,778,238	2,740,793	1,788,413
Taxes receivable	35	208	-
Interest receivable	-	-	-
Lease receivable - due within one year	93,575	-	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Inventories	-	-	-
Due from other funds	-	-	-
Total current assets	60,539,022	23,611,207	21,045,872
Noncurrent assets:			
Restricted cash and investments	685,344	1,411,179	-
Lease receivable - due in more than one year	1,759,945	-	-
Advances to other funds	630,003	737,613	-
Capital assets:			
Non-depreciable	22,054,531	44,849	8,943,779
Depreciable, net	106,176,444	8,128,557	41,710,133
Total capital assets	128,230,975	8,173,406	50,653,912
Total noncurrent assets	131,306,267	10,322,198	50,653,912
Total assets	191,845,289	33,933,405	71,699,784
DEFERRED OUTFLOW OF RESOURCES			
Related to OPEB	5,696,841	4,002,165	2,292,774
Related to pensions	3,052,099	2,173,353	1,895,956
Total deferred outflow of resources	8,748,940	6,175,518	4,188,730

(Continued)

City of Redlands
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 8,045,150	\$ 104,839,989	\$ 16,521,595
Accounts receivable, net	348,019	8,655,463	58,337
Taxes receivable	379	622	-
Interest receivable	-	-	-
Lease receivable - due within one year	136,053	229,628	-
Due from other governments	65,802	65,802	-
Prepaid items	-	-	167,415
Inventories	-	-	94,254
Due from other funds	-	-	-
Total current assets	8,595,403	113,791,504	16,841,601
Noncurrent assets:			
Restricted cash and investments	-	2,096,523	-
Lease receivable - due in more than one year	634,204	2,394,149	-
Advances to other funds	-	1,367,616	-
Capital assets:			
Non-depreciable	15,373,591	46,416,750	26,081
Depreciable, net	3,165,277	159,180,411	1,086,603
Total capital assets	18,538,868	205,597,161	1,112,684
Total noncurrent assets	19,173,072	211,455,449	1,112,684
Total assets	27,768,475	325,246,953	17,954,285
DEFERRED OUTFLOW OF RESOURCES			
Related to OPEB	493,537	12,485,317	3,005,542
Related to pensions	460,206	7,581,614	2,041,006
Total deferred outflow of resources	953,743	20,066,931	5,046,548

(Continued)

City of Redlands
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

	Major Funds		
	Water Fund	Disposal Fund	Sewer Fund
LIABILITIES			
Current liabilities:			
Accounts payable	3,023,788	474,125	657,612
Accrued payroll	328,222	263,860	215,835
Interest payable	-	91,561	-
Deposits payable	1,632,376	28,492	6,127
Unearned revenue	228	134,360	-
Compensated absences - due within one year	251,208	124,068	140,423
Claims payable - due within one year	-	-	-
Long-term debt - due within one year	913,758	2,063,805	385,790
Total current liabilities	<u>6,149,580</u>	<u>3,180,271</u>	<u>1,405,787</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences - due in more than one year	251,208	124,068	140,422
Claims payable - due in more than one year	-	-	-
Long term debt - due in more than one year	6,882,047	4,270,492	496,875
Landfill closure	-	11,606,913	-
Total OPEB liability	22,086,075	11,357,940	9,186,381
Net pension liability	9,261,991	6,595,322	5,753,527
Total noncurrent liabilities	<u>38,481,321</u>	<u>33,954,735</u>	<u>15,577,205</u>
Total liabilities	<u>44,630,901</u>	<u>37,135,006</u>	<u>16,982,992</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	1,775,091	-	-
Related to OPEB	5,047,420	4,378,106	2,257,281
Related to pensions	164,643	117,240	102,276
Total deferred inflows of resources	<u>6,987,154</u>	<u>4,495,346</u>	<u>2,359,557</u>
NET POSITION			
Net investment in capital assets	120,435,170	1,839,109	49,771,247
Unrestricted (deficit)	28,541,004	(3,360,538)	6,774,718
Total net position (deficit)	<u>\$ 148,976,174</u>	<u>\$ (1,521,429)</u>	<u>\$ 56,545,965</u>

(Continued)

City of Redlands
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Funds
LIABILITIES			
Current liabilities:			
Accounts payable	249,047	4,404,572	1,303,453
Accrued payroll	55,993	863,910	676,832
Interest payable	1,199	92,760	-
Deposits payable	1,320,628	2,987,623	-
Unearned revenue	5,872	140,460	-
Compensated absences - due within one year	16,886	532,585	207,399
Claims payable - due within one year	-	-	7,762,947
Long-term debt - due within one year	48,537	3,411,890	137,376
Total current liabilities	1,698,162	12,433,800	10,088,007
Noncurrent liabilities:			
Advances from other funds	1,351,525	1,351,525	-
Compensated absences - due in more than one year	16,886	532,584	207,399
Claims payable - due in more than one year	-	-	7,762,946
Long term debt - due in more than one year	60,625	11,710,039	59,323
Landfill closure	-	11,606,913	-
Total OPEB liability	1,370,019	44,000,415	8,686,241
Net pension liability	1,396,556	23,007,396	6,193,697
Total noncurrent liabilities	4,195,611	92,208,872	22,909,606
Total liabilities	5,893,773	104,642,672	32,997,613
DEFERRED INFLOWS OF RESOURCES			
Related to leases	759,647	2,534,738	-
Related to OPEB	604,296	12,287,103	3,582,567
Related to pensions	24,825	408,984	110,101
Total deferred inflows of resources	1,388,768	15,230,825	3,692,668
NET POSITION			
Net investment in capital assets	18,429,706	190,475,232	1,112,684
Unrestricted (deficit)	3,009,971	34,965,155	(14,802,132)
Total net position (deficit)	\$ 21,439,677	\$ 225,440,387	\$ (13,689,448)
			(Concluded)

City of Redlands
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Major Funds		
	Water Fund	Disposal Fund	Wastewater Fund
OPERATING REVENUES:			
Charges for services	\$ 27,080,827	\$ 20,313,945	\$ 12,465,052
Miscellaneous operating revenue	451,465	-	21,671
Total operating revenues	<u>27,532,292</u>	<u>20,313,945</u>	<u>12,486,723</u>
OPERATING EXPENSES:			
Salaries and benefits	5,883,115	4,935,794	4,137,110
General and administrative	7,602,403	10,556,017	3,831,523
Parts and supplies	4,708,796	850,183	1,872,136
Utilities	3,826,842	207,881	1,294,827
Depreciation/amortization	4,504,009	1,130,634	2,413,125
Total operating expenses	<u>26,525,165</u>	<u>17,680,509</u>	<u>13,548,721</u>
OPERATING INCOME (LOSS)	<u>1,007,127</u>	<u>2,633,436</u>	<u>(1,061,998)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	659,228	122,334	255,594
Interest expense	(203,995)	(74,684)	(499)
Property taxes	-	-	-
Operating grants	78,647	11,585	136,957
Loss on disposal of capital assets	-	-	(4,958)
Total nonoperating revenues (expenses)	<u>533,880</u>	<u>59,235</u>	<u>387,094</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>1,541,007</u>	<u>2,692,671</u>	<u>(674,904)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	2,205,981	266,670	1,433,064
Transfers in	344,637	-	21,450
Transfers out	(556,026)	(2,257,284)	(243,826)
Total capital contributions and transfers	<u>1,994,592</u>	<u>(1,990,614)</u>	<u>1,210,688</u>
Changes in net position	3,535,599	702,057	535,784
NET POSITION (DEFICIT):			
Beginning of year, as restated (Note 19)	145,440,575	(2,223,486)	56,010,181
End of year	<u>\$ 148,976,174</u>	<u>\$ (1,521,429)</u>	<u>\$ 56,545,965</u>

(Continued)

City of Redlands
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES:			
Charges for services	\$ 3,424,042	\$ 63,283,866	\$ 19,798,719
Miscellaneous operating revenue	634,299	1,107,435	415,386
Total operating revenues	4,058,341	64,391,301	20,214,105
OPERATING EXPENSES:			
Salaries and benefits	1,536,458	16,492,477	4,946,220
General and administrative	2,291,976	24,281,919	11,404,808
Parts and supplies	312,705	7,743,820	5,879,323
Utilities	208,411	5,537,961	305,185
Depreciation/amortization	317,151	8,364,919	549,543
Total operating expenses	4,666,701	62,421,096	23,085,079
OPERATING INCOME (LOSS)	(608,360)	1,970,205	(2,870,974)
NONOPERATING REVENUES (EXPENSES):			
Investment income	85,874	1,123,030	443,600
Interest expense	(38,025)	(317,203)	(10,272)
Property taxes	96,621	96,621	-
Operating grants	158,706	385,895	-
Loss on disposal of capital assets	-	(4,958)	-
Total nonoperating revenues (expenses)	303,176	1,283,385	433,328
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(305,184)	3,253,590	(2,437,646)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions	104,920	4,010,635	-
Transfers in	292,849	658,936	5,026,046
Transfers out	(343,992)	(3,401,128)	(527,140)
Total capital contributions and transfers	53,777	1,268,443	4,498,906
Changes in net position	(251,407)	4,522,033	2,061,260
NET POSITION (DEFICIT):			
Beginning of year, as restated (Note 19)	21,691,084	220,918,354	(15,750,708)
End of year	<u>\$ 21,439,677</u>	<u>\$ 225,440,387</u>	<u>\$ (13,689,448)</u>

(Concluded)

City of Redlands
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Major Funds		
	Water Fund	Disposal Fund	Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 27,995,808	\$ 21,397,849	\$ 12,716,205
Cash payments to suppliers for goods and services	(17,019,146)	(10,629,101)	(7,972,575)
Cash payments to employees for services	(6,275,391)	(4,678,738)	(3,841,805)
Receipts from other operating activities	451,465	-	21,671
Net cash provided by (used in) operating activities	5,152,736	6,090,010	923,496
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	80,147	11,585	136,957
Property taxes	-	709	-
Due from other funds	-	-	-
Due to other funds	-	-	-
Advances to other funds	159,524	41,858	-
Advances from other funds	-	-	-
Transfers from other funds	344,637	-	21,450
Transfers to other funds	(556,026)	(2,257,284)	(243,826)
Net cash provided by (used in) noncapital financing activities	28,282	(2,203,132)	(85,419)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(7,777,647)	(1,323,996)	(4,441,419)
Cash contributions received from developers	2,205,981	266,670	1,433,064
Proceeds from the sale of assets	-	1,251,193	206,351
Inception of lease liability	279,422	-	194,484
Principal payment of long-term debt	(749,057)	(2,139,947)	(354,379)
Interest paid on debt	(372,348)	(107,052)	(499)
Net cash provided by (used in) capital and related financing activities	(6,413,649)	(2,053,132)	(2,962,398)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income (loss)	659,228	122,334	255,594
Net cash (used in) investing activities	659,228	122,334	255,594
Net change in cash and cash equivalents	(573,403)	1,956,080	(1,868,727)
CASH AND CASH EQUIVALENTS:			
Beginning of year	57,925,921	20,325,305	21,126,186
End of year	<u>\$ 57,352,518</u>	<u>\$ 22,281,385</u>	<u>\$ 19,257,459</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 56,667,174	\$ 20,870,206	\$ 19,257,459
Restricted cash and investments	685,344	1,411,179	-
Total cash and cash equivalents	\$ 57,352,518	\$ 22,281,385	\$ 19,257,459

(Continued)

City of Redlands
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Major Funds		
	Water Fund	Disposal Fund	Wastewater Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,007,127	\$ 2,633,436	\$ (1,061,998)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	4,504,009	1,130,634	2,413,125
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	1,110,909	982,994	394,863
Prepaid items	11,226	-	609
Inventories	-	-	-
Lease receivable	90,913	-	-
Deferred outflows - OPEB related	669,231	613,462	306,731
Deferred outflows - pension related	(1,581,939)	(1,327,755)	(1,217,967)
Accounts payable	(892,331)	108,490	(974,698)
Accrued payroll	30,415	33,916	38,962
Deposits payable	(157,004)	(193)	(428)
Unearned revenue	228	101,103	(143,282)
Compensated absences	17,110	13,013	10,317
Claims payable	-	-	-
Landfill closure	-	876,490	-
Total OPEB liability	(4,702,088)	(4,310,248)	(2,155,124)
Net pension liability	3,468,067	2,887,121	2,833,255
Deferred inflows - lease related	(130,065)	-	-
Deferred inflows - OPEB related	4,583,958	4,201,962	2,100,981
Deferred inflows - pension related	(2,877,030)	(1,854,415)	(1,621,850)
Total adjustments	<u>4,145,609</u>	<u>3,456,574</u>	<u>1,985,494</u>
Net cash provided by (used in) operating activities	<u>\$ 5,152,736</u>	<u>\$ 6,090,010</u>	<u>\$ 923,496</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Contributed property, plant and equipment	\$ -	\$ 266,670	\$ -
Total noncash capital and related financing activities	<u>\$ -</u>	<u>\$ 266,670</u>	<u>\$ -</u>

City of Redlands
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Non-major Funds	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 3,461,354	\$ 65,571,216	\$ 19,796,347
Cash payments to suppliers for goods and services	(2,722,833)	(38,343,655)	(16,184,983)
Cash payments to employees for services	(960,564)	(15,756,498)	(3,897,208)
Receipts from other operating activities	634,299	1,107,435	415,386
Net cash provided by (used in) operating activities	412,256	12,578,498	129,542
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	94,394	323,083	-
Property taxes	96,514	97,223	-
Due from other funds	-	-	-
Due to other funds	-	-	-
Advances to other funds	-	201,382	-
Advances from other funds	(176,507)	(176,507)	-
Transfers from other funds	292,849	658,936	5,026,046
Transfers to other funds	(343,992)	(3,401,128)	(527,140)
Net cash provided by (used in) noncapital financing activities	(36,742)	(2,297,011)	4,498,906
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(55,725)	(13,598,787)	(311,063)
Cash contributions received from developers	104,920	4,010,635	-
Proceeds from the sale of assets	-	1,457,544	-
Inception of lease liability	-	473,906	-
Principal payment of long-term debt	(47,589)	(3,290,972)	(226,062)
Interest paid on debt	(38,574)	(518,473)	(10,272)
Net cash provided by (used in) capital and related financing activities	(36,968)	(11,466,147)	(547,397)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income (loss)	85,874	1,123,030	443,600
Net cash (used in) investing activities	85,874	1,123,030	443,600
Net change in cash and cash equivalents	424,420	(61,630)	4,524,651
CASH AND CASH EQUIVALENTS:			
Beginning of year	7,620,730	106,998,142	11,996,944
End of year	<u>\$ 8,045,150</u>	<u>\$ 106,936,512</u>	<u>\$ 16,521,595</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 8,045,150	\$ 104,839,989	\$ 16,521,595
Restricted cash and investments	-	2,096,523	-
Total cash and cash equivalents	<u>\$ 8,045,150</u>	<u>\$ 106,936,512</u>	<u>\$ 16,521,595</u>

(Continued)

City of Redlands
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Non-major Funds	Total	Governmental Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (608,360)	\$ 1,970,205	\$ (2,870,974)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	317,151	8,364,919	549,543
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(13,429)	2,475,337	(2,372)
Prepaid items	-	11,835	404,861
Inventories	-	-	(1,114)
Lease receivable	134,115	225,028	-
Deferred outflows - OPEB related	83,654	1,673,078	501,923
Deferred outflows - pension related	(377,572)	(4,505,233)	(1,394,424)
Accounts payable	90,259	(1,668,280)	241,824
Accrued payroll	20,122	123,415	1,326
Deposits payable	76,160	(81,465)	-
Unearned revenue	(20,048)	(61,999)	-
Compensated absences	2,622	43,062	10,915
Claims payable	-	-	758,762
Landfill closure	-	876,490	-
Total OPEB liability	(587,761)	(11,755,221)	(3,526,566)
Net pension liability	1,196,392	10,384,835	3,656,241
Deferred inflows - lease related	(139,486)	(269,551)	-
Deferred inflows - OPEB related	572,995	11,459,896	3,437,969
Deferred inflows - pension related	(334,558)	(6,687,853)	(1,638,372)
Total adjustments	1,020,616	10,608,293	3,000,516
Net cash provided by (used in) operating activities	\$ 412,256	\$ 12,578,498	\$ 129,542
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Contributed property, plant and equipment	\$ 104,920	\$ 371,590	\$ -
Total noncash capital and related financing activities	\$ 104,920	\$ 371,590	\$ -

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Fiduciary Funds Financial Statements

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

RDA Successor Agency Private Purpose Trust Fund - This fund accounts for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

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City of Redlands
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Community Facilities District Custodial Fund	RDA Successor Agency Private Purpose Trust Fund
ASSETS		
Cash and investments	\$ 650	\$ -
Restricted cash and investments with fiscal agent	3,100,097	-
Total assets	<u>3,100,747</u>	<u>-</u>
LIABILITIES		
Accounts payable	5,856	-
Accrued liabilities	-	512
Due to City	-	369,064
Total liabilities	<u>5,856</u>	<u>369,576</u>
NET POSITION (DEFICIT)		
Restricted for:		
Individuals, organizations, and other governments	3,094,891	-
Held in trust for dissolution of RDA (deficit)	-	(369,576)
Total net position (deficit)	<u>\$ 3,094,891</u>	<u>\$ (369,576)</u>

City of Redlands
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Community Facilities District Trust Fund	RDA Successor Agency Private Purpose Trust Fund
ADDITIONS:		
Fee collections for other governments	\$ 1,597,148	\$ -
Investment income (loss)	125	84,737
RDA property tax trust fund distribution	-	5,181
Total additions	1,597,273	89,918
DEDUCTIONS:		
Administration	30,662	9,508
Contractual services	3,049	-
Conduit debt payment - principal	895,000	-
Conduit debt payment - interest	590,248	-
Total deductions	1,518,959	9,508
Change in net position	78,314	80,410
NET POSITION (DEFICIT):		
Beginning of year	3,016,577	(449,986)
End of period	\$ 3,094,891	\$ (369,576)

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Redlands
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For the Year Ended June 30, 2023

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City of Redlands
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City of Redlands
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The City is a municipal corporation governed by a five-member city council with the mayor elected by the council itself. The City was incorporated in 1888 under the general laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. The City provides the following services: police; building inspection; parks and streets; water; disposal; sanitation; leisure services; planning and zoning; general administration services; aviation; and redevelopment.

Blended Component Units

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

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

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

Redlands Public Improvement Corporation

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

Redlands Joint Powers Financing Authority (JPFA)

The Redlands Financing Authority (“Authority”) was established May 1, 1999, pursuant to the Joint Exercise of Powers Laws of the State of California. The Authority was created by the former Redevelopment Agency and the City for the primary purpose of assisting the financing of capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits. No separate annual financial statements are prepared for the Authority.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Related Organizations

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

B. Basis of Presentation, Accounting and Measurement Focus

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

Government-Wide Financial Statements

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

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

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

- Due to/from other funds
- Advance to/from other funds
- Due to City/from Fiduciary Funds
- Transfers in/out

Governmental Fund Financial Statements

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

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days for all revenues except grants, which use a six-month availability period.

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

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements (Continued)

The City reports the following major governmental funds:

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

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

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

Proprietary Fund Financial Statements

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

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

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

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

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

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

Fiduciary Fund Financial Statements

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fiduciary Fund Financial Statements (Continued)

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

Successor Agency of the Redevelopment Agency for the City of Redlands

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

C. Deferred Outflows and Inflows of Resources

The Statement of Net Position and Balance Sheet – Governmental Funds reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

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

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

D. Cash, Cash Equivalents and Investments

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Cash, Cash Equivalents and Investments (Continued)

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

For purposes of the statement of cash flows, amounts reported as cash and cash equivalents, include amounts on deposit in the City pool and any short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

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

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

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

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

Levels of inputs are as follows:

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

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

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

E. Restricted Cash and Investments

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Receivables

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

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

G. Interfund Transactions

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

H. Inventories and prepaid items

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

I. Leases

Lessee

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

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Leases (Continued)

Lessee (Continued)

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

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

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

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

Lessor

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

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

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

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Subscription-Based Information Technology Arrangements (SBITAs)

The City has a policy to recognize a SBITA liability and a right-to-use subscription asset (SBITA asset) in our financial statements with an initial, individual value of \$25,000 or more with a subscription term greater than one year.

At the commencement of a subscription, when the subscription asset is placed into service, the SBITA liability is measured at the present value of payments expected to be made during the subscription term. Future subscription payments are discounted using the City's incremental borrowing rate and the City recognizes amortization of the discount on the subscription liability as interest expense in subsequent financial reporting periods.

SBITA assets are measured as the sum of the initial subscription liability, payments made to the SBITA vendor before the commencement of the lease term, and capitalizable implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the subscription term.

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

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the period during which the City has a noncancelable right to use the underlying IT asset. The subscription term also includes periods covered by an option to extend if it is reasonably certain to be exercised.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option years that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a subscription and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use subscription assets are reported along with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

K. Capital Assets

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Capital Assets (Continued)

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:

Asset Type	Years
Infrastructure	20-75
Buildings and improvement	10-40
Machinery, equipment, and vehicles	3-25
Lease and subscription assets	Contract term

L. Long-Term Debt

Government-Wide Financial Statements and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Compensated Absences

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

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

N. Claims and Judgments Payable

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

O. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 11). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The General Fund and Internal Service Funds are typically used to liquidate the pension liability related to the City's governmental activities while the pension liability for Business-type activities is liquidated from the respective Enterprise Funds.

The following timeframes are used for pension reporting:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Pension Plans (Continued)

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

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan, the assets of which are held in an irrevocable trust, and additions to/deductions from the OPEB plan's fiduciary net position have been determined by an independent actuary (Note 12). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund and Internal Service Funds are typically used to liquidate the OPEB liability related to the City's governmental activities while the OPEB liability for Business-type activities is liquidated from the respective Enterprise Funds.

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022

Q. 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.

R. Fund Balances

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

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Fund Balances (Continued)

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

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

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

Fund Balance Flow Assumptions

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

Net Position Flow Assumption

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

Stabilization Arrangement

As described in Chapter 3.06 of the Municipal Code, the City has established a stabilization arrangement committing a minimum of 12 percent of the sum of the General Fund’s operating expenses and operating transfers out. The balance at June 30, 2023, is \$9,794,310 and is included in committed fund balance. These funds may be used only when the City is faced with an unforeseen or uncontrollable event which includes but is not limited to:

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Net Position

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

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

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

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

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

T. 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.

U. Use of Accounting Estimates

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

V. Implementation of New GASB Pronouncements for the Year Ended June 30, 2023

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2023. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

V. Implementation of New GASB Pronouncements for the Year Ended June 30, 2023 (Continued)

GASB Statement No. 91

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

GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Implementation of this statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 96

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

GASB Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2023.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

W. Upcoming Government Accounting Standards Implementations

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

GASB Statement No. 100

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

GASB Statement No. 101

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

Note 2 – Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2023 as follows:

	<u>Government-Wide Statement of Net Position</u>			<u>Fiduciary Funds</u>	
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Statement of</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Net Position</u>	
Cash and investments	\$ 150,768,235	\$ 104,839,989	\$ 255,608,224	\$ 650	\$ 255,608,874
Cash and investments with fiscal agent	257,351	2,096,523	2,353,874	3,100,097	5,453,971
Total cash and investments	\$ 151,025,586	\$ 106,936,512	\$ 257,962,098	\$ 3,100,747	\$ 261,062,845

Cash and investments at June 30, 2023, consisted of the following:

Cash:	
Cash on hand	\$ 4,000
Deposits with financial institutions	46,149,767
Total cash	46,153,767
Investments:	
Investments	209,455,107
Investments held by bond trustee	5,453,971
Total investments	214,909,078
Total cash and investments	\$ 261,062,845

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

A. Demand Deposits

The carrying amounts of the City’s demand deposits were \$46,149,767 at June 30, 2023. Bank balances were \$48,335,400 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City’s name as discussed below.

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

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

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

B. Investments Authorized by the California Government Code and the City’s Investment Policy

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

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

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

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

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

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

C. Investments Authorized by Debt Agreements

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2023, investments, excluding restricted cash and investments held by fiscal agent, are reported at fair value based on quoted market prices. The following table presents the fair value measurements of investments recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2023:

Investments measured by fair value level:	Total at June 30, 2023	Level 1	Level 2
Federal Agency Securities	\$ 114,320,022	\$ -	\$ 114,320,022
Corporate Bonds	35,212,725	-	35,212,725
Negotiable Certificates of Deposit	16,337,129	-	16,337,129
Municipal Bonds	14,172,843	-	14,172,843
U.S. Treasury Notes	8,415,570	8,415,570	-
Total investments by fair value level	188,458,289	\$ 8,415,570	\$ 180,042,719
Investments not subject to the fair value hierarchy:			
Local Agency Investment Fund	20,996,818		
Money market mutual funds	5,453,971		
Total investments not subject to the fair value hierarchy	26,450,789		
Total investments	\$ 214,909,078		

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

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

E. Risk Disclosure

Disclosures Relating to Interest Rate Risk

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

E. Risk Disclosure (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	37 to 48 Months	More than 48 Months	Total
<i>Held by City:</i>						
Federal Agency Securities	\$ 13,719,510	\$ 24,508,938	\$ 32,295,797	\$ 30,648,593	\$ 13,147,184	\$ 114,320,022
Corporate Bonds	9,713,680	10,494,280	7,348,678	4,791,587	2,864,500	35,212,725
Negotiable Certificates of Deposit	3,423,446	3,989,839	3,459,566	3,001,933	2,462,346	16,337,130
Municipal Bonds	5,063,212	3,199,174	2,741,727	1,545,129	1,623,600	14,172,842
U.S. Treasury Notes	1,965,500	1,904,060	2,763,710	1,782,300	-	8,415,570
Local Agency Investment Fund	20,996,818	-	-	-	-	20,996,818
<i>Held by Trustees:</i>						
Money Market Funds	5,453,971	-	-	-	-	5,453,971
Total investments	\$ 60,336,137	\$ 44,096,291	\$ 48,609,478	\$ 41,769,542	\$ 20,097,630	\$ 214,909,078

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	AA+/ AA/AA-	A+/A/A-	AAA/AAAm	Not Rated
<i>Held by City:</i>						
Federal Agency Securities	\$114,320,022	N/A	\$ 45,202,317	\$ -	\$ 2,344,425	\$ 66,773,280
Corporate Bonds	35,212,725	A	8,788,047	22,645,258	3,779,420	-
Negotiable Certificates of Deposit	16,337,129	N/A	-	-	-	16,337,129
Municipal Bonds	14,172,843	A	11,158,178	916,090	-	2,098,575
<i>Held by Trustee:</i>						
Money Market Funds	5,453,971	-	-	-	-	5,453,971
Total Rated Investments	185,496,690	-	\$ 65,148,542	\$ 23,561,348	\$ 6,123,845	\$ 90,662,955
<i>Not rated:</i>						
Local Agency Investment Fund	20,996,818	N/A	-	-	-	-
<i>Exempt from credit rating disclosure:</i>						
U.S. Treasury Notes	8,415,570	N/A	-	-	-	-
Total investments	\$214,909,078	-	-	-	-	-

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

E. Risk Disclosure (Continued)

Disclosure Relating to Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Bank	Federal Agency Securities	\$ 64,367,409	29.95%
Federal Home Loan Mortgage Corporation	Federal Agency Securities	22,022,561	10.25%
Federal Farm Credit Bank	Federal Agency Securities	16,953,450	7.89%

Disclosures Relating to Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2023, the City’s deposits (bank balances) were collateralized under California Law.

F. Investment in State Investment Pool

The City is a participant in the Local Agency Investment Fund (“LAIF”) which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments in LAIF at June 30, 2023 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

F. Investment in State Investment Pool (Continued)

As of June 30, 2023, the City had \$20,996,818 invested in LAIF, which had invested 2.78% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where fair value is not readily available. The City valued its investments in LAIF as of June 30, 2023, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The fair value of the City's position in the pool is the same as the value of the pool shares. The credit quality rating of LAIF is unrated as of June 30, 2023.

Note 3 – Lease Receivable

A. Governmental Activities

The portion of the City's property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 1 to 30 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2023, the City recognized \$1,396,611 in lease revenue and \$53,742 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2023 is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022	Additions	Deletions		Due within One Year	Due in More Than One Year
Leases receivable	\$ 5,867,414	\$ 163,676	\$ (1,585,891)	\$ 4,445,199	\$ 1,107,155	\$ 3,338,044
Total	\$ 5,867,414	\$ 163,676	\$ (1,585,891)	\$ 4,445,199	\$ 1,107,155	\$ 3,338,044

As of June 30, 2023, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,107,155	\$ 45,932	\$ 1,153,087
2025	861,590	38,645	900,235
2026	639,767	32,111	671,878
2027	329,902	27,595	357,497
2028	246,507	24,194	270,701
2029-2033	523,492	90,896	614,388
2034-2038	394,263	51,905	446,168
2039-2043	342,523	15,920	358,443
Total	\$ 4,445,199	\$ 327,198	\$ 4,772,397

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Lease Receivable (Continued)

A. Governmental Activities (Continued)

As of June 30, 2023, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30,	Amortization Schedule
2024	\$ 1,129,215
2025	862,259
2026	631,858
2027	331,649
2028	245,400
2029-2033	587,735
2034-2038	257,200
2039-2043	213,366
Total	\$ 4,258,682

B. Business-Type Activities

The portion of the City’s property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 2 to 30 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2023, the City recognized \$269,551 in lease revenue and \$47,305 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2023 is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022	Additions	Deletions		Due within One Year	Due in More Than One Year
Leases receivable	\$ 2,848,805	\$ -	\$ (225,028)	\$ 2,623,777	\$ 229,628	\$ 2,394,149
Total	\$ 2,848,805	\$ -	\$ (225,028)	\$ 2,623,777	\$ 229,628	\$ 2,394,149

As of June 30, 2023, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 229,628	\$ 43,981	\$ 273,609
2025	227,499	40,580	268,079
2026	216,649	37,180	253,829
2027	230,833	33,631	264,464
2028	236,592	29,924	266,516
2029-2033	587,533	106,672	694,205
2034-2038	233,508	79,107	312,615
2039-2043	310,478	51,928	362,406
2044-2048	351,057	16,478	367,535
Total	\$ 2,623,777	\$ 439,481	\$ 3,063,258

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Lease Receivable (Continued)

B. Business-Type Activities (Continued)

As of June 30, 2023, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

<u>Year Ending June 30,</u>	<u>Amortization Schedule</u>
2024	\$ 269,551
2025	262,776
2026	242,451
2027	242,451
2028	242,451
2029-2033	654,520
2034-2038	185,005
2039-2043	231,256
2044-2048	204,277
Total	\$ 2,534,738

Note 4 – Interfund Receivables, Payables, and Transfers

A. Due To / From Other Funds

At June 30, 2023, the City reported a short term cash flow borrowing of \$641,625 between the General Fund and the Transportation Development Act Special Revenue Fund to cover deficit cash positions.

B. Advance From / From Other Funds

As of June 30, 2023, advances to/from other funds were as follows:

Advances To	Advances From	Amount
General Fund	Public Facilities Development Special Revenue Fund	\$ 7,690,541
Water Enterprise Fund	Public Facilities Development Special Revenue Fund	16,091
Water Enterprise Fund	Cemetery Enterprise Fund	613,912
Solid Waste Enterprise Fund	Aviation Enterprise Fund	737,613
	Total	\$ 9,058,157

The General Fund has advanced the Public Facilities Development Fund \$7,690,541 to provide funding for capital expenditures and debt service for capital facilities. The balance will be repaid through future development impact fee collections. An additional advance was made to the Public Facilities Fund to assist in debt service payments on the COP's. At June 30, 2023, this advance was from the Water Fund for \$16,091.

The Water Enterprise Fund and Solid Waste Enterprise Fund advanced the Cemetery and Aviation Enterprise Funds a total of \$1,351,525 to provide funding for capital expenditures.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

C. Transfers

Interfund transfers during the year ended June 30, 2023, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Fund	State Gas Tax Special Revenue Fund	\$ 1,820,881	Capital projects
General Fund	Traffic Safety Special Revenue Fund	135,579	Program subsidy
General Fund	Water Enterprise Fund	253,614	Program subsidy
General Fund	Disposal Enterprise Fund	62,387	Program subsidy
General Fund	Wastewater Service Enterprise Fund	26,738	Program subsidy
General Fund	Information Technology Internal Service Fund	7,994	Fixed Asset Transfer
	Subtotal	<u>2,307,193</u>	
Governmental Grants Special Revenue Fund	General Fund	97	Program subsidy
Emergency Service Special Revenue Fund	General Fund	4,152,246	Program subsidy
Downtown Redlands Business Area Special Revenue Fund	General Fund	104,064	Program subsidy
Parking Authority Special Revenue Fund	General Fund	11,463	Program subsidy
Landscape Maintenance District Special Revenue Fund	General Fund	7,344	Program subsidy
Wastewater Service Enterprise Fund	General Fund	21,450	Capital projects
Groves Enterprise Fund	General Fund	64,850	Capital projects
General Liability Self-Insurance Internal Service Fund	General Fund	4,576,046	Reserve funding
	Subtotal	<u>8,937,560</u>	
PARIS Special Revenue Fund	State Gas Tax Special Revenue Fund	1,594,984	Capital projects
PARIS Special Revenue Fund	Measure I Special Revenue Fund	588,713	Capital projects
PARIS Special Revenue Fund	Water Enterprise Fund	102,412	Capital projects
PARIS Special Revenue Fund	Disposal Enterprise Fund	2,051,020	Capital projects
PARIS Special Revenue Fund	Wastewater Service Enterprise Fund	17,088	Capital projects
	Subtotal	<u>4,354,217</u>	
Groves Enterprise Fund	CFD 2004-1 Assessment Special Revenue Fund	134,122	Capital projects
Groves Enterprise Fund	Disposal Enterprise Fund	93,877	Capital projects
	Subtotal	<u>227,999</u>	
General Liability Self-Insurance Internal Service Fund	Water Enterprise Fund	200,000	Reserve funding
General Liability Self-Insurance Internal Service Fund	Disposal Enterprise Fund	50,000	Reserve funding
General Liability Self-Insurance Internal Service Fund	Wastewater Service Fund	200,000	Reserve funding
	Subtotal	<u>450,000</u>	
Water Enterprise Fund	Air Quality Management District Special Revenue Fund	645	Program subsidy
Water Enterprise Fund	Non-Potable Water Enterprise Fund	343,992	Fixed asset transfer
General Debt Service Fund	Payroll Clearing Internal Service Fund	519,146	Debt service - pension bonds
	Total	<u>\$ 17,140,752</u>	

Note 5 – Due to City / Due from Fiduciary Fund

At June 30, 2023, the City reported a short term cash flow borrowing of \$369,064 between the General Fund and the RDA Successor Agency Private Purpose Trust Fund to cover deficit cash positions.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Capital Assets

A. Governmental Activities

The summary of changes in governmental activities capital assets for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022, as restated	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 40,956,320	\$ -	\$ -	\$ -	\$ 40,956,320
Water rights	408,125	-	-	-	408,125
Right of way	295,304,762	41,800,903	-	-	337,105,665
Construction in progress	7,126,967	7,959,471	-	(3,681,687)	11,404,751
Total capital assets, not being depreciated	<u>343,796,174</u>	<u>49,760,374</u>	<u>-</u>	<u>(3,681,687)</u>	<u>389,874,861</u>
Capital assets, being depreciated:					
Infrastructure	262,936,330	9,575,037	(402,771)	250,521	272,359,117
Building and improvements	60,553,082	989,683	-	305,040	61,847,805
Machinery, equipment and vehicles	22,262,850	1,223,496	(684,925)	3,667,486	26,468,907
Total capital assets, being depreciated	<u>345,752,262</u>	<u>11,788,216</u>	<u>(1,087,696)</u>	<u>4,223,047</u>	<u>360,675,829</u>
Accumulated depreciation:					
Infrastructure	(106,199,699)	(5,881,066)	338,906	-	(111,741,859)
Building and improvements	(21,970,444)	(2,277,307)	-	-	(24,247,751)
Machinery, equipment and vehicles	(18,802,369)	(1,430,603)	684,925	(541,360)	(20,089,407)
Total accumulated depreciation	<u>(146,972,512)</u>	<u>(9,588,976)</u>	<u>1,023,831</u>	<u>(541,360)</u>	<u>(156,079,017)</u>
Total capital assets, being depreciated, net	<u>198,779,750</u>	<u>2,199,240</u>	<u>(63,865)</u>	<u>3,681,687</u>	<u>204,596,812</u>
Lease assets, being amortized:					
Buildings and improvements	53,177	-	-	-	53,177
Machinery, equipment and vehicles	851,536	384,011	-	-	1,235,547
Total lease assets, being amortized	<u>904,713</u>	<u>384,011</u>	<u>-</u>	<u>-</u>	<u>1,288,724</u>
Accumulated amortization:					
Buildings and improvements	(8,863)	(8,863)	-	-	(17,726)
Machinery, equipment and vehicles	(173,849)	(269,387)	-	-	(443,236)
Total accumulated amortization	<u>(182,712)</u>	<u>(278,250)</u>	<u>-</u>	<u>-</u>	<u>(460,962)</u>
Total lease assets, being amortized, net	<u>722,001</u>	<u>105,761</u>	<u>-</u>	<u>-</u>	<u>827,762</u>
Subscription assets being amortized	593,542	-	-	-	593,542
Less: accumulated amortization	-	(228,860)	-	-	(228,860)
Total subscription assets being amortized, net	<u>593,542</u>	<u>(228,860)</u>	<u>-</u>	<u>-</u>	<u>364,682</u>
Total capital assets, net	<u>\$ 543,891,467</u>	<u>\$ 51,836,515</u>	<u>\$ (63,865)</u>	<u>\$ -</u>	<u>\$ 595,664,117</u>

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

General government	\$ 872,180
Public safety	1,193,953
Culture and recreation	1,246,467
Highway and streets	6,233,943
Internal service funds	549,543
Total depreciation/amortization expense	<u>\$ 10,096,086</u>

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Capital Assets (Continued)

B. Business-Type Activities

The summary of changes in business-type activities capital assets for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022, as restated	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 26,667,376	\$ 1,401,681	\$ -	\$ -	\$ 28,069,057
Water rights	9,881,460	2,635	-	-	9,884,095
Construction in progress	14,225,414	5,655,727	-	(11,417,543)	8,463,598
Total capital assets, not being depreciated	<u>50,774,250</u>	<u>7,060,043</u>	<u>-</u>	<u>(11,417,543)</u>	<u>46,416,750</u>
Capital assets, being depreciated:					
Infrastructure	199,550,139	3,114,536	-	3,101,869	205,766,544
Building and improvements	113,470,547	874,986	-	8,315,674	122,661,207
Machinery, equipment and vehicles	25,081,193	617,771	(1,061,169)	(541,360)	24,096,435
Total capital assets, being depreciated	<u>338,101,879</u>	<u>4,607,293</u>	<u>(1,061,169)</u>	<u>10,876,183</u>	<u>352,524,186</u>
Accumulated depreciation:					
Infrastructure	(90,358,374)	(3,544,560)	-	-	(93,902,934)
Buildings and improvements	(79,492,726)	(2,973,893)	-	-	(82,466,619)
Machinery, equipment and vehicles	(17,424,073)	(1,719,654)	1,056,211	541,360	(17,546,156)
Total accumulated depreciation	<u>(187,275,173)</u>	<u>(8,238,107)</u>	<u>1,056,211</u>	<u>541,360</u>	<u>(193,915,709)</u>
Total capital assets, being depreciated, net	<u>150,826,706</u>	<u>(3,630,814)</u>	<u>(4,958)</u>	<u>11,417,543</u>	<u>158,608,477</u>
Lease assets, being amortized:					
Buildings and improvements	53,178	-	-	-	53,178
Machinery, equipment and vehicles	94,005	473,907	-	-	567,912
Total lease assets, being amortized	<u>147,183</u>	<u>473,907</u>	<u>-</u>	<u>-</u>	<u>621,090</u>
Accumulated amortization:					
Buildings and improvements	(8,863)	(8,863)	-	-	(17,726)
Machinery, equipment and vehicles	(20,766)	(61,974)	-	-	(82,740)
Total accumulated amortization	<u>(29,629)</u>	<u>(70,837)</u>	<u>-</u>	<u>-</u>	<u>(100,466)</u>
Total lease assets, being amortized, net	<u>117,554</u>	<u>403,070</u>	<u>-</u>	<u>-</u>	<u>520,624</u>
Subscription assets	107,285	-	-	-	107,285
Less: accumulated amortization	-	(55,975)	-	-	(55,975)
Total subscription assets, being amortized, net	<u>107,285</u>	<u>(55,975)</u>	<u>-</u>	<u>-</u>	<u>51,310</u>
Total capital assets, net	<u>\$ 201,825,795</u>	<u>\$ 3,776,324</u>	<u>\$ (4,958)</u>	<u>\$ -</u>	<u>\$ 205,597,161</u>

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

Water Fund	\$ 4,504,009
Disposal Fund	1,130,634
Wastewater Fund	2,413,125
Groves Fund	29,943
Non-Potable Water Fund	7,329
Cemetery Fund	56,794
Aviation Fund	223,085
Total depreciation/amortization expense	<u><u>\$ 8,364,919</u></u>

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities

A. Governmental Activities

A summary of changes in the long-term liabilities of the governmental activities for the year ended June 30, 2023, is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022, as restated	Debt Issued	Debt Retired		Due within One Year	Due in More Than One Year
Governmental Activities:						
Public borrowings:						
Taxable Pension Funding Bonds	\$ 6,390,000	\$ -	\$ (1,620,000)	\$ 4,770,000	\$ 185,000	\$ 4,585,000
less: accreted interest	(217,044)	-	54,522	(162,522)	-	(162,522)
Total taxable pension funding bonds	6,172,956	-	(1,565,478)	4,607,478	185,000	4,422,478
Direct borrowings:						
Notes payable:						
I-Bank Sports Park	1,219,286	-	(64,840)	1,154,446	66,882	1,087,564
Finance Purchase Agreements	3,795,681	-	(591,561)	3,204,120	564,780	2,639,340
Total notes payable	5,014,967	-	(656,401)	4,358,566	631,662	3,726,904
Lease liability	724,361	384,011	(276,265)	832,107	326,272	505,835
Subscription liability	404,423	-	(218,994)	185,429	130,269	55,160
Total	\$ 12,316,707	\$ 384,011	\$ (2,717,138)	\$ 9,983,580	\$ 1,273,203	\$ 8,710,377

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 through February 1, 2037. The amount outstanding at June 30, 2023, is \$4,770,000.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 185,000	\$ 207,455	\$ 392,455
2025	200,000	207,455	407,455
2026	215,000	207,455	422,455
2027	230,000	207,455	437,455
2028	250,000	207,455	457,455
2029-2033	1,630,000	863,610	2,493,610
2034-2037	2,060,000	257,917	2,317,917
Subtotal	4,770,000	2,158,802	6,928,802
Less: accreted interest	(162,522)	-	(162,522)
Total	\$ 4,607,478	\$ 2,158,802	\$ 6,766,280

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

I-Bank Sports Park Note Payable

On December 1, 2006, the City entered into this agreement for the purpose of obtaining additional funds to complete the Sports Park project. The City has agreed to pay the amount over thirty years commencing on the date of the lease, which carries an annual interest rate of 3.15 percent with principal and interest payments due every six months starting August 1, 2007, and the final payment to be made on August 1, 2036. The City pledged the Community Center to obtain this loan with I-Bank. At June 30, 2023, the outstanding balance of the I-Bank Sports Park Lease Liability balance was \$1,154,446.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 66,882	\$ 35,312	\$ 102,194
2025	68,988	33,172	102,160
2026	71,162	30,964	102,126
2027	73,403	28,687	102,090
2028	75,715	26,339	102,054
2029-2033	415,891	93,793	509,684
2034-2037	382,405	24,558	406,963
Total	\$ 1,154,446	\$ 272,825	\$ 1,427,271

Finance Purchase Agreements

The City has entered into various finance purchase agreements for various equipment purchases. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The assets acquired under capital leases are classified as machinery, equipment and vehicles. The finance purchase agreements carry annual interest rates from 2.58 to 8.12 percent with principal and interest payments due bi-annually. The gross value of equipment acquired under finance purchase agreements at June 30, 2023, was \$5,193,092, with an accumulated amortization of \$1,988,972. The outstanding balance at June 30, 2023, is \$3,204,120.

The annual debt service requirements of the finance purchase agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 564,780	\$ 84,806	\$ 649,586
2025	389,348	67,861	457,209
2026	377,400	56,198	433,598
2027	355,581	46,117	401,698
2028	364,797	36,801	401,598
2029-2032	1,152,214	52,578	1,204,792
Total	\$ 3,204,120	\$ 344,361	\$ 3,548,481

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Lease Liability

The City has entered into leases for building space and equipment use. The terms of the agreements range from 5 to 6 years. The calculated interest rates varied based on the length of the lease ranging from 0.38 to 0.85 percent. As of June 30, 2023, the capitalized right-to-use assets related to leases were \$1,288,724 and the total lease liability was \$832,107, of which \$326,272 is reported as a current liability representing the amount due within the next fiscal year.

The annual debt service requirements of the lease liability are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 326,272	\$ 4,788	\$ 331,060
2025	305,731	2,724	308,455
2026	116,969	1,136	118,105
2027	68,798	422	69,220
2028	14,337	208	14,545
Total	\$ 832,107	\$ 9,278	\$ 841,385

Subscription Liability

The City has entered into subscription-based information technology arrangements (SBITAs) for services related to cloud-based software applications, data storage and management services. Under the terms of these arrangements, the City does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription periods vary, with initial non-cancellable terms ranging from 2 to 6 years. The calculated interest rates varied ranging from 2.92 percent to 3.01 percent, which is based on the length of the SBITA and date of the agreement.

As of June 30, 2023, the capitalized right-to-use assets related to SBITAs were \$593,542 and the total subscription liability was \$185,429, of which \$130,269 is reported as a current liability representing the amount due within the next fiscal year.

The annual debt service requirements of the subscription liability are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 130,269	\$ 5,103	\$ 135,372
2025	55,160	1,541	56,701
Total	\$ 185,429	\$ 6,644	\$ 192,073

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities

A summary of changes in the long-term liabilities of the business-type activities for the year ended June 30, 2023, is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022, as restated	Debt Issued	Debt Retired		Due within One Year	Due in More Than One Year
Business-Type Activities:						
Public borrowings:						
Bonds payable:						
Solid Waste Revenue Bonds, Series 2013A	\$ 3,240,000	\$ -	\$ (1,580,000)	\$ 1,660,000	\$ 1,660,000	\$ -
add: unamortized premium	168,353	-	(168,353)	-	-	-
Total bonds payable	<u>3,408,353</u>	<u>-</u>	<u>(1,748,353)</u>	<u>1,660,000</u>	<u>1,660,000</u>	<u>-</u>
Direct borrowings:						
Notes payable						
California Recycled Water Project	1,042,560	-	(338,975)	703,585	347,449	356,136
Safe Drinking Water Project	1,629,905	-	(347,600)	1,282,305	355,782	926,523
Hinckley Water Treatment Plant Upgrade	6,734,338	-	(487,674)	6,246,664	499,951	5,746,713
I-Bank Solid Waste	2,180,871	-	(139,553)	2,041,318	143,754	1,897,564
I-Bank City Streets	2,401,368	-	(138,273)	2,263,095	142,753	2,120,342
Finance Purchase Agreements	536,927	-	(135,372)	401,555	139,400	262,155
Total notes payable	<u>14,525,969</u>	<u>-</u>	<u>(1,587,447)</u>	<u>12,938,522</u>	<u>1,629,089</u>	<u>11,309,433</u>
Lease liability	118,959	473,906	(69,458)	523,407	122,801	400,606
Subscription liability	54,067	-	(54,067)	-	-	-
Total	<u>\$ 18,107,348</u>	<u>\$ 473,906</u>	<u>\$ (3,459,325)</u>	<u>\$ 15,121,929</u>	<u>\$ 3,411,890</u>	<u>\$ 11,710,039</u>

Solid Waste Revenue Bonds, Series 2013A

The \$13,500,000 of Solid Waste Revenue Bonds, issue of 2013, Series A, consists of serial bonds with varying interest rates from 3 percent to 5 percent. Interest is payable semiannually on March 1 and September 1. Serial bonds mature semiannually September 1, 2014 through September 1, 2023. The revenues of the Disposal Fund are pledged as security toward the payment of this debt. The proceeds were used to finance a portion of the cost of acquisition and construction of street improvements within the City of Redlands. The amount outstanding at June 30, 2023, was \$1,660,000 with an unamortized premium of \$0.

The City has pledged future solid waste revenues, net of specified operating expenses to repay revenue bonds. Net revenues are defined in the 2013A (Solid Waste) bond document as operating income, less specified operating expenses, plus specified non-operating income. The 2013A bonds are payable through 2024. For the current year, principal and interest paid on the Solid Waste Revenue Bonds, Series 2013A was \$1,702,500, and current year net revenues were \$2,902,544.

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

Year Ending	Principal	Interest	Total
June 30,			
2024	\$ 1,660,000	\$ 41,500	\$ 1,701,500
Total	<u>\$ 1,660,000</u>	<u>\$ 41,500</u>	<u>\$ 1,701,500</u>

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

California Recycled Water Project Note Payable

On September 2, 2003, the City entered into a loan agreement with the California Water Resources Control Board in the amount of \$7,918,234 to assist in financing the construction of advanced wastewater treatment facilities at the existing wastewater treatment plant. The note carries an annual interest rate of 2.5 percent with principal and interest payments due annually starting November 30, 2005 through November 30, 2024. The amount outstanding at June 30, 2023, was \$703,585.

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

Year Ending			
June 30,	Principal	Interest	Total
2024	\$ 347,449	\$ 17,590	\$ 365,039
2025	356,136	8,903	365,039
Total	\$ 703,585	\$ 26,493	\$ 730,078

Safe Drinking Water Project Note Payable

On January 30, 2004, the City entered into a loan agreement with the State of California, Department of Water Resources in the amount of \$1,664,876 to assist in financing construction of a project which will enable the City to meet safe drinking water standards. As of June 30, 2006, the loan had been increased to \$6,100,844. The note carries an annual interest rate of 2.34 percent with principal and interest payments due every six months starting January 1, 2006 through January 1, 2027. At June 30, 2023, the City has \$1,282,305 in outstanding principal.

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

Year Ending			
June 30,	Principal	Interest	Total
2024	\$ 355,782	\$ 27,937	\$ 383,719
2025	364,156	19,563	383,719
2026	372,727	10,992	383,719
2027	189,640	2,219	191,859
Total	\$ 1,282,305	\$ 60,711	\$ 1,343,016

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Hinckley Water Treatment Plant Upgrade Note Payable

On June 21, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Hinckley water treatment plant upgrade. The City may borrow up to \$13,663,033 or the eligible costs of the project, whichever is less. The loan has an interest rate of 2.5017 percent with maturities through 2034. Principal and interest is due every six months starting January 1, 2011 through July 1, 2034. The outstanding balance at June 30, 2023, is \$6,246,664.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 499,951	\$ 153,165	\$ 653,116
2025	512,536	140,580	653,116
2026	525,439	127,678	653,117
2027	538,666	114,450	653,116
2028	552,226	100,890	653,116
2029-2033	2,976,783	288,798	3,265,581
2034	641,063	12,053	653,116
Total	\$ 6,246,664	\$ 937,614	\$ 7,184,278

I-Bank Solid Waste Note Payable

On March 2, 2015, the City entered into an agreement for the purpose of obtaining additional funds to complete the Solid Waste project. The City has agreed to pay the amount over twenty years commencing on the date of the loan, which carries an annual interest rate of 3.01 percent with principal and interest payments due every six months starting August 1, 2015 through August 1, 2034. At June 30, 2023, the outstanding balance of the loan was \$2,041,318.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 143,754	\$ 59,280	\$ 203,034
2025	148,081	54,888	202,969
2026	152,538	50,364	202,902
2027	157,129	45,703	202,832
2028	161,859	40,902	202,761
2029-2033	885,374	127,288	1,012,662
2034-2035	392,583	11,904	404,487
Total	\$ 2,041,318	\$ 390,329	\$ 2,431,647

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

I-Bank City Streets Note Payable

On July 1, 2016, the City entered into an agreement for the purpose of obtaining funds for the City Streets project. The City has agreed to pay the amount over twenty years commencing on the date of the loan, which carries an annual interest rate of 3.24 percent with principal and interest payments due every six months starting August 1, 2017 through August 1, 2035. At June 30, 2023, the outstanding balance of the loan was \$2,263,095.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 142,753	\$ 71,012	\$ 213,765
2025	147,378	66,312	213,690
2026	152,153	61,459	213,612
2027	157,083	56,450	213,533
2028	162,172	51,278	213,450
2029-2033	893,166	172,750	1,065,916
2034-2036	608,390	29,987	638,377
Total	\$ 2,263,095	\$ 509,248	\$ 2,772,343

Finance Purchase Agreements

The City has entered into various finance purchase agreements for various equipment purchases. These lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The finance purchase agreements carry annual interest rates from 2.99 to 3.35 percent with principal and interest payments due bi-annually. The asset acquired under the finance purchase agreement is classified as machinery, equipment and vehicles. The gross value of equipment acquired under finance purchase agreements at June 30, 2023, was \$787,6210, with an accumulated amortization of \$388,066. The outstanding balance at June 30, 2023, is \$401,555.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 139,400	\$ 12,120	\$ 151,520
2025	143,631	7,999	151,630
2026	118,524	3,544	122,068
Total	\$ 401,555	\$ 23,663	\$ 425,218

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Lease Liability

The City has entered into leases for building space and equipment use. The terms of the agreements range from 5 to 6 years. The calculated interest rates varied based on the length of the lease ranging from 0.38 to 0.85 percent. As of June 30, 2023, the capitalized right-to-use assets related to leases were \$621,090 and the total lease liability was \$523,407, of which \$122,801 is reported as a current liability representing the amount due within the next fiscal year.

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 122,801	\$ 3,870	\$ 126,671
2025	124,242	2,872	127,114
2026	115,754	1,874	117,628
2027	106,067	954	107,021
2028	54,543	159	54,702
Total	\$ 523,407	\$ 9,729	\$ 533,136

Subscription Liability

The City has entered into subscription-based information technology arrangements (SBITAs) for services related to cloud-based software applications, data storage and management services. Under the terms of these arrangements, the City does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription period was for 2 years. The calculated interest rates varied ranging from 2.92 percent to 3.01 percent, which is based on the length of the SBITA and date of the agreement.

As of June 30, 2023, the capitalized right-to-use assets related to SBITAs were \$107,285 and the total subscription liability was \$0.

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

A summary of changes in the long-term liabilities of the fiduciary fund financial statements for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Debt Issued	Debt Retired	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Fiduciary Activities:						
Public borrowings:						
Tax allocation bonds:						
Series 2016A	\$ 2,095,000	\$ -	\$ (2,095,000)	\$ -	\$ -	\$ -
Add: unamortized bond premiums	16,295	-	(16,295)	-	-	-
Series 2016B	405,000	-	(405,000)	-	-	-
Add: unamortized bond premiums	(292)	-	292	-	-	-
Total tax allocation bonds	2,516,003	-	(2,516,003)	-	-	-
Total	\$ 2,516,003	\$ -	\$ (2,516,003)	\$ -	\$ -	\$ -

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

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

Tax Allocation Refunding Bonds, Series 2016A & B

In March of 2016, the Agency issued \$16,610,000 in 2016 Tax Allocation Bonds, Series A and B, with interest rates ranging from 1.00 percent to 4.00 percent. The proceeds of the bonds were used to refund the 1998A, 2003A and 2007A Tax Allocation Bond, to fund a deposit to a debt service reserve account, and to pay costs incurred in connection with the issuance, sale and delivery of the Series 2016A & B bonds. Interest is payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2016. Principal is payable on August 1 each year, commencing August 1, 2016. As of June 30, 2023, the outstanding principal balance on the bonds is paid off.

Tax Allocation Bonds held by the Successor Agency of the Redevelopment Agency of the City of Redlands are secured by property tax revenues. For the current year, principal and interest paid on the Series 2016A & B, Tax Allocation Bonds was \$2,546,963, and Redevelopment Agency Property Tax Trust Fund distributions were \$5,181.

Note 8 – Special Assessment Debt with No City Commitment

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

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 2026 in the amount of \$2,535,000 are term bonds. The interest rates on the bonds range from 3.75% to 6.45%. The outstanding balance at June 30, 2023, was \$2,535,000.

In February 2004, the City issued for and on behalf of the Community Facilities District No. 2003-1 (Redlands Business Center) \$9,545,000 aggregate principal amount of 2004 Special Tax Bonds to finance the acquisition and construction of certain street improvements, sewers, storm drains, water distribution facilities, and other public improvements within the District. The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from proceeds of annual special tax to be levied on the property within the District. Bonds maturing in the years 2006 to 2021 are serial bonds payable in annual installments of \$20,000 to \$270,000, while bonds maturing in the year 2027 in the amount of \$2,255,000 and bonds maturing in the year 2033 in the amount of \$5,280,000 are term bonds. The interest rates on the bonds range from 2.50% to 5.90%. The outstanding balance at June 30, 2023, was \$6,830,000.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Special Assessment Debt with No City Commitment (Continued)

Noncommittal debt amounts issued and outstanding at June 30, 2023 are as follows:

	Original Amount	Outstanding Balance June 30, 2023
CFD 2001-1 Special Tax Bonds (Northwest Development Project)	\$ 9,255,000	\$ 2,535,000
CFD 2003-1 Special Tax Bonds (Redlands Business Center)	9,545,000	6,830,000
Total	\$ 18,800,000	\$ 9,365,000

Note 9 – Compensated Absences

A. Governmental Activities

A summary of changes in the compensated absences balances for the governmental activities for the year ended June 30, 2023 is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022	Additions	Deletions		Due within One Year	Due in More Than One Year
Compensated absences	\$ 7,760,175	\$ 4,605,700	\$ (4,440,459)	\$ 7,925,416	\$ 3,962,708	\$ 3,962,708

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

Governmental Funds	\$ 7,510,618
Liability Self-Insurance Internal Service Fund	2,804
Information Technology Internal Service Fund	176,714
Workers Compensation	
Self-Insurance Internal Service Fund	5,006
Equipment Maintenance Internal Service Fund	67,847
Utility Billing Internal Service Fund	162,427
Total	\$ 7,925,416

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Compensated Absences (Continued)

B. Business-Type Activities

A summary of changes in the compensated absences balances for the business-type activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Compensated absences	\$ 1,022,107	\$ 1,200,253	\$ (1,157,191)	\$ 1,065,169	\$ 532,585	\$ 532,584

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

Water Fund	\$ 502,416
Disposal Fund	248,136
Wastewater Fund	280,845
Groves Fund	542
Non-Potable Water Fund	260
Cemetery Fund	32,081
Aviation Fund	889
Total	<u><u>\$ 1,065,169</u></u>

Note 10 – 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 \$11,606,913 reported as landfill closure and post closure liability at June 30, 2023, represents the cumulative amount reported to date based on the use of 68.59 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 \$5,315,899 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform closure and post closure activities in 2023 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, that is included within the Disposal Enterprise 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, 2023, \$8,185,098 is held for landfill closure. The City expects that future inflation costs will be paid from future annual operating revenues in the enterprise fund. Post closure costs are agreed to be covered by revenue from solid waste customer billings which is deposited directly into the Disposal enterprise fund.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans

A. Summary

The City of Redlands participates in the California Public Employees Retirement System (CalPERS), a pension plan available to all qualified employees. The Safety Plan is a cost-sharing multiple employer defined benefit pension plan. The Miscellaneous Plan is an agent multiple employer defined benefit pension plan. A summary of pension amounts for the City’s plans at June 30, 2023, is presented below:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 3,772,139	2,855,471	\$ 6,627,610
CalPERS Safety	11,063,552	-	11,063,552
Total pension contribution made after measurement date	<u>14,835,691</u>	<u>2,855,471</u>	<u>17,691,162</u>
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	4,079,024	3,087,780	7,166,804
CalPERS Safety	16,015,677	-	16,015,677
Total projected earnings on pension plan investments in excess of actual earnings	<u>20,094,701</u>	<u>3,087,780</u>	<u>23,182,481</u>
Change in assumption			
CalPERS Miscellaneous	2,164,313	1,638,363	3,802,676
CalPERS Safety	10,226,233	-	10,226,233
Total change in assumption	<u>12,390,546</u>	<u>1,638,363</u>	<u>14,028,909</u>
Difference between expected and actual experience:			
CalPERS Miscellaneous	-	-	-
CalPERS Safety	3,096,072	-	3,096,072
Total difference between expected and actual experience	<u>3,096,072</u>	<u>-</u>	<u>3,096,072</u>
Adjustment due to difference in proportions			
CalPERS Safety	2,972,522	-	2,972,522
Total adjustment due to difference in proportions	<u>2,972,522</u>	<u>-</u>	<u>2,972,522</u>
Total deferred outflows of resources			
CalPERS Miscellaneous	10,015,476	7,581,614	17,597,090
CalPERS Safety	43,374,056	-	43,374,056
Total deferred outflows of resources	<u>\$ 53,389,532</u>	<u>\$ 7,581,614</u>	<u>\$ 60,971,146</u>
Net pension liability:			
CalPERS Miscellaneous	\$ 30,393,270	\$ 23,007,396	\$ 53,400,666
CalPERS Safety	101,420,265	-	101,420,265
Total net pension liability	<u>\$ 131,813,535</u>	<u>\$ 23,007,396</u>	<u>\$ 154,820,931</u>

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

A. Summary (Continued)

	Governmental Activities	Business-Type Activities	Total
Deferred inflows of resources:			
Actual earnings on pension plan investments in excess of projected earnings:			
CalPERS Miscellaneous	\$ 540,277	\$ 408,984	\$ 949,261
Total actual earnings on pension plan investments in excess of projected earnings	540,277	408,984	949,261
Employer contributions in excess of proportionate share of contribution			
CalPERS Safety	5,257,517	-	5,257,517
Total employer contributions in excess of proportionate share of contribution	5,257,517	-	5,257,517
Total deferred inflows of resources			
CalPERS Miscellaneous	540,277	408,984	949,261
CalPERS Safety	5,257,517	-	5,257,517
Total deferred inflows of resources	<u>\$ 5,797,794</u>	<u>\$ 408,984</u>	<u>\$ 6,206,778</u>
Pension expense (credit):			
CalPERS Miscellaneous	\$ 3,952,622	\$ 2,992,094	\$ 6,944,716
CalPERS Safety	(294,073)	-	(294,073)
Total net pension expenses	<u>\$ 3,658,549</u>	<u>\$ 2,992,094</u>	<u>\$ 6,650,643</u>

B. City Miscellaneous Plans

Plan Description

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

Employees Covered

At June 30, 2022, the measurement date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous Plans
Active employees	339
Transferred and terminated employees	413
Retired employees and beneficiaries	535
Total	<u>1287</u>

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. City Miscellaneous Plans (Continued)

Benefits Provided

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

Following are the benefit provisions for each plan:

Hire Date	Miscellaneous Plans	
	PEPRA	Classic
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	9.090%	9.090%
Final Annual Compensation	1 year	1 year

Contributions

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

For the year ended June 30, 2023, the plan's contributions made for the Plan was as follows:

	Miscellaneous Plans
Contributions - employer	\$ 6,627,610

Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. City Miscellaneous Plans (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of a January 2017 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11 +²</u>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ An expected inflation of 2.00% was used for this period.

² An expected inflation of 2.92% was used for this period.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. City Miscellaneous Plans (Continued)

Discount Rate (Continued)

The discount rate used to measure the total pension liability was 6.90% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 Section.

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

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

Plan's Aggregate Net Pension Liability/(Asset)		
Discount Rate - 1%	Current Discount	Discount Rate + 1%
(5.90%)	Rate (6.90%)	(7.90%)
\$ 78,958,155	\$ 53,400,666	\$ 32,299,402

Changes in the Net Pension Liability

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

	Miscellaneous Plans		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021 (Valuation Date)	\$ 185,310,577	\$ 157,071,006	\$ 28,239,571
Changes in the year:			
Service cost	3,969,259	-	3,969,259
Interest on the total pension liabilities	12,856,892	-	12,856,892
Differences between expected and actual experience	(1,568,849)	-	(1,568,849)
Changes in assumptions	5,704,014	-	5,704,014
Benefit payments, including refunds of members contributions	(10,197,185)	(10,197,185)	-
Contributions - employer	-	6,083,423	(6,083,423)
Contributions - employee	-	1,630,007	(1,630,007)
Net investment income	-	(11,815,363)	11,815,363
Administrative expenses	-	(97,846)	97,846
Net changes	10,764,131	(14,396,964)	25,161,095
Balance at June 30, 2022 (Measurement Date)	\$ 196,074,708	\$ 142,674,042	\$ 53,400,666

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. City Miscellaneous Plans (Continued)

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

For the year ended June 30, 2023, the City recognized pension expense in the amount of \$6,944,716 for the miscellaneous plans.

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

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for the Miscellaneous Plan for the 2021-22 measurement period is 3.0 years, which was obtained by dividing the total service years of 3,728 (the sum of remaining service lifetimes of the active employees) by 1,224 (the total number of participants: active, inactive, and retired).

At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plans	
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 6,627,610	\$ -
Difference between projected and actual earning on pension plan investments	7,166,804	-
Changes in assumptions	3,802,676	-
Differences between expected and actual experience	-	(949,261)
Total	\$ 17,597,090	\$ (949,261)

For the City Miscellaneous Plan, \$6,627,610 was reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 2,615,560
2025	2,403,531
2026	490,880
2027	4,510,248
2028	-
Thereafter	-
	\$ 10,020,219

Pension Plan Fiduciary Net Position

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

C. City Safety Plans

Plan Description

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

Employees Covered

At June 30, 2022, the measurement date, the following employees were covered by the benefit terms the Plan:

	Safety Plans
Active employees	131
Transferred and terminated employees	55
Retired employees and beneficiaries	249
Total	435

Benefits Provided

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

Following are the benefit provisions for each plan:

	Safety Cost-Sharing Plans			
	Classic Fire	PEPRA Fire	Classic Fire	PEPRA Police
Hire Date				
Benefit formula	3% @ 50	2.7% @ 57	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 - 57	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.000%	2.000% to 2.700%	3.000%	2.000% to 2.700%
Required employee contribution rates	9.00%	13.750%	9.00%	13.750%
Required employer contribution rates	25.640%	13.660%	25.640%	13.660%
Final Annual Compensation	1 year	1 year	1 year	1 year

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

C. City Safety Plans (Continued)

Contributions

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

For the year ended June 30, 2023, employer contributions made for the Safety Cost-sharing Plan was as follows:

		Safety Plans
Contributions - employer	\$	11,063,552

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

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

As of June 30, 2023, the City reported net pension liability for its proportionate shares of the net pension liability of the Safety Plan as follows:

		Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)	
Balance at: 6/30/21 (Valuation date)	\$ 302,527,702	\$ 244,268,089	58,259,613	
Balance at: 6/30/22 (Measurement date)	324,559,447	223,139,182	101,420,265	
Net Changes during 2021-2022	22,031,745	(21,128,907)	43,160,652	

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

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2021). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

C. City Safety Plans (Continued)

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

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2022). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2021 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021-22).

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

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

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

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

The City's proportionate share of the net pension liability for the Safety Plan as of June 30, 2022 and 2021 was as follows:

Proportion June 30, 2021	1.66006%
Proportion June 30, 2022	1.47594%
Change - Increase (Decrease)	<u><u>-0.18412%</u></u>

For the year ended June 30, 2023, the City recognized pension credit in the amount of \$294,073 for the Safety Plan.

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

The EARSL for PERF C for the measurement date ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

C. City Safety Plans (Continued)

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

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety Plans	
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 11,063,552	\$ -
Difference between projected and actual earning on pension plan investments	16,015,677	-
Adjustment due to differences in proportions	2,972,522	-
Changes in assumptions	10,226,233	-
Difference between actual and expected experience	3,096,072	-
Difference between employer's actual contributions and proportionate share of contributions	-	(5,257,517)
Total	\$ 43,374,056	\$ (5,257,517)

For the City Safety Plan, \$11,063,552 was reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2024	\$ 7,808,195
2025	6,095,554
2026	3,379,471
2027	9,769,767
2028	-
Thereafter	-
	\$ 27,052,987

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. Both the June 30, 2022 and the June 30, 2021 total pension liabilities were based on the following actuarial methods and assumptions:

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

C. City Safety Plans (Continued)

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

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90%
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS’ website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

C. City Safety Plans (Continued)

Discount Rate (Continued)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11 +²</u>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ An expected inflation of 2.30% was used for this period.

² An expected inflation of 2.30% was used for this period.

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

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

<u>Plan's Aggregate Net Pension Liability/(Asset)</u>		
<u>Discount Rate - 1%</u> <u>(5.90%)</u>	<u>Current Discount</u> <u>Rate (6.90%)</u>	<u>Discount Rate + 1%</u> <u>(7.90%)</u>
\$ 146,241,417	\$ 101,420,265	\$ 64,789,099

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2023, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Postemployment Benefits

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Employer contributions made subsequent to the measurement date	\$ 4,035,299	\$ 1,305,915	\$ 5,341,214
Difference between expected and actual experience	3,473,186	1,124,002	4,597,188
Changes in assumptions	31,071,355	10,055,400	41,126,755
Total deferred outflows of resources	\$ 38,579,840	\$ 12,485,317	\$ 51,065,157
Total OPEB liability:			
Total OPEB liability	\$ 102,959,850	\$ 44,000,415	\$ 146,960,265
Total OPEB liability	\$ 102,959,850	\$ 44,000,415	\$ 146,960,265
Deferred inflows of Resources:			
Difference between expected and actual experience	\$ 7,033,959	\$ 1,944,076	\$ 8,978,035
Changes in assumptions	37,422,618	10,343,027	47,765,645
Total deferred inflows of resources	\$ 44,456,577	\$ 12,287,103	\$ 56,743,680
OPEB Expense	\$ 9,583,273	\$ 2,213,147	\$ 11,796,420

B. General Information about OPEB

Plan Description

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

City’s Funding Policy

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Postemployment Benefits (Continued)

B. General Information about OPEB (Continued)

Benefits Provided

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

<u>Employee Group Service</u>	<u>Medical</u>	<u>Dental</u>	<u>Vision</u>
Police (RPOA Members)			
Employees hired on or after November 4, 2014 with at least 5 years of CalPERS service	\$397 per month maximum	None	None
Employees hired prior to November 4, 2014 with at least 15 years of City service	100% of Premium & Medicare Part B for Lifetime of Retiree and Spouse	100% of Premium of Retiree and Spouse	100% of Premium of Retiree and Spouse
Firefighters (RPFA and RAFME Members)			
Employees hired on or after October 16, 2012 with at least 5 years of CalPERS Service	\$397 per month maximum	None	None
Employees hired prior to October 16, 2012 with at least 15 Years (20 Years for RPFA Members) of City service	100% of Premium & Medicare Part B for Lifetime of Retiree and Spouse	100% of Premium for Lifetime of Retiree and Spouse	\$225 Maximum Reimbursement Per Year for Lifetime of Retiree and Spouse
Miscellaneous (GEAR, RCSEA, RAMME and RAME* Members)			
Employees hired on or after March 11, 2010 with at least 5 years of CalPERS Service	\$397 per month maximum	None	None
Employees hired prior to March 11, 2010 with at least 20 years (15 Years for RAME Members) of City Service	100% of Premium & Medicare Part B for Lifetime of Retiree and Spouse	100% of Premium for Lifetime of Retiree and Spouse	None
Miscellaneous (RASME Members)			
Employees hired on or after June 2, 2015 with at least 5 years of CalPERS Service	\$397 per month maximum	None	None
Employees hired prior to June 2, 2015 with at least 15 years of City Service	100% of Premium & Medicare Part B for Lifetime of Retiree and Spouse	100% of Premium & Medicare for Lifetime of Retiree and Spouse	100% of Premium for Lifetime of Retiree and Spouse
Miscellaneous (RADD Members)			
Employees hired on or after January 1, 2009 with at least 5 years of CalPERS Service*	\$397 per month maximum	None	None
Employees hired prior to January 1, 2009 with at least 15 years of City Service **	100% of Premium & Medicare Part B for Lifetime of Retiree and Spouse	100% of Premium & Medicare for Lifetime of Retiree and Spouse	100% of Premium for Lifetime of Retiree and Spouse

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Postemployment Benefits (Continued)

B. General Information about OPEB (Continued)

Benefits Provided (Continued)

Some retirees are eligible for a medical bridge program, in which the City contributes the amount of the maximum of lowest cost single premium rate \$397. Eligibility for the medical bridge program is as follows:

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

Employees Covered

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

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

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

Total OPEB Liability

The City’s total OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The total OPEB liability at June 30, 2023 was \$146,960,265.

Actuarial Assumptions

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

Discount Rate	4.09%
Inflation	2.75%
Aggregate payroll increases	2.75%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 1997-2017 Experience Study
Mortality Improvement Scale	Modified projected fully generational with Scale MP-2021
Healthcare Trend Rate	5.75 to 6.75 percent for 2022-2026, 4.50 to 5.50 percent for 2027-2031+, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 to 5.50 percent for all years.

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Postemployment Benefits (Continued)

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

Discount Rate

The discount rate used to measure the total OPEB liability 4.09%. The City’s funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. The City is currently financing its OPEB liability on a pay-as-you-go basis, the discount rate used is based on the S&P Municipal Bond 20 Year High Grade Index.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021 (Measurement Date)	\$ 201,915,922
Changes Recognized for the Measurement Period:	
Service Cost	6,288,802
Interest on the total OPEB liability	4,504,364
Difference between expected and actual experience	(9,975,595)
Changes of assumptions	(50,693,723)
Benefit payments	(5,079,505)
Net Changes during July 1, 2021 to June 30, 2022	(54,955,657)
Balance at June 30, 2022 (Measurement Date)	\$ 146,960,265

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1%	Current Discount	Discount Rate + 1%
(3.09%)	Rate (4.09%)	(5.09%)
\$ 170,842,296	\$ 146,960,265	\$ 127,806,516

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Trend Rates	+1%
\$ 125,167,805	\$ 146,960,265	\$ 174,730,174

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Postemployment Benefits (Continued)

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

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

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$11,796,420. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Employer contributions made subsequent to the measurement date	\$ 5,341,214	\$ -
Difference between expected and actual experience	4,597,188	(8,978,035)
Changes of assumptions	41,126,755	(47,765,645)
Total	<u>\$ 51,065,157</u>	<u>\$ (56,743,680)</u>

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 9 years, which was determined as of June 30, 2021, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

For the OPEB Plan, \$5,341,214 was reported as deferred outflows of resources related to OPEB resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

<u>Measurement Period Ended June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2024	\$ 1,003,254
2025	1,236,242
2026	1,358,168
2027	212,961
2028	(898,831)
Thereafter	(13,931,531)
	<u>\$ (11,019,737)</u>

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – Risk Management

A. Coverage

On June 30, 2023, and throughout 2022-2023, the City was self-insured for the first \$1,000,000 per occurrence for commercial general liability and automobile liability. The City purchased excess liability insurance to provide additional coverage of \$10,000,000 per occurrence with a \$10,000,000 aggregate. The City also purchased airport liability insurance including commercial general liability, personal & advertising injury, products completed, and hanger keepers limit in a single limit liability amount of \$10,000,000 per occurrence. For workers' compensation and employer's liability, the City was self-insured for \$1,000,000 per occurrence with excess coverage of \$25,000,000 for worker's compensation per occurrence with a \$25,000,000 aggregate, and \$1,000,000 for employer's liability per occurrence.

B. Claims Activity

At June 30, 2023, \$4,306,893 and \$11,219,000 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, 2023, are dependent on future developments, based upon information provided from the City Attorney, outside counsel and others involved with the administration of the programs, the City's management believes that the aggregate accrual is adequate to cover such losses.

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End	Due Within One Year	Due in More than One Year
<u>General Liability</u>						
2023	\$ 2,595,507	\$ 2,374,997	\$ (663,611)	\$ 4,306,893	\$ 2,153,447	\$ 2,153,446
2022	2,433,336	703,762	(541,591)	2,595,507	1,297,754	1,297,753
2021	1,969,244	1,735,798	(1,271,706)	2,433,336	1,216,668	1,216,668
<u>Workers' Compensation</u>						
2023	\$ 12,171,624	\$ 185,188	\$ (1,137,812)	\$ 11,219,000	\$ 5,609,500	\$ 5,609,500
2022	9,866,999	3,450,641	(1,146,016)	12,171,624	6,085,812	6,085,812
2021	8,559,266	2,452,259	(1,144,526)	9,866,999	4,933,500	4,933,499

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – Fund Balance and Net Position

A. Fund Balance/Net Position Deficits

At June 30, 2023 the Governmental Activities Statement of Net Position had an unrestricted net position deficit of \$(88,121,189).

At June 30, 2023, the following funds had a fund balance (deficit) or unrestricted net position (deficit):

<u>Fund</u>	<u>Fund Type</u>	<u>Deficit</u>
Public Facilities Development Fund	Special Revenue Fund	\$ (6,161,839)
Governmental Grants Fund	Special Revenue Fund	(1,077,326)
Transportation Development Act Fund	Special Revenue Fund	(680,745)
Disposal Fund	Enterprise Fund	(1,521,429)
General Liability Self-Insurance Fund	Internal Service Fund	(4,977,597)
Workers' Compensation Self-Insurance Fund	Internal Service Fund	(8,243,351)
Utility Billing Fund	Internal Service Fund	(3,161,791)

Special Revenue Funds

A net deficit of \$6,161,839 exists in the Public Facilities Development fund due to unpaid advances owed to the General Fund for debt service payments made on the Public Facilities Development fund's behalf. Future development impact fees will be used to repay this advance and reduce the fund deficit.

A net deficit of \$1,077,326 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.

A net deficit of \$680,745 exists in the Transportation Development Act Fund. This fund deficit is a result of the timing of grant reimbursements. This net deficit will be eliminated during the upcoming fiscal year.

Enterprise Funds

A net deficit of \$1,560,896 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 \$4,977,597 exists in the Liability Self-Insurance Fund due to new and existing claims. Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through increased charges to other funds for cost recovery and instituting cost containment measures.

A net deficit of \$8,248,351 exists in the Workers' Compensation Self-Insurance Fund due to new and existing claims. Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through increased cost recovery charges, instituting cost containment measures.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – Fund Balance and Net Position (Continued)

A. Fund Balance/Net Position Deficits (Continued)

A net deficit of \$3,161,791 exists in the Utility Billing Fund. This fund deficit is a result of the City’s implementation of GASB Statement No. 68 and 75 which required reporting of the fund’s proportionate share of the City’s net pension liability and other post-employment benefits, respectively. This net pension liability and other post-employment benefits created the corresponding net deficit, these will be reduced by continued pension contributions in future years.

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the following funds by function/department:

Fund	Function	Excess Expenditures over Appropriations
General Fund	General government:	
	City council	\$ 28,371
	Facilities	83,372
	Animal services	76,406
	Library	211,382
Public Facilities Development Special Revenue Fund	Debt service:	
	Interest and fiscal charges	178,244
Open Space Special Revenue Fund	Culture and recreation	1,782
Parking Authority Special Revenue Fund	General government	195
Asset Forfeiture Special Revenue Fund	Capital outlay	7,994
Park and Open Space Special Revenue Fund	Culture and recreation	5,888
	Capital outlay	2,392
Freeway Interchanges Special Revenue Fund	Highway and streets	38,533
	Capital outlay	2,224,016
CFD 2004-1 Assessment Special Revenue Fund	General government	52,838
Public Art Special Revenue Fund	Culture and recreation	800

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 15 – Fund Balance Classification

At June 30, 2023, the City reports the following fund balance classifications:

	General Fund	Public Facilities Development Special Revenue Fund	Governmental Grants Special Revenue Fund	Non-major Governmental Funds	Total
Nonspendable					
Prepaid items	\$ 524,050	\$ -	\$ 528,897	\$ 15,730	\$ 1,068,677
Endowment - non-expendable	-	-	-	30,200	30,200
Advances to other funds	7,690,541	-	-	-	7,690,541
Total nonspendable	8,214,591	-	528,897	45,930	8,789,418
Restricted					
Donations	595,902	-	-	-	595,902
PEG Fees	664,781	-	-	-	664,781
Public safety	-	-	-	560,656	560,656
Police programs and equipment	-	-	-	1,699,668	1,699,668
Public art	-	-	-	9,411	9,411
Street reconstruction/improvement projects	-	-	-	6,454,361	6,454,361
Debt service	-	-	-	559,509	559,509
Storm drain improvements	-	-	-	2,545,321	2,545,321
Endowment - expendable	-	-	-	29,393	29,393
CFD assessment	-	-	-	103,264	103,264
Total restricted	1,260,683	-	-	11,961,583	13,222,266
Committed					
Stabilization agreement	9,794,310	-	-	-	9,794,310
Park and open space acquisition/improvement	-	-	-	4,297,144	4,297,144
Public benefit: parks, recreation, trails, open space, and improvements	2,698,388	-	-	-	2,698,388
Street reconstruction/improvement projects	-	-	-	7,596,206	7,596,206
Total committed	12,492,698	-	-	11,893,350	24,386,048
Assigned					
Public works	2,353,968	-	-	-	2,353,968
Capital projects	33,346,831	-	-	2,325,558	35,672,389
Total assigned	35,700,799	-	-	2,325,558	38,026,357
Unassigned (deficit)	53,289,070	(6,161,839)	(1,606,223)	(680,895)	44,840,113
Total fund balances (deficit)	\$ 110,957,841	\$ (6,161,839)	\$ (1,077,326)	\$ 25,545,526	\$ 129,264,202

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 16 – Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities
Net investment in capital assets:		
Capital assets, nondepreciable	\$ 389,874,861	\$ 46,416,750
Capital assets, depreciable/amortizable, net	205,789,256	159,180,411
Long-term debt:		
I-Bank Sports Park	(1,154,446)	-
Finance purchase agreement	(3,204,120)	(401,555)
Lease liability	(832,107)	(523,407)
Subscription liability	(185,429)	-
Solid Waste Revenue Bonds, Series 2013A	-	(1,660,000)
California Recycled Water Project	-	(703,585)
Safe Drinking Water Project	-	(1,282,305)
Hinckley Water Treatment Plant Upgrade	-	(6,246,664)
I-Bank Solid Waste	-	(2,041,318)
I-Bank City Streets	-	(2,263,095)
Total net investment in capital assets	\$ 590,288,015	\$ 190,475,232

Note 17 – Successor Agency Private Purpose Trust for Assets of Former Redevelopment

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

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

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

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

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 17 – Successor Agency Private Purpose Trust for Assets of Former Redevelopment (Continued)

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

Final dissolution of the Successor Agency of the Former Redevelopment Agency of the City of Redlands will take place in the fiscal year ending 2024.

Note 18 – 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, 2023, under this program the City had abatements of sales tax totaling \$122,655. 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 19 – Endowments

Simonds Endowment

The amount of net appreciation available for expenditure in the Simonds Endowment Fund is \$27,455. This available amount is reflected as fund balance. The endowment corpus is \$10,000 and is reflected as nonspendable fund balance. In California, Endowments are subject to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), specifically Cal. Probate Code §18504. State law governing the City’s ability to spend the net appreciation provides that the City may appropriate “so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established [...]”. The City’s policy for authorizing and spending the investment income is governed by City Council authorization and appropriation authority, as well as the agreement of Endowment of the Simonds Parkway, dated December 14, 1985. Provisions of that agreement include, among other things, that interest generated on a per annum basis may be expended for providing maintenance, materials, and equipment solely at the Simonds Parkway.

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 19 – Endowments (Continued)

Pauline Stancliff Memorial Trust

The amount of net appreciation available for expenditure in the Pauline Stancliff Memorial Trust Fund is \$1,938. This available amount is reflected as fund balance. The endowment corpus is \$20,200 and is reflected as nonspendable 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 20 – Prior Period Adjustments

A. Government-Wide Financial Statements

The beginning fund balance at July 1, 2022 of the Governmental-Wide Financial Statements was restated as follows:

	Governmental Activities	Business-Type Activities
Net position, as previously reported, at July 1, 2022	\$ 434,611,881	\$ 220,865,136
To implement GASB 96 <i>Subscription-based information technology arrangements (SBITAs)</i>	189,119	53,218
Net position at July 1, 2022, as restated	\$ 434,801,000	\$ 220,918,354

B. Proprietary Fund Financial Statements

The beginning fund balance at July 1, 2022 of the Proprietary Fund Financial Statements was restated as follows:

	Information Technology Internal Service Fund	Water Enterprise Fund
Net position (deficit), as previously reported, at July 1, 2022	\$ (1,909,725)	\$ 145,387,357
To implement GASB 96 <i>Subscription-based information technology arrangements (SBITAs)</i>	189,119	53,218
Net position (deficit) at July 1, 2022, as restated	\$ (1,720,606)	\$ 145,440,575

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 21 – Commitments and Contingencies

A. Litigation

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

B. Sales Tax – Donut Hole

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

C. Federal and State Grants

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

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 21 – Commitments and Contingencies (Continued)

D. Contractual Commitments

The City has capital contractual commitments for which funds have been encumbered as of June 30, 2023. Encumbrances related to capital projects are funded through the current year appropriated budget, which carries over to the following year.

The following contractual construction commitments existed at June 30, 2023:

Project Title	Commitment
General Fund	
2022 Alley Paving Improvements - General Fund Portion	\$ 1,582,000
2022 Citywide Sidewalk & ADA Ramp Replacement	392,787
EOC Office Reconfiguration	115,624
Fire Station 262 Architectural Design	47,977
GapVax Combination Jet/Vac Truck for Streets	657,806
Joslyn Senior Center Renovation - General Fund Portion	13,674
Network Infrastructure Equipment for 300 State St.	30,955
Prospect Park Lighting	361,173
Redlads Bowl Improvements	719,768
Rectangular Rapid Flashing Beacon Signs & In-Pavement Crosswalk System	72,242
Senior Center Outdoor Dining Construction - General Fund Portion	1,821
Total for General Fund	3,995,827
Governmental Grants Special Revenue Fund	
Architectural Design of Metal Shelter for HHW Site	12,420
Joslyn Senior Center Renovation - Grant Portion	248,410
Senior Center Outdoor Dining Construction - Grant Portion	11,862
Total for Governmental Grants Special Revenue Fund	272,692
Water Fund	
2022 CIP Water Pipeline Replacement	3,035,970
Automated Metering Infrastructure	783,357
Peterbilt CNG Truck with Hydraulic Telescopic Crane - Water Portion	265,456
PMP 2022 Street Resurfacing Project - Water Fund Portion	176,637
Tate Water Treatment Plant Influent Line Replacement	326,594
Water SCADA System Upgrade	4,727,968
Total for Water Fund	9,315,982
Solidwaste Fund	
Solidwaste Vehicles	3,432,041
Total for Solidwaste Fund	3,432,041
Wastewater Fund	
2022 CIP Sewer Pipeline Replacement	3,314,268
Design services for Sewer Treatment Facility	30,859
Peterbilt CNG Truck with Hydraulic Telescopic Crane - Wastewater Portion	265,456
Thermo Scientific Sorvall Package	9,774
Total for Wastewater Fund	3,620,357

City of Redlands
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 21 – Commitments and Contingencies (Continued)

D. Contractual Commitments (Continued)

Project Title	Commitment
Non-Major Funds	
2022 Alley Paving Improvements - PARIS Fund Portion	500,000
Design & Construction Mgmt of a Public Safety Facility - Safety/City Hall Replacement	2,127,993
Law Enforcement Drones - Asset Forfeiture Fund	22,087
PMP 2022 Street Resurfacing Project - PARIS Fund Portion	3,109,734
Redlands Passenger Rail Project Platform Construction-Air Quality Improvement Fund	121,642
Traffic Signal Improvements Project - Traffic Signals Fund	279,704
WWTP Recycled Water Reservoir Project - Nonpotable Water Fund	337,586
Total for Non-Major Funds	6,498,746
Internal Service Funds	
Dell Technologies-Powerededge R750 Enterprise Server	30,793
Utility Billing Wall Insert Kiosk	43,171
Total for Internal Service Funds	73,964
Total for City	\$ 27,209,609

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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City of Redlands
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2023

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 in accordance with accounting principles generally accepted in the United States of America. 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 function levels. Accordingly, the General Fund expenditures are displayed in the supplementary schedules at the department level and the Special Revenue, Debt Service, Capital Projects, and Permanent Funds expenditures are displayed at the function level. Management control is exercised at the line item level in each operating program. Management can transfer budgeted amounts within operating programs, departments or funds, provided that such transfers do not increase the overall budget. Appropriations that increase the budget require City Council approval.

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Property taxes	\$ 36,699,757	\$ 36,699,757	\$ 38,511,905	\$ 1,812,148
Sales and use taxes	46,099,791	46,099,791	48,632,853	2,533,062
Other taxes	2,165,473	2,165,473	3,109,696	944,223
Franchise fees	2,595,483	2,595,483	4,487,821	1,892,338
Licenses and permits	7,815,609	7,815,609	8,862,824	1,047,215
Fines and forfeitures	135,000	135,000	241,830	106,830
Intergovernmental	731,500	731,500	453,475	(278,025)
Charges for services	7,060,722	7,060,722	7,420,190	359,468
Investment income (loss)	200,000	200,000	327,573	127,573
Rents and leases	2,037,396	2,037,396	1,821,671	(215,725)
Miscellaneous	1,409,799	1,953,499	2,391,443	437,944
Total revenues	106,950,530	107,494,230	116,261,281	8,767,051
EXPENDITURES:				
Current:				
General government				
City council	556,249	556,249	584,620	(28,371)
City clerk	596,699	596,699	370,465	226,234
City manager	7,282,038	7,466,693	5,964,192	1,502,501
Finance	2,752,726	3,011,412	2,566,262	445,150
City attorney	775,452	775,452	744,620	30,832
Development services	5,014,691	5,863,625	4,563,886	1,299,739
Facilities	5,142,453	5,778,174	5,861,546	(83,372)
Public works engineering	971,058	1,563,372	1,057,704	505,668
Public safety				
Police	34,371,836	35,019,721	31,175,376	3,844,345
Fire	17,750,868	18,103,567	16,216,275	1,887,292
Animal Services	797,656	842,656	919,062	(76,406)
Culture and recreation				
Community services	1,976,583	1,997,144	1,771,204	225,940
Parks	5,057,641	5,331,925	5,389,231	(57,306)
Highway and streets				
Electrical and streets	4,336,040	5,336,383	5,290,295	46,088
Library	2,913,709	2,913,708	3,125,090	(211,382)

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – General Fund (Continued)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
Capital outlay	6,258,113	14,528,131	5,650,480	8,877,651
Debt service:				
Principal	353,590	3,479,509	860,759	2,618,750
Interest and fiscal charges	1,542,270	1,776,570	386,241	1,390,329
Total expenditures	<u>98,449,672</u>	<u>114,940,990</u>	<u>92,497,308</u>	<u>22,443,682</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>8,500,858</u>	<u>(7,446,760)</u>	<u>23,763,973</u>	<u>31,210,733</u>
OTHER FINANCING SOURCES (USES):				
Inception of lease liability	-	-	384,011	384,011
Transfers in	2,636,093	2,636,093	2,307,193	(328,900)
Transfers out	(8,280,758)	(8,508,458)	(8,937,560)	(429,102)
Total other financing sources (uses)	<u>(5,644,665)</u>	<u>(5,872,365)</u>	<u>(6,246,356)</u>	<u>(373,991)</u>
Net change in fund balance	<u>\$ 2,856,193</u>	<u>\$ (13,319,125)</u>	17,517,617	<u>\$ 30,836,742</u>
FUND BALANCE:				
Beginning of year			93,440,224	
End of year			<u>\$ 110,957,841</u>	

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Public Facilities Development Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 1,120,000	\$ 1,120,000	\$ 283,772	\$ (836,228)
Total revenues	<u>1,120,000</u>	<u>1,120,000</u>	<u>283,772</u>	<u>(836,228)</u>
EXPENDITURES:				
Current:				
General government	20,500	20,500	5,675	14,825
Debt service:				
Interest and fiscal charges	-	-	178,244	(178,244)
Total expenditures	<u>20,500</u>	<u>20,500</u>	<u>183,919</u>	<u>(163,419)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,099,500</u>	<u>1,099,500</u>	<u>99,853</u>	<u>(999,647)</u>
Net change in fund balance	<u>\$ 1,099,500</u>	<u>\$ 1,099,500</u>	<u>99,853</u>	<u>\$ (999,647)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(6,261,692)</u>	
End of year			<u>\$ (6,161,839)</u>	

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Governmental Grants Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 25,703,711	\$ 4,545,209	\$ (21,158,502)
Investment income (loss)	-	-	38	38
Total revenues	-	25,703,711	4,545,247	(21,158,464)
EXPENDITURES:				
Current:				
General government	-	15,318,067	2,688,212	12,629,855
Public safety	-	616,380	153,948	462,432
Culture and recreation	-	74,242	23,493	50,749
Capital outlay	-	9,110,597	2,425,421	6,685,176
Total expenditures	-	25,119,696	5,291,074	19,828,622
REVENUES OVER (UNDER) EXPENDITURES	-	584,015	(745,827)	(1,329,842)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	97	97
Total other financing sources (uses)	-	-	97	97
Net change in fund balance	\$ -	\$ 584,015	(745,730)	\$ (1,329,745)
FUND BALANCE (DEFICIT):				
Beginning of year			(331,596)	
End of year			<u>\$ (1,077,326)</u>	

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2023

Miscellaneous Plan									
Measurement period, year ended	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014¹</u>
Total pension liability									
Service cost	\$ 3,969,259	\$ 3,525,116	\$ 3,365,376	\$ 3,334,799	\$ 3,368,018	\$ 3,278,844	\$ 2,780,753	\$ 2,735,046	\$ 2,703,390
Interest on total pension liability	12,856,892	12,569,714	12,119,433	11,680,277	11,240,326	10,868,639	10,539,757	10,224,502	9,786,094
Differences between expected and actual experience	(1,568,849)	247,796	270,034	419,589	529,928	285,453	(1,148,342)	334,519	-
Changes in assumptions	5,704,014	-	-	-	(874,625)	8,600,283	-	(2,403,446)	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(10,197,185)	(9,643,784)	(9,385,911)	(8,930,778)	(8,785,537)	(8,512,367)	(7,929,573)	(7,496,594)	(7,031,419)
Net change in total pension liability	10,764,131	6,698,842	6,368,932	6,503,887	5,478,110	14,520,852	4,242,595	3,394,027	5,458,065
Total pension liability - beginning	185,310,577	178,611,735	172,242,803	165,738,916	160,260,806	145,739,954	141,497,359	138,103,332	132,645,267
Total pension liability - ending (a)	\$196,074,708	\$185,310,577	\$178,611,735	\$172,242,803	\$165,738,916	\$160,260,806	\$145,739,954	\$141,497,359	\$138,103,332
Plan fiduciary net position									
Contributions - employer	6,083,423	5,653,857	5,163,971	4,543,195	\$ 3,856,431	\$ 3,706,235	\$ 3,297,550	\$ 2,749,274	\$ 2,614,893
Contributions - employee	1,630,007	1,628,531	1,617,023	1,587,404	1,444,993	1,461,526	1,324,766	1,219,187	1,378,971
Investment income (net of administrative expenses)	(11,815,363)	29,305,630	6,312,755	7,923,614	9,732,163	11,870,046	602,969	2,473,614	16,743,903
Benefit payments	(10,197,185)	(9,643,784)	(9,385,911)	(8,930,778)	(8,785,537)	(8,512,367)	(7,929,573)	(7,496,594)	(7,031,419)
Plan to plan resources	-	-	-	283	(343,451)	-	-	-	-
Other	(97,846)	(130,119)	(178,655)	(86,841)	(180,708)	(158,865)	(67,266)	(121,971)	-
Net change in plan fiduciary net position	(14,396,964)	26,814,115	3,529,183	5,036,877	5,723,891	8,366,575	(2,771,554)	(1,176,490)	13,706,348
Plan fiduciary net position - beginning	157,071,006	130,256,891	126,727,708	121,690,831	115,966,940	107,600,365	110,371,919	111,548,409	97,842,061
Plan fiduciary net position - ending (b)	\$142,674,042	\$157,071,006	\$130,256,891	\$126,727,708	\$121,690,831	\$115,966,940	\$107,600,365	\$110,371,919	\$111,548,409
Net pension liability - ending (a)-(b)	\$ 53,400,666	\$ 28,239,571	\$ 48,354,844	\$ 45,515,095	\$ 44,048,085	\$ 44,293,866	\$ 38,139,589	\$ 31,125,440	\$ 26,554,923
Plan fiduciary net position as a percentage									
of the total pension liability	72.77%	84.76%	72.93%	73.58%	73.42%	72.36%	73.83%	78.00%	80.77%
Covered payroll	\$ 23,450,886	\$ 22,767,850	\$ 22,631,158	\$ 22,121,385	\$ 19,836,302	\$ 20,199,995	\$ 18,953,660	\$ 17,548,793	\$ 16,826,776
Net pension liability as a percentage of covered payroll	227.71%	124.03%	213.66%	205.75%	222.06%	219.28%	201.23%	177.37%	157.81%

Notes to Schedule:

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

¹ Information only presented from the implementation year

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Measurement period, year ended	Safety Plan								
	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014 ¹
Plan's proportion of the net pension liability	1.475939%	1.660061%	0.809500%	0.790200%	0.779400%	0.746000%	0.748700%	0.737700%	0.689500%
Plan's proportionate share of the net pension liability	\$ 101,420,265	\$ 58,259,612	\$ 88,080,547	\$ 80,975,102	\$ 75,109,650	\$ 73,979,298	\$ 64,784,346	\$ 50,633,826	\$ 42,905,786
Plan's covered-employee payroll	\$ 17,938,242	\$ 17,415,769	\$ 17,522,750	\$ 17,236,908	\$ 14,894,900	\$ 14,827,015	\$ 14,604,289	\$ 14,342,189	\$ 14,292,490
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	565.39%	334.52%	502.66%	469.78%	504.26%	498.95%	443.60%	353.04%	300.20%
Plan's fiduciary net position	\$ 223,139,182	\$ 244,268,089	\$ 200,216,677	\$ 195,371,697	\$ 188,434,296	\$ 182,071,554	\$ 172,261,918	\$ 178,611,604	\$ 160,060,272
Plan's fiduciary net position as a percentage of the total pension liability	68.75%	80.74%	69.45%	70.70%	71.50%	71.11%	72.67%	77.91%	78.86%
Plan's proportionate share of aggregate employer contributions	\$ 10,344,274	\$ 9,582,627	\$ 8,703,374	\$ 7,448,780	\$ 6,211,050	\$ 5,886,486	\$ 5,126,655	\$ 4,246,980	\$ 4,977,335

¹ Information only presented from the implementation year

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions – Pension
For the Year Ended June 30, 2023

Miscellaneous Plan									
Fiscal Year:	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15¹
Contractually determined contribution (actuarially determined)	\$ 6,627,610	\$ 6,077,846	\$ 5,676,210	\$ 5,159,972	\$ 4,472,807	\$ 3,797,781	\$ 3,705,781	\$ 3,297,550	\$ 2,749,274
Contributions in relation to the actuarially determined contributions	(6,627,610)	(6,077,846)	(5,676,210)	(5,159,972)	(4,472,807)	(3,797,781)	(3,705,781)	(3,297,550)	(2,749,274)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$24,154,413	\$23,450,886	\$22,767,850	\$22,631,158	\$22,121,385	\$19,836,302	\$20,199,995	\$18,953,660	\$17,548,793
Contributions as a percentage of covered payroll	27.44%	25.92%	24.93%	22.80%	20.22%	19.15%	18.35%	17.40%	15.67%

Notes to Schedule

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2023:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2020 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2020 Funding Valuation Report.
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

¹ Information only presented from the implementation year

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions – Pension (Continued)
For the Year Ended June 30, 2023

Safety Plan									
Fiscal Year:	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15¹
Contractually determined									
contribution (actuarially determined)	\$11,063,552	\$10,344,274	\$ 9,582,627	\$ 8,703,374	\$ 7,448,780	\$ 6,211,050	\$ 5,886,486	\$ 5,126,655	\$ 4,246,980
Contributions in relation to the									
actuarially determined contributions	(11,063,552)	(10,344,274)	(9,582,627)	(8,703,374)	(7,448,780)	(6,211,050)	(5,886,486)	(5,126,655)	(4,246,980)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$18,476,389	\$17,938,242	\$17,415,769	\$17,522,750	\$17,236,908	\$14,894,900	\$14,827,015	\$14,604,289	\$14,342,189
Contributions as a percentage of									
covered payroll	59.88%	57.67%	55.02%	49.67%	43.21%	41.70%	39.70%	35.10%	29.61%

Notes to Schedule

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2023:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2020 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2020 Funding Valuation Report.
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

¹ Information only presented from the implementation year

City of Redlands
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2023

Measurement period, year ending:	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u> ¹
Total OPEB liability						
Service cost	\$ 6,288,802	\$ 4,405,809	\$ 4,371,866	\$ 4,540,301	\$ 4,647,747	\$ 4,517,859
Interest	4,504,364	3,775,999	4,254,153	4,744,702	4,497,267	4,351,611
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(9,975,595)	3,545,600	139,016	4,588,088	-	-
Changes of assumptions	(50,693,723)	42,967,302	14,314,382	(4,153,914)	(2,485,196)	-
Benefit payments, including refunds of member contributions	(5,079,505)	(4,960,733)	(4,882,065)	(4,526,765)	(4,525,686)	(4,050,613)
Net change in total OPEB liability	(54,955,657)	49,733,977	18,197,352	5,192,412	2,134,132	4,818,857
Total OPEB liability - beginning	201,915,922	152,181,945	133,984,593	128,792,181	126,658,049	121,839,192
Total OPEB liability - ending (a)	\$ 146,960,265	\$ 201,915,922	\$ 152,181,945	\$ 133,984,593	\$ 128,792,181	\$ 126,658,049
OPEB fiduciary net position						
Contributions - employer	\$ 5,079,505	\$ 4,960,733	\$ 4,882,065	\$ 4,526,765	\$ 4,525,686	\$ 4,050,613
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(5,079,505)	(4,960,733)	(4,882,065)	(4,526,765)	(4,525,686)	(4,050,613)
Administrative expense	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan net OPEB liability - ending (a) - (b)	\$ 146,960,265	\$ 201,915,922	\$ 152,181,945	\$ 133,984,593	\$ 128,792,181	\$ 126,658,049
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 35,920,063	\$ 34,958,699	\$ 35,722,602	\$ 33,975,526	\$ 31,410,072	\$ 32,062,170
Plan net OPEB liability as a percentage of covered-employee payroll	409.13%	577.58%	426.01%	394.36%	410.03%	395.04%

¹ Information only presented from the implementation year

SUPPLEMENTARY INFORMATION

Non-Major Governmental Funds

Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Non-Major Governmental Funds (Continued)

Special Revenue Funds (Continued):

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

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

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

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

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

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

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

Capital Projects Funds:

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

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

Debt Service Funds:

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

Permanent Funds:

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

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

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City of Redlands
Combining Balance Sheet
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Emergency Service Fund	Household Hazardous Waste Fund	State Gas Tax Fund	Air Quality Improvement Fund	Traffic Safety Fund
ASSETS					
Cash and investments	\$ 169,394	\$ 297,338	\$ -	\$ 479,530	\$ -
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	11,859	-	-	-
Taxes receivable	14,200	-	446,429	-	-
Lease receivable	-	-	-	-	-
Due from other governments	-	-	-	24,208	13,860
Prepaid items	150	-	-	-	-
Total assets	\$ 183,744	\$ 309,197	\$ 446,429	\$ 503,738	\$ 13,860
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 9,729	\$ -	\$ -	\$ 293,015	\$ 2,127
Accrued payroll	174,015	-	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	183,744	-	-	293,015	2,127
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Deferred inflows related to leases	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	150	-	-	-	-
Restricted	-	309,197	446,429	210,723	11,733
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	(150)	-	-	-	-
Total fund balances	-	309,197	446,429	210,723	11,733
Total liabilities, deferred inflows of resources, and fund balances	\$ 183,744	\$ 309,197	\$ 446,429	\$ 503,738	\$ 13,860

(Continued)

City of Redlands
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Measure I Fund	Open Space Fund	Downtown Redlands Business Area Fund	Parking Authority Fund	Asset Forfeiture Fund
ASSETS					
Cash and investments	\$ 1,762,743	\$ 2,261,887	\$ 16,637	\$ 12,608	\$ 1,605,801
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	-	224	1,289	-
Taxes receivable	469,239	-	-	-	-
Lease receivable	-	-	-	110,446	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	15,580
Total assets	\$ 2,231,982	\$ 2,261,887	\$ 16,861	\$ 124,343	\$ 1,621,381
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 16,861	\$ 1,883	\$ -
Accrued payroll	-	-	-	-	-
Deposits payable	-	-	-	12,151	10,256
Unearned revenues	-	-	-	644	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	16,861	14,678	10,256
Deferred inflows of resources:					
Unavailable revenue	162,857	-	-	-	-
Deferred inflows related to leases	-	-	-	108,807	-
Total deferred inflows of resources	162,857	-	-	108,807	-
Fund Balances:					
Nonspendable	-	-	-	-	15,580
Restricted	2,069,125	-	-	858	1,595,545
Committed	-	2,261,887	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	2,069,125	2,261,887	-	858	1,611,125
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,231,982	\$ 2,261,887	\$ 16,861	\$ 124,343	\$ 1,621,381

(Continued)

City of Redlands
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Supplemental				
	Law Enforcement Grant Fund	Park and Open Space Fund	Arterial Street Construction Fund	Traffic Signals Fund	Freeway Interchanges Fund
ASSETS					
Cash and investments	\$ 544,279	\$ 2,035,257	\$ 4,664,288	\$ 1,474,417	\$ 2,055,393
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Lease receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 544,279	\$ 2,035,257	\$ 4,664,288	\$ 1,474,417	\$ 2,055,393
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 54,326	\$ -	\$ 25,033	\$ 186,723	\$ -
Accrued payroll	-	-	-	-	-
Deposits payable	-	-	28,554	357,582	-
Unearned revenues	397,563	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	451,889	-	53,587	544,305	-
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Deferred inflows related to leases	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	92,390	-	-	-	-
Committed	-	2,035,257	4,610,701	930,112	2,055,393
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	92,390	2,035,257	4,610,701	930,112	2,055,393
Total liabilities, deferred inflows of resources, and fund balances	\$ 544,279	\$ 2,035,257	\$ 4,664,288	\$ 1,474,417	\$ 2,055,393

(Continued)

City of Redlands
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Street Lighting District #1 Fund	CFD 2004-1 Assessment Fund	Landscape Maintenance District Fund	Local Transportation Fund	PARIS Fund
ASSETS					
Cash and investments	\$ 40,438	\$ 126,255	\$ 187	\$ 227,977	\$ 5,221,635
Restricted cash and investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Taxes receivable	352	4,715	247	-	-
Lease receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 40,790	\$ 130,970	\$ 434	\$ 227,977	\$ 5,221,635
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 7,710	\$ 81	\$ -	\$ 1,430,258
Accrued payroll	912	4,996	353	-	18,146
Deposits payable	-	15,000	-	35,074	27,327
Unearned revenues	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	912	27,706	434	35,074	1,475,731
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Deferred inflows related to leases	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	39,878	103,264	-	192,903	3,745,904
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	39,878	103,264	-	192,903	3,745,904
Total liabilities, deferred inflows of resources, and fund balances	\$ 40,790	\$ 130,970	\$ 434	\$ 227,977	\$ 5,221,635

(Continued)

City of Redlands
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds
	Public Art Fund	Transportation Development Act Fund	Safety Hall Replacement Capital Projects Fund	Storm Drain Fund	General Debt Service Fund
ASSETS					
Cash and investments	\$ 9,411	\$ -	\$ 2,432,565	\$ 2,563,488	\$ 299,920
Restricted cash and investments	-	-	-	-	257,351
Accounts receivable, net	-	-	-	-	-
Taxes receivable	-	-	-	-	2,238
Lease receivable	-	-	-	-	-
Due from other governments	-	680,838	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 9,411	\$ 680,838	\$ 2,432,565	\$ 2,563,488	\$ 559,509
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 39,120	\$ 107,007	\$ 18,167	\$ -
Accrued payroll	-	-	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Due to other funds	-	641,625	-	-	-
Total liabilities	-	680,745	107,007	18,167	-
Deferred inflows of resources:					
Unavailable revenue	-	680,838	-	-	-
Deferred inflows related to leases	-	-	-	-	-
Total deferred inflows of resources	-	680,838	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	9,411	-	-	2,545,321	559,509
Committed	-	-	-	-	-
Assigned	-	-	2,325,558	-	-
Unassigned (deficit)	-	(680,745)	-	-	-
Total fund balances	9,411	(680,745)	2,325,558	2,545,321	559,509
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,411	\$ 680,838	\$ 2,432,565	\$ 2,563,488	\$ 559,509

City of Redlands
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Permanent Funds		
	Simonds Endowment Fund	Pauline Stancliff Memorial Trust Fund	Total Non-Major Governmental Funds
ASSETS			
Cash and investments	\$ 37,455	\$ 22,138	\$ 28,361,041
Restricted cash and investments	-	-	257,351
Accounts receivable, net	-	-	13,372
Taxes receivable	-	-	937,420
Lease receivable	-	-	110,446
Due from other governments	-	-	718,906
Prepaid items	-	-	15,730
Total assets	\$ 37,455	\$ 22,138	\$ 30,414,266
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 2,192,040
Accrued payroll	-	-	198,422
Deposits payable	-	-	485,944
Unearned revenues	-	-	398,207
Due to other funds	-	-	641,625
Total liabilities	-	-	3,916,238
Deferred inflows of resources:			
Unavailable revenue	-	-	843,695
Deferred inflows related to leases	-	-	108,807
Total deferred inflows of resources	-	-	952,502
Fund Balances:			
Nonspendable	10,000	20,200	45,930
Restricted	27,455	1,938	11,961,583
Committed	-	-	11,893,350
Assigned	-	-	2,325,558
Unassigned (deficit)	-	-	(680,895)
Total fund balances	37,455	22,138	25,545,526
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,455	\$ 22,138	\$ 30,414,266

(Continued)

(Concluded)

City of Redlands
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Emergency Service Fund	Household Hazardous Waste Fund	State Gas Tax Fund	Air Quality Improvement Fund	Traffic Safety Fund
REVENUES:					
Property taxes	\$ 1,127,580	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-
Fines and forfeitures	-	-	-	-	138,718
Intergovernmental	-	-	3,471,665	119,218	-
Charges for services	-	156,464	-	-	-
Investment income (loss)	-	-	-	1,039	-
Rents and leases	-	-	-	-	-
Miscellaneous	5,129	-	-	-	-
Total revenues	<u>1,132,709</u>	<u>156,464</u>	<u>3,471,665</u>	<u>120,257</u>	<u>138,718</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	5,284,955	140,787	-	-	-
Culture and recreation	-	-	-	-	-
Highway and streets	-	-	-	6,488	-
Capital outlay	-	-	-	293,015	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>5,284,955</u>	<u>140,787</u>	<u>-</u>	<u>299,503</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,152,246)</u>	<u>15,677</u>	<u>3,471,665</u>	<u>(179,246)</u>	<u>138,718</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	4,152,246	-	-	-	-
Transfers out	-	-	(3,415,865)	(645)	(135,579)
Total other financing sources (uses)	<u>4,152,246</u>	<u>-</u>	<u>(3,415,865)</u>	<u>(645)</u>	<u>(135,579)</u>
NET CHANGES IN FUND BALANCES	-	15,677	55,800	(179,891)	3,139
FUND BALANCES (DEFICIT):					
Beginning of year	-	293,520	390,629	390,614	8,594
End of year	<u>\$ -</u>	<u>\$ 309,197</u>	<u>\$ 446,429</u>	<u>\$ 210,723</u>	<u>\$ 11,733</u>

(Continued)

City of Redlands
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Measure I Fund	Open Space Fund	Downtown Redlands Business Area Fund	Parking Authority Fund	Asset Forfeiture Fund
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	1,924,654	-	-	-	-
Fines and forfeitures	-	-	-	-	348,518
Intergovernmental	-	-	-	-	-
Charges for services	-	89,098	3,285	-	-
Investment income (loss)	22,068	18,517	1,515	1,961	24,467
Rents and leases	-	-	-	9,988	-
Miscellaneous	-	-	35,685	-	11,445
Total revenues	1,946,722	107,615	40,485	11,949	384,430
EXPENDITURES:					
Current:					
General government	-	-	144,549	23,337	-
Public safety	-	-	-	-	46,450
Culture and recreation	-	1,782	-	-	-
Highway and streets	15,740	-	-	-	-
Capital outlay	-	-	-	-	7,994
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	15,740	1,782	144,549	23,337	54,444
REVENUES OVER (UNDER) EXPENDITURES	1,930,982	105,833	(104,064)	(11,388)	329,986
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	104,064	11,463	-
Transfers out	(588,713)	-	-	-	-
Total other financing sources (uses)	(588,713)	-	104,064	11,463	-
NET CHANGES IN FUND BALANCES	1,342,269	105,833	-	75	329,986
FUND BALANCES (DEFICIT):					
Beginning of year	726,856	2,156,054	-	783	1,281,139
End of year	<u>\$ 2,069,125</u>	<u>\$ 2,261,887</u>	<u>\$ -</u>	<u>\$ 858</u>	<u>\$ 1,611,125</u>

(Continued)

City of Redlands
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Supplemental Law Enforcement Grant Fund	Park and Open Space Fund	Arterial Street Construction Fund	Traffic Signals Fund	Freeway Interchanges Fund
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	183,582	-	-	-	2,697,068
Charges for services	-	294,300	304,832	18,788	181,987
Investment income (loss)	3,214	20,764	38,791	14,563	69,138
Rents and leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	186,796	315,064	343,623	33,351	2,948,193
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	118,460	-	-	-	-
Culture and recreation	-	217,314	-	-	-
Highway and streets	-	-	20,442	38,167	38,533
Capital outlay	65,123	2,392	128,028	241,796	2,472,833
Debt service:					
Principal	-	64,839	-	-	-
Interest and fiscal charges	-	37,386	-	-	-
Total expenditures	183,583	321,931	148,470	279,963	2,511,366
REVENUES OVER (UNDER) EXPENDITURES	3,213	(6,867)	195,153	(246,612)	436,827
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGES IN FUND BALANCES	3,213	(6,867)	195,153	(246,612)	436,827
FUND BALANCES (DEFICIT):					
Beginning of year	89,177	2,042,124	4,415,548	1,176,724	1,618,566
End of year	<u>\$ 92,390</u>	<u>\$ 2,035,257</u>	<u>\$ 4,610,701</u>	<u>\$ 930,112</u>	<u>\$ 2,055,393</u>

(Continued)

City of Redlands
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Street Lighting District #1 Fund	CFD 2004-1 Assessment Fund	Landscape Maintenance District Fund	Local Transportation Fund	PARIS Fund
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	25,357	582,079	29,696	-	-
Investment income (loss)	-	1,454	-	2,323	(113,072)
Rents and leases	-	-	-	-	-
Miscellaneous	-	25,000	-	-	-
Total revenues	25,357	608,533	29,696	2,323	(113,072)
EXPENDITURES:					
Current:					
General government	-	495,185	37,040	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Highway and streets	17,580	-	-	4,460	414,523
Capital outlay	-	-	-	-	2,272,313
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	17,580	495,185	37,040	4,460	2,686,836
REVENUES OVER (UNDER) EXPENDITURES	7,777	113,348	(7,344)	(2,137)	(2,799,908)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	7,344	-	4,354,217
Transfers out	-	(134,122)	-	-	-
Total other financing sources (uses)	-	(134,122)	7,344	-	4,354,217
NET CHANGES IN FUND BALANCES	7,777	(20,774)	-	(2,137)	1,554,309
FUND BALANCES (DEFICIT):					
Beginning of year	32,101	124,038	-	195,040	2,191,595
End of year	<u>\$ 39,878</u>	<u>\$ 103,264</u>	<u>\$ -</u>	<u>\$ 192,903</u>	<u>\$ 3,745,904</u>

(Continued)

City of Redlands
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds
	Public Art Fund	Transportation Development Act Fund	Safety Hall Replacement Capital Projects Fund	Storm Drain Fund	General Debt Service Fund
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 95,695
Sales and use taxes	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	189,041	-
Investment income (loss)	193	-	30,368	17,709	(1,175)
Rents and leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	193	-	30,368	206,750	94,520
EXPENDITURES:					
Current:					
General government	-	-	158,484	67,374	3,443
Public safety	-	-	-	-	-
Culture and recreation	2,800	-	-	-	-
Highway and streets	-	4,986	-	-	-
Capital outlay	-	661,993	107,008	-	-
Debt service:					
Principal	-	-	-	-	1,620,000
Interest and fiscal charges	-	-	-	-	250,097
Total expenditures	2,800	666,979	265,492	67,374	1,873,540
REVENUES OVER (UNDER) EXPENDITURES	(2,607)	(666,979)	(235,124)	139,376	(1,779,020)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	519,146
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	519,146
NET CHANGES IN FUND BALANCES	(2,607)	(666,979)	(235,124)	139,376	(1,259,874)
FUND BALANCES (DEFICIT):					
Beginning of year	12,018	(13,766)	2,560,682	2,405,945	1,819,383
End of year	<u>\$ 9,411</u>	<u>\$ (680,745)</u>	<u>\$ 2,325,558</u>	<u>\$ 2,545,321</u>	<u>\$ 559,509</u>

City of Redlands
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Permanent Funds		
	Simonds Endowment Fund	Pauline Stancliff Memorial Trust Fund	Total Non-Major Governmental Funds
	Fund	Trust Fund	Funds
REVENUES:			
Property taxes	\$ -	\$ -	\$ 1,223,275
Sales and use taxes	-	-	1,924,654
Fines and forfeitures	-	-	487,236
Intergovernmental	-	-	6,471,533
Charges for services	-	-	1,874,927
Investment income (loss)	360	211	154,408
Rents and leases	-	-	9,988
Miscellaneous	-	-	77,259
Total revenues	360	211	12,223,280
EXPENDITURES:			
Current:			
General government	-	-	929,412
Public safety	-	-	5,590,652
Culture and recreation	-	-	221,896
Highway and streets	-	-	560,919
Capital outlay	-	-	6,252,495
Debt service:			
Principal	-	-	1,684,839
Interest and fiscal charges	-	-	287,483
Total expenditures	-	-	15,527,696
REVENUES OVER (UNDER) EXPENDITURES	360	211	(3,304,416)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	9,148,480
Transfers out	-	-	(4,274,924)
Total other financing sources (uses)	-	-	4,873,556
NET CHANGES IN FUND BALANCES	360	211	1,569,140
FUND BALANCES (DEFICIT):			
Beginning of year	37,095	21,927	23,976,386
End of year	<u>\$ 37,455</u>	<u>\$ 22,138</u>	<u>\$ 25,545,526</u>

(Continued)

(Concluded)

City of Redlands
Budgetary Comparison Schedule
Emergency Service Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,127,580	\$ 27,580
Charges for services	30,000	30,000	-	(30,000)
Miscellaneous	5,000	5,000	5,129	129
Total revenues	<u>1,135,000</u>	<u>1,135,000</u>	<u>1,132,709</u>	<u>(2,291)</u>
EXPENDITURES:				
Current:				
Public safety	5,882,477	5,886,830	5,284,955	601,875
Total expenditures	<u>5,882,477</u>	<u>5,886,830</u>	<u>5,284,955</u>	<u>601,875</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,747,477)</u>	<u>(4,751,830)</u>	<u>(4,152,246)</u>	<u>599,584</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,747,477	4,747,477	4,152,246	(595,231)
Total other financing sources (uses)	<u>4,747,477</u>	<u>4,747,477</u>	<u>4,152,246</u>	<u>(595,231)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (4,353)</u>	<u>-</u>	<u>\$ 4,353</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Redlands
Budgetary Comparison Schedule
Household Hazardous Waste Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 100,000	\$ 100,000	\$ 156,464	\$ 56,464
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>156,464</u>	<u>56,464</u>
EXPENDITURES:				
Current:				
Public safety	142,694	142,694	140,787	1,907
Total expenditures	<u>142,694</u>	<u>142,694</u>	<u>140,787</u>	<u>1,907</u>
Net change in fund balance	<u>\$ (42,694)</u>	<u>\$ (42,694)</u>	15,677	<u>\$ 58,371</u>
FUND BALANCE:				
Beginning of year			<u>293,520</u>	
End of year			<u>\$ 309,197</u>	

City of Redlands
Budgetary Comparison Schedule
State Gas Tax Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 3,698,006	\$ 3,698,006	\$ 3,471,665	\$ (226,341)
Total revenues	<u>3,698,006</u>	<u>3,698,006</u>	<u>3,471,665</u>	<u>(226,341)</u>
EXPENDITURES:				
Current:				
Highway and streets	3,698,006	3,698,006	-	3,698,006
Total expenditures	<u>3,698,006</u>	<u>3,698,006</u>	<u>-</u>	<u>3,698,006</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(3,415,865)	(3,415,865)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,415,865)</u>	<u>(3,415,865)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	55,800	<u>\$ 55,800</u>
FUND BALANCE:				
Beginning of year			390,629	
End of year			<u>\$ 446,429</u>	

City of Redlands
Budgetary Comparison Schedule
Air Quality Improvement Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 89,000	\$ 89,000	\$ 119,218	\$ 30,218
Investment income (loss)	-	-	1,039	1,039
Total revenues	<u>89,000</u>	<u>89,000</u>	<u>120,257</u>	<u>31,257</u>
EXPENDITURES:				
Current:				
Highway and streets	417	127,759	6,488	121,271
Capital outlay	350,000	350,000	293,015	56,985
Total expenditures	<u>350,417</u>	<u>477,759</u>	<u>299,503</u>	<u>178,256</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(645)	(645)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(645)</u>	<u>(645)</u>
Net change in fund balance	<u>\$ (261,417)</u>	<u>\$ (388,759)</u>	(179,891)	<u>\$ 208,868</u>
FUND BALANCE:				
Beginning of year			<u>390,614</u>	
End of year			<u>\$ 210,723</u>	

City of Redlands
Budgetary Comparison Schedule
Traffic Safety Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 202,000	\$ 202,000	\$ 138,718	\$ (63,282)
Total revenues	<u>202,000</u>	<u>202,000</u>	<u>138,718</u>	<u>(63,282)</u>
EXPENDITURES:				
Current:				
Public safety	202,000	202,000	-	202,000
Total expenditures	<u>202,000</u>	<u>202,000</u>	<u>-</u>	<u>202,000</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(135,579)	(135,579)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(135,579)</u>	<u>(135,579)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,139	<u>\$ 3,139</u>
FUND BALANCE:				
Beginning of year			8,594	
End of year			<u>\$ 11,733</u>	

City of Redlands
Budgetary Comparison Schedule
Measure I Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Sales and use taxes	\$ 1,825,567	\$ 1,825,567	\$ 1,924,654	\$ 99,087
Investment income (loss)	-	-	22,068	22,068
Total revenues	<u>1,825,567</u>	<u>1,825,567</u>	<u>1,946,722</u>	<u>121,155</u>
EXPENDITURES:				
Current:				
Highway and streets	15,741	15,741	15,740	1
Capital outlay	2,704,233	2,704,233	-	2,704,233
Total expenditures	<u>2,719,974</u>	<u>2,719,974</u>	<u>15,740</u>	<u>2,704,234</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(588,713)	(588,713)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(588,713)</u>	<u>(588,713)</u>
Net change in fund balance	<u>\$ (894,407)</u>	<u>\$ (894,407)</u>	1,342,269	<u>\$ 2,236,676</u>
FUND BALANCE:				
Beginning of year			<u>726,856</u>	
End of year			<u>\$ 2,069,125</u>	

City of Redlands
Budgetary Comparison Schedule
Open Space Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 500,000	\$ 500,000	\$ 89,098	\$ (410,902)
Investment income (loss)	-	-	18,517	18,517
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>107,615</u>	<u>(392,385)</u>
EXPENDITURES:				
Current:				
Culture and recreation	-	-	1,782	(1,782)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,782</u>	<u>(1,782)</u>
Net change in fund balance	<u>\$ 500,000</u>	<u>\$ 500,000</u>	105,833	<u>\$ (394,167)</u>
FUND BALANCE:				
Beginning of year			<u>2,156,054</u>	
End of year			<u>\$ 2,261,887</u>	

City of Redlands
Budgetary Comparison Schedule
Downtown Redlands Business Area Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 151,000	\$ 151,000	\$ 3,285	\$ (147,715)
Investment income (loss)	-	-	1,515	1,515
Miscellaneous	-	-	35,685	35,685
Total revenues	<u>151,000</u>	<u>151,000</u>	<u>40,485</u>	<u>(110,515)</u>
EXPENDITURES:				
Current:				
General government	152,008	152,008	144,549	7,459
Total expenditures	<u>152,008</u>	<u>152,008</u>	<u>144,549</u>	<u>7,459</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,008)</u>	<u>(1,008)</u>	<u>(104,064)</u>	<u>(103,056)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	104,064	104,064
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>104,064</u>	<u>104,064</u>
Net change in fund balance	<u>\$ (1,008)</u>	<u>\$ (1,008)</u>	<u>-</u>	<u>\$ 1,008</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Redlands
Budgetary Comparison Schedule
Parking Authority Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ 1,961	\$ 1,961
Rents and leases	11,500	11,500	9,988	(1,512)
Total revenues	<u>11,500</u>	<u>11,500</u>	<u>11,949</u>	<u>449</u>
EXPENDITURES:				
Current:				
General government	23,142	23,142	23,337	(195)
Total expenditures	<u>23,142</u>	<u>23,142</u>	<u>23,337</u>	<u>(195)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(11,642)</u>	<u>(11,642)</u>	<u>(11,388)</u>	<u>254</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	11,642	11,642	11,463	(179)
Total other financing sources (uses)	<u>11,642</u>	<u>11,642</u>	<u>11,463</u>	<u>(179)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	75	<u>\$ 75</u>
FUND BALANCE:				
Beginning of year			783	
End of year			<u>\$ 858</u>	

City of Redlands
Budgetary Comparison Schedule
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 113,600	\$ 113,600	\$ 348,518	\$ 234,918
Investment income (loss)	6,000	6,000	24,467	18,467
Miscellaneous	-	-	11,445	11,445
Total revenues	<u>119,600</u>	<u>119,600</u>	<u>384,430</u>	<u>264,830</u>
EXPENDITURES:				
Current:				
Public safety	191,924	199,343	46,450	152,893
Capital outlay	-	-	7,994	(7,994)
Total expenditures	<u>191,924</u>	<u>199,343</u>	<u>54,444</u>	<u>144,899</u>
Net change in fund balance	<u>\$ (72,324)</u>	<u>\$ (79,743)</u>	329,986	<u>\$ 409,729</u>
FUND BALANCE:				
Beginning of year			<u>1,281,139</u>	
End of year			<u>\$ 1,611,125</u>	

City of Redlands
Budgetary Comparison Schedule
Supplemental Law Enforcement Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 175,059	\$ 175,059	\$ 183,582	\$ 8,523
Investment income (loss)	1,500	1,500	3,214	1,714
Total revenues	<u>176,559</u>	<u>176,559</u>	<u>186,796</u>	<u>10,237</u>
EXPENDITURES:				
Current:				
Public safety	251,391	251,391	118,460	132,931
Capital outlay	75,000	135,260	65,123	70,137
Total expenditures	<u>326,391</u>	<u>386,651</u>	<u>183,583</u>	<u>203,068</u>
Net change in fund balance	<u>\$ (149,832)</u>	<u>\$ (210,092)</u>	3,213	<u>\$ 213,305</u>
FUND BALANCE:				
Beginning of year			<u>89,177</u>	
End of year			<u>\$ 92,390</u>	

City of Redlands
Budgetary Comparison Schedule
Park and Open Space Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 1,500,000	\$ 1,500,000	\$ 294,300	\$ (1,205,700)
Investment income (loss)	-	-	20,764	20,764
Total revenues	1,500,000	1,500,000	315,064	(1,184,936)
EXPENDITURES:				
Current:				
Culture and recreation	3,658	211,426	217,314	(5,888)
Capital outlay	-	-	2,392	(2,392)
Debt service:				
Principal	64,839	64,839	64,839	-
Interest and fiscal charges	37,386	37,386	37,386	-
Total expenditures	105,883	313,651	321,931	(8,280)
Net change in fund balance	\$ 1,394,117	\$ 1,186,349	(6,867)	\$ (1,193,216)
FUND BALANCE:				
Beginning of year			2,042,124	
End of year			\$ 2,035,257	

City of Redlands
Budgetary Comparison Schedule
Arterial Street Construction Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 710,000	\$ 710,000	\$ 304,832	\$ (405,168)
Investment income (loss)	12,000	12,000	38,791	26,791
Total revenues	<u>722,000</u>	<u>722,000</u>	<u>343,623</u>	<u>(378,377)</u>
EXPENDITURES:				
Current:				
Highway and streets	300,000	300,000	20,442	279,558
Capital outlay	900,000	900,000	128,028	771,972
Total expenditures	<u>1,200,000</u>	<u>1,200,000</u>	<u>148,470</u>	<u>1,051,530</u>
Net change in fund balance	<u>\$ (478,000)</u>	<u>\$ (478,000)</u>	195,153	<u>\$ 673,153</u>
FUND BALANCE:				
Beginning of year			<u>4,415,548</u>	
End of year			<u>\$ 4,610,701</u>	

City of Redlands
Budgetary Comparison Schedule
Traffic Signals Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 90,000	\$ 90,000	\$ 18,788	\$ (71,212)
Investment income (loss)	4,500	4,500	14,563	10,063
Total revenues	<u>94,500</u>	<u>94,500</u>	<u>33,351</u>	<u>(61,149)</u>
EXPENDITURES:				
Current:				
Highway and streets	100,000	100,000	38,167	61,833
Capital outlay	600,000	1,162,601	241,796	920,805
Total expenditures	<u>700,000</u>	<u>1,262,601</u>	<u>279,963</u>	<u>982,638</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(605,500)</u>	<u>(1,168,101)</u>	<u>(246,612)</u>	<u>921,489</u>
Net change in fund balance	<u>\$ (605,500)</u>	<u>\$ (1,168,101)</u>	<u>(246,612)</u>	<u>\$ 921,489</u>
FUND BALANCE:				
Beginning of year			<u>1,176,724</u>	
End of year			<u>\$ 930,112</u>	

City of Redlands
Budgetary Comparison Schedule
Freeway Interchanges Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 2,697,068	\$ 2,697,068
Charges for services	450,000	450,000	181,987	(268,013)
Investment income (loss)	8,000	8,000	69,138	61,138
Total revenues	<u>458,000</u>	<u>458,000</u>	<u>2,948,193</u>	<u>2,490,193</u>
EXPENDITURES:				
Current:				
Highway and streets	-	-	38,533	(38,533)
Capital outlay	-	248,817	2,472,833	(2,224,016)
Total expenditures	<u>-</u>	<u>248,817</u>	<u>2,511,366</u>	<u>(2,262,549)</u>
Net change in fund balance	<u>\$ 458,000</u>	<u>\$ 209,183</u>	436,827	<u>\$ 227,644</u>
FUND BALANCE:				
Beginning of year			<u>1,618,566</u>	
End of year			<u>\$ 2,055,393</u>	

City of Redlands
Budgetary Comparison Schedule
Street Lighting District #1 Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 25,000	\$ 25,000	\$ 25,357	\$ 357
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>25,357</u>	<u>357</u>
EXPENDITURES:				
Current:				
Highway and streets	21,358	21,358	17,580	3,778
Total expenditures	<u>21,358</u>	<u>21,358</u>	<u>17,580</u>	<u>3,778</u>
Net change in fund balance	<u>\$ 3,642</u>	<u>\$ 3,642</u>	7,777	<u>\$ 4,135</u>
FUND BALANCE:				
Beginning of year			<u>32,101</u>	
End of year			<u>\$ 39,878</u>	

City of Redlands
Budgetary Comparison Schedule
CFD 2004-1 Assessment Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 575,000	\$ 575,000	\$ 582,079	\$ 7,079
Investment income (loss)	1,000	1,000	1,454	454
Miscellaneous	-	-	25,000	25,000
Total revenues	<u>576,000</u>	<u>576,000</u>	<u>608,533</u>	<u>32,533</u>
EXPENDITURES:				
Current:				
General government	442,347	442,347	495,185	(52,838)
Highway and streets	15,000	15,000	-	15,000
Total expenditures	<u>457,347</u>	<u>457,347</u>	<u>495,185</u>	<u>(37,838)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>118,653</u>	<u>118,653</u>	<u>113,348</u>	<u>(5,305)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(128,596)	(128,596)	(134,122)	(5,526)
Total other financing sources (uses)	<u>(128,596)</u>	<u>(128,596)</u>	<u>(134,122)</u>	<u>(5,526)</u>
Net change in fund balance	<u>\$ (9,943)</u>	<u>\$ (9,943)</u>	<u>(20,774)</u>	<u>\$ (10,831)</u>
FUND BALANCE:				
Beginning of year			124,038	
End of year			<u>\$ 103,264</u>	

City of Redlands
Budgetary Comparison Schedule
Landscape Maintenance District Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 29,000	\$ 29,000	\$ 29,696	\$ 696
Total revenues	<u>29,000</u>	<u>29,000</u>	<u>29,696</u>	<u>696</u>
EXPENDITURES:				
Current:				
General government	50,639	50,639	37,040	13,599
Total expenditures	<u>50,639</u>	<u>50,639</u>	<u>37,040</u>	<u>13,599</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(21,639)</u>	<u>(21,639)</u>	<u>(7,344)</u>	<u>14,295</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	21,639	21,639	7,344	(14,295)
Total other financing sources (uses)	<u>21,639</u>	<u>21,639</u>	<u>7,344</u>	<u>(14,295)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Redlands
Budgetary Comparison Schedule
Local Transportation Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ 2,323	\$ 2,323
Miscellaneous	-	44,000	-	(44,000)
Total revenues	-	44,000	2,323	(41,677)
EXPENDITURES:				
Current:				
Highway and streets	-	118,495	4,460	114,035
Total expenditures	-	118,495	4,460	114,035
Net change in fund balance	\$ -	\$ (74,495)	(2,137)	\$ 72,358
FUND BALANCE:				
Beginning of year			195,040	
End of year			<u>\$ 192,903</u>	

City of Redlands
Budgetary Comparison Schedule
PARIS Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ (113,072)	\$ (113,072)
Total revenues	<u>-</u>	<u>-</u>	<u>(113,072)</u>	<u>(113,072)</u>
EXPENDITURES:				
Current:				
Highway and streets	535,222	750,539	414,523	336,016
Capital outlay	4,500,000	6,778,185	2,272,313	4,505,872
Total expenditures	<u>5,035,222</u>	<u>7,528,724</u>	<u>2,686,836</u>	<u>4,841,888</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,035,222)</u>	<u>(7,528,724)</u>	<u>(2,799,908)</u>	<u>4,728,816</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	6,328,330	6,328,330	4,354,217	(1,974,113)
Total other financing sources (uses)	<u>6,328,330</u>	<u>6,328,330</u>	<u>4,354,217</u>	<u>(1,974,113)</u>
Net change in fund balance	<u>\$ 1,293,108</u>	<u>\$ (1,200,394)</u>	1,554,309	<u>\$ 2,754,703</u>
FUND BALANCE:				
Beginning of year			2,191,595	
End of year			<u>\$ 3,745,904</u>	

City of Redlands
Budgetary Comparison Schedule
Public Art Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ 193	\$ 193
Total revenues	<u>-</u>	<u>-</u>	<u>193</u>	<u>193</u>
EXPENDITURES:				
Current:				
Culture and recreation	-	2,000	2,800	(800)
Total expenditures	<u>-</u>	<u>2,000</u>	<u>2,800</u>	<u>(800)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,000)</u>	(2,607)	<u>\$ (607)</u>
FUND BALANCE:				
Beginning of year			<u>12,018</u>	
End of year			<u>\$ 9,411</u>	

City of Redlands
Budgetary Comparison Schedule
Transportation Development Act Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 1,180,448	\$ -	\$ (1,180,448)
Total revenues	<u>-</u>	<u>1,180,448</u>	<u>-</u>	<u>(1,180,448)</u>
EXPENDITURES:				
Current:				
Highway and streets	-	206,856	4,986	201,870
Capital outlay	-	959,732	661,993	297,739
Total expenditures	<u>-</u>	<u>1,166,588</u>	<u>666,979</u>	<u>499,609</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,860</u>	<u>(666,979)</u>	<u>\$ (680,839)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(13,766)</u>	
End of year			<u>\$ (680,745)</u>	

City of Redlands
Budgetary Comparison Schedule
Safety Hall Replacement Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ 30,368	\$ 30,368
Total revenues	<u>-</u>	<u>-</u>	<u>30,368</u>	<u>30,368</u>
EXPENDITURES:				
Current:				
General government	-	200,970	158,484	42,486
Capital outlay	-	2,235,000	107,008	2,127,992
Total expenditures	<u>-</u>	<u>2,435,970</u>	<u>265,492</u>	<u>2,170,478</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,435,970)</u>	(235,124)	<u>\$ 2,200,846</u>
FUND BALANCE:				
Beginning of year			<u>2,560,682</u>	
End of year			<u>\$ 2,325,558</u>	

City of Redlands
Budgetary Comparison Schedule
Storm Drain Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Charges for services	\$ 330,000	\$ 330,000	\$ 189,041	\$ (140,959)
Investment income (loss)	7,500	7,500	17,709	10,209
Total revenues	<u>337,500</u>	<u>337,500</u>	<u>206,750</u>	<u>(130,750)</u>
EXPENDITURES:				
Current:				
General government	577,035	587,035	67,374	519,661
Capital outlay	1,980,000	1,980,000	-	1,980,000
Total expenditures	<u>2,557,035</u>	<u>2,567,035</u>	<u>67,374</u>	<u>2,499,661</u>
Net change in fund balance	<u>\$ (2,219,535)</u>	<u>\$ (2,229,535)</u>	139,376	<u>\$ 2,368,911</u>
FUND BALANCE:				
Beginning of year			<u>2,405,945</u>	
End of year			<u>\$ 2,545,321</u>	

City of Redlands
Budgetary Comparison Schedule
General Debt Service Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Property taxes	\$ 30,000	\$ 30,000	\$ 95,695	\$ 65,695
Investment income (loss)	430	430	(1,175)	(1,605)
Total revenues	<u>30,430</u>	<u>30,430</u>	<u>94,520</u>	<u>64,090</u>
EXPENDITURES:				
Current:				
General government	3,446	3,446	3,443	3
Debt service:				
Principal	1,620,000	1,620,000	1,620,000	-
Interest and fiscal charges	250,097	250,097	250,097	-
Total expenditures	<u>1,873,543</u>	<u>1,873,543</u>	<u>1,873,540</u>	<u>3</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,843,113)</u>	<u>(1,843,113)</u>	<u>(1,779,020)</u>	<u>64,093</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	519,146	519,146
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>519,146</u>	<u>519,146</u>
Net change in fund balance	<u>\$ (1,843,113)</u>	<u>\$ (1,843,113)</u>	<u>(1,259,874)</u>	<u>\$ 583,239</u>
FUND BALANCE:				
Beginning of year			1,819,383	
End of year			<u>\$ 559,509</u>	

City of Redlands
Budgetary Comparison Schedule
Simonds Endowment Permanent Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ 360	\$ 360
Total revenues	<u>-</u>	<u>-</u>	<u>360</u>	<u>360</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	360	<u>\$ 360</u>
FUND BALANCE:				
Beginning of year			<u>37,095</u>	
End of year			<u>\$ 37,455</u>	

City of Redlands
Budgetary Comparison Schedule
Pauline Stancliff Memorial Trust Permanent Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ 211	\$ 211
Total revenues	<u>-</u>	<u>-</u>	<u>211</u>	<u>211</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	211	<u>\$ 211</u>
FUND BALANCE:				
Beginning of year			<u>21,927</u>	
End of year			<u>\$ 22,138</u>	

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Non-Major Enterprise Funds

Groves Fund - This fund is used to account for the farming operations of citrus groves owned by the City.

Non Potable Water Fund - This fund is used to account for non potable water utility operations, projects, debt service costs, and impact fees of the City.

Cemetery Fund - This fund is used to account for the operations of Hillside Memorial Park Cemetery.

Aviation Fund - This fund is used to account for the operations of the Redlands Municipal Airport.

City of Redlands
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2023

	Groves Fund	Non-Potable Water Fund	Cemetery Fund	Aviation Fund	Total
ASSETS					
Current assets:					
Cash and investments	\$ 507,539	\$ 3,885,843	\$ 3,374,210	\$ 277,558	\$ 8,045,150
Accounts receivable, net	62,600	48,350	209,794	27,275	348,019
Taxes receivable	-	-	-	379	379
Lease receivable - due within one year	-	-	27,181	108,872	136,053
Due from other governments	-	-	-	65,802	65,802
Total current assets	570,139	3,934,193	3,611,185	479,886	8,595,403
Noncurrent assets:					
Lease receivable - due in more than one year	-	-	20,485	613,719	634,204
Capital assets:					
Non-depreciable	13,570,179	-	638,131	1,165,281	15,373,591
Depreciable, net	120,334	17,117	661,252	2,366,574	3,165,277
Total capital assets	13,690,513	17,117	1,299,383	3,531,855	18,538,868
Total noncurrent assets	13,690,513	17,117	1,319,868	4,145,574	19,173,072
Total assets	14,260,652	3,951,310	4,931,053	4,625,460	27,768,475
DEFERRED OUTFLOW OF RESOURCES					
Related to OPEB	-	-	392,041	101,496	493,537
Related to pensions	74,712	33,728	279,512	72,254	460,206
Total deferred outflow of resources	74,712	33,728	671,553	173,750	953,743
LIABILITIES					
Current liabilities:					
Accounts payable	129,652	53,745	28,385	37,265	249,047
Accrued payroll	12,782	4,016	31,794	7,401	55,993
Interest payable	-	-	1,199	-	1,199
Deposits payable	-	-	1,308,624	12,004	1,320,628
Unearned revenue	-	-	-	5,872	5,872
Compensated absences - due within one year	271	130	16,040	445	16,886
Long-term debt - due within one year	6,867	-	41,670	-	48,537
Total current liabilities	149,572	57,891	1,427,712	62,987	1,698,162
Noncurrent liabilities:					
Advances from other funds	-	-	613,912	737,613	1,351,525
Compensated absences - due in more than one year	271	130	16,041	444	16,886
Long term debt - due in more than one year	12,133	-	48,492	-	60,625
Total OPEB liability	-	-	1,107,665	262,354	1,370,019
Net pension liability	226,724	102,352	848,217	219,263	1,396,556
Total noncurrent liabilities	239,128	102,482	2,634,327	1,219,674	4,195,611
Total liabilities	388,700	160,373	4,062,039	1,282,661	5,893,773
DEFERRED INFLOWS OF RESOURCES					
Related to leases	-	-	47,426	712,221	759,647
Related to OPEB	-	-	502,537	101,759	604,296
Related to pensions	4,030	1,819	15,078	3,898	24,825
Total deferred inflows of resources	4,030	1,819	565,041	817,878	1,388,768
NET POSITION					
Net investment in capital assets	13,671,513	17,117	1,209,221	3,531,855	18,429,706
Restricted	-	-	-	-	-
Unrestricted (deficit)	271,121	3,805,729	(233,695)	(833,184)	3,009,971
Total net position	\$ 13,942,634	\$ 3,822,846	\$ 975,526	\$ 2,698,671	\$ 21,439,677

City of Redlands
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2023

	Groves Fund	Non-Potable Water Fund	Cemetery Fund	Aviation Fund	Total
OPERATING REVENUES:					
Charges for services	\$ 1,681,761	\$ 618,839	\$ 986,715	\$ 136,727	\$ 3,424,042
Miscellaneous operating revenue	128,325	-	296,571	209,403	634,299
Total operating revenues	1,810,086	618,839	1,283,286	346,130	4,058,341
OPERATING EXPENSES:					
Salaries and benefits	348,852	121,848	888,121	177,637	1,536,458
General and administrative	1,316,210	347,387	358,100	270,279	2,291,976
Parts and supplies	90,727	52,200	87,337	82,441	312,705
Utilities	94,872	34,359	31,576	47,604	208,411
Depreciation/amortization	29,943	7,329	56,794	223,085	317,151
Total operating expenses	1,880,604	563,123	1,421,928	801,046	4,666,701
OPERATING INCOME (LOSS)	(70,518)	55,716	(138,642)	(454,916)	(608,360)
NONOPERATING REVENUES (EXPENSES):					
Investment income	(5,449)	46,031	29,516	15,776	85,874
Interest expense	(159)	-	(19,724)	(18,142)	(38,025)
Property taxes	-	-	-	96,621	96,621
Operating grants	-	-	-	158,706	158,706
Total nonoperating revenues (expenses)	(5,608)	46,031	9,792	252,961	303,176
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(76,126)	101,747	(128,850)	(201,955)	(305,184)
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital contributions	-	104,920	-	-	104,920
Transfers in	292,849	-	-	-	292,849
Transfers out	-	(343,992)	-	-	(343,992)
Total capital contributions and transfers	292,849	(239,072)	-	-	53,777
Changes in net position	216,723	(137,325)	(128,850)	(201,955)	(251,407)
NET POSITION:					
Beginning of year	13,725,911	3,960,171	1,104,376	2,900,626	21,691,084
End of year	<u>\$ 13,942,634</u>	<u>\$ 3,822,846</u>	<u>\$ 975,526</u>	<u>\$ 2,698,671</u>	<u>\$ 21,439,677</u>

City of Redlands
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2023

	Groves Fund	Non-Potable Water Fund	Cemetery Fund	Aviation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 1,619,161	\$ 620,932	\$ 1,104,829	\$ 116,432	\$ 3,461,354
Cash payments to suppliers for goods and services	(1,408,826)	(447,571)	(484,540)	(381,896)	(2,722,833)
Cash payments to employees for services	(207,634)	(85,368)	(544,504)	(123,058)	(960,564)
Receipts from other operating revenues	128,325	-	296,571	209,403	634,299
Net cash provided by (used in) operating activities	131,026	87,993	372,356	(179,119)	412,256
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating grants	-	-	-	94,394	94,394
Property taxes	-	-	-	96,514	96,514
Advances from other funds	-	-	(134,649)	(41,858)	(176,507)
Transfers from other funds	292,849	-	-	-	292,849
Transfers to other funds	-	(343,992)	-	-	(343,992)
Net cash provided by (used in) noncapital financing activities	292,849	(343,992)	(134,649)	149,050	(36,742)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(18,379)	(17,937)	(19,409)	-	(55,725)
Cash contributions received from developers	-	104,920	-	-	104,920
Principal payment of long-term debt	(6,819)	-	(40,770)	-	(47,589)
Interest paid on debt	(159)	-	(20,273)	(18,142)	(38,574)
Net cash provided by (used in) capital and related financing activities	(25,357)	86,983	(80,452)	(18,142)	(36,968)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income (loss)	(5,449)	46,031	29,516	15,776	85,874
Net cash provided by (used in) investing activities	(5,449)	46,031	29,516	15,776	85,874
Net change in cash and cash equivalents	393,069	(122,985)	186,771	(32,435)	424,420
CASH AND CASH EQUIVALENTS:					
Beginning of year	114,470	4,008,828	3,187,439	309,993	7,620,730
End of year	<u>\$ 507,539</u>	<u>\$ 3,885,843</u>	<u>\$ 3,374,210</u>	<u>\$ 277,558</u>	<u>\$ 8,045,150</u>

(Continued)

City of Redlands
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
For the Year Ended June 30, 2023

	Groves Fund	Non-Potable Water Fund	Cemetery Fund	Aviation Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO					
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ (70,518)	\$ 55,716	\$ (138,642)	\$ (454,916)	\$ (608,360)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation/amortization	29,943	7,329	56,794	223,085	317,151
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:					
Accounts receivable, net	(62,600)	2,093	43,167	3,911	(13,429)
Lease receivable	-	-	27,031	107,084	134,115
Deferred outflows - OPEB related	-	-	69,712	13,942	83,654
Deferred outflows - pension related	(70,933)	(27,712)	(225,687)	(53,240)	(377,572)
Accounts payable	92,983	(13,625)	(7,527)	18,428	90,259
Accrued payroll	7,384	(337)	7,450	5,625	20,122
Deposits payable	-	-	75,016	1,144	76,160
Unearned revenue	-	-	-	(20,048)	(20,048)
Compensated absences	536	212	1,523	351	2,622
Total OPEB liability	-	-	(489,801)	(97,960)	(587,761)
Net pension liability	228,938	105,765	709,457	152,232	1,196,392
Deferred inflows - lease related	-	-	(27,100)	(112,386)	(139,486)
Deferred inflows - OPEB related	-	-	477,496	95,499	572,995
Deferred inflows - pension related	(24,707)	(41,448)	(206,533)	(61,870)	(334,558)
Total adjustments	201,544	32,277	510,998	275,797	1,020,616
Net cash provided by (used in) operating activities	\$ 131,026	\$ 87,993	\$ 372,356	\$ (179,119)	\$ 412,256

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Internal Service Funds

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

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

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

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

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

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

City of Redlands
Combining Statement of Net Position
All Internal Service Funds
June 30, 2023

	General Liability Self-Insurance Fund	Workers' Compensation Self-Insurance Fund	Information Technology Fund	Equipment Maintenance Fund
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 3,858,408	\$ 4,988,247	\$ 5,535,514
Accounts receivable, net	-	-	-	55,227
Prepaid items	-	-	159,602	-
Inventories	-	-	-	94,254
Total current assets	-	3,858,408	5,147,849	5,684,995
Noncurrent assets:				
Capital assets:				
Non-depreciable	-	-	-	-
Depreciable, net	-	-	894,026	192,577
Total capital assets	-	-	894,026	192,577
Total noncurrent assets	-	-	894,026	192,577
Total assets	-	3,858,408	6,041,875	5,877,572
DEFERRED OUTFLOW OF RESOURCES				
Related to OPEB	101,496	101,496	1,133,664	483,095
Related to pensions	99,580	284,682	741,020	317,945
Total deferred outflow of resources	201,076	386,178	1,874,684	801,040
LIABILITIES				
Current liabilities:				
Accounts payable	107,207	1,524	156,538	1,025,966
Accrued payroll	11,040	29,925	80,034	28,509
Compensated absences - due within one year	1,402	2,503	88,356	33,924
Claims payable - due within one year	2,153,447	5,609,500	-	-
Long-term debt - due within one year	-	-	130,269	7,107
Total current liabilities	2,273,096	5,643,452	455,197	1,095,506
Noncurrent liabilities:				
Compensated absences - due in more than one year	1,402	2,503	88,358	33,923
Claims payable - due in more than one year	2,153,446	5,609,500	-	-
Long term debt - due in more than one year	-	-	55,160	4,163
Total OPEB liability	341,409	251,462	3,241,268	1,732,682
Net pension liability	302,189	863,904	2,248,721	964,846
Total noncurrent liabilities	2,798,446	6,727,369	5,633,507	2,735,614
Total liabilities	5,071,542	12,370,821	6,088,704	3,831,120
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	101,759	101,759	1,486,906	510,926
Related to pensions	5,372	15,357	39,974	17,151
Total deferred inflows of resources	107,131	117,116	1,526,880	528,077
NET POSITION				
Net Investment in capital assets	-	-	894,026	192,577
Unrestricted (deficit)	(4,977,597)	(8,243,351)	(593,051)	2,126,838
Total net position (deficit)	\$ (4,977,597)	\$ (8,243,351)	\$ 300,975	\$ 2,319,415

(Continued)

City of Redlands
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2023

	Utility Billing Fund	Payroll Clearing Fund	Total
ASSETS			
Current assets:			
Cash and investments	\$ 1,599,513	\$ 539,913	\$ 16,521,595
Accounts receivable, net	3,110	-	58,337
Prepaid items	7,813	-	167,415
Inventories	-	-	94,254
Total current assets	<u>1,610,436</u>	<u>539,913</u>	<u>16,841,601</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	26,081	-	26,081
Depreciable, net	-	-	1,086,603
Total capital assets	<u>26,081</u>	<u>-</u>	<u>1,112,684</u>
Total noncurrent assets	<u>26,081</u>	<u>-</u>	<u>1,112,684</u>
Total assets	<u>1,636,517</u>	<u>539,913</u>	<u>17,954,285</u>
DEFERRED OUTFLOW OF RESOURCES			
Related to OPEB	1,185,791	-	3,005,542
Related to pensions	597,779	-	2,041,006
Total deferred outflow of resources	<u>1,783,570</u>	<u>-</u>	<u>5,046,548</u>
LIABILITIES			
Current liabilities:			
Accounts payable	11,558	660	1,303,453
Accrued payroll	60,972	466,352	676,832
Compensated absences - due within one year	81,214	-	207,399
Claims payable - due within one year	-	-	7,762,947
Long-term debt - due within one year	-	-	137,376
Total current liabilities	<u>153,744</u>	<u>467,012</u>	<u>10,088,007</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	81,213	-	207,399
Claims payable - due in more than one year	-	-	7,762,946
Long term debt - due in more than one year	-	-	59,323
Total OPEB liability	3,119,420	-	8,686,241
Net pension liability	1,814,037	-	6,193,697
Total noncurrent liabilities	<u>5,014,670</u>	<u>-</u>	<u>22,909,606</u>
Total liabilities	<u>5,168,414</u>	<u>467,012</u>	<u>32,997,613</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	1,381,217	-	3,582,567
Related to pensions	32,247	-	110,101
Total deferred inflows of resources	<u>1,413,464</u>	<u>-</u>	<u>3,692,668</u>
NET POSITION			
Net Investment in capital assets	26,081	-	1,112,684
Unrestricted (deficit)	(3,187,872)	72,901	(14,802,132)
Total net position (deficit)	<u>\$ (3,161,791)</u>	<u>\$ 72,901</u>	<u>\$ (13,689,448)</u>

(Concluded)

City of Redlands
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2023

	General Liability Self-Insurance Fund	Workers' Compensation Self-Insurance Fund	Information Technology Fund	Equipment Maintenance Fund
OPERATING REVENUES:				
Charges for services	\$ -	\$ 3,026,426	\$ 6,483,138	\$ 8,006,534
Miscellaneous operating revenue	7,343	41,277	-	250,469
Total operating revenues	7,343	3,067,703	6,483,138	8,257,003
OPERATING EXPENSES:				
Salaries and benefits	168,628	909,100	1,836,335	570,799
General and administrative	7,248,364	1,092,416	1,503,564	986,166
Parts and supplies	133	10,968	233,981	5,594,675
Utilities	1,344	-	300,408	3,433
Depreciation/amortization	-	-	511,060	38,483
Total operating expenses	7,418,469	2,012,484	4,385,348	7,193,556
OPERATING INCOME (LOSS)	(7,411,126)	1,055,219	2,097,790	1,063,447
NONOPERATING REVENUES (EXPENSES):				
Investment income (loss)	53,559	18,476	(58,026)	10,923
Interest expense	-	-	(10,189)	(83)
Total nonoperating revenues (expenses)	53,559	18,476	(68,215)	10,840
INCOME (LOSS) BEFORE TRANSFERS	(7,357,567)	1,073,695	2,029,575	1,074,287
TRANSFERS:				
Transfers in	5,026,046	-	-	-
Transfers out	-	-	(7,994)	-
Total transfers	5,026,046	-	(7,994)	-
Changes in net position	(2,331,521)	1,073,695	2,021,581	1,074,287
NET POSITION (DEFICIT):				
Beginning of year, as restated (Note 20)	(2,646,076)	(9,317,046)	(1,720,606)	1,245,128
End of year	<u>\$ (4,977,597)</u>	<u>\$ (8,243,351)</u>	<u>\$ 300,975</u>	<u>\$ 2,319,415</u>

(Continued)

City of Redlands
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	Utility Billing Fund	Payroll Clearing Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 1,763,475	\$ 519,146	\$ 19,798,719
Miscellaneous operating revenue	116,297	-	415,386
Total operating revenues	1,879,772	519,146	20,214,105
OPERATING EXPENSES:			
Salaries and benefits	1,461,358	-	4,946,220
General and administrative	574,298	-	11,404,808
Parts and supplies	39,566	-	5,879,323
Utilities	-	-	305,185
Depreciation/amortization	-	-	549,543
Total operating expenses	2,075,222	-	23,085,079
OPERATING INCOME (LOSS)	(195,450)	519,146	(2,870,974)
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss)	418,668	-	443,600
Interest expense	-	-	(10,272)
Total nonoperating revenues (expenses)	418,668	-	433,328
INCOME (LOSS) BEFORE TRANSFERS	223,218	519,146	(2,437,646)
TRANSFERS:			
Transfers in	-	-	5,026,046
Transfers out	-	(519,146)	(527,140)
Total transfers	-	(519,146)	4,498,906
Changes in net position	223,218	-	2,061,260
NET POSITION (DEFICIT):			
Beginning of year, as restated (Note 20)	(3,385,009)	72,901	(15,750,708)
End of year	<u>\$ (3,161,791)</u>	<u>\$ 72,901</u>	<u>\$ (13,689,448)</u>

(Concluded)

City of Redlands
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2023

	General Liability Self-Insurance Fund	Workers' Compensation Self-Insurance Fund	Information Technology Fund	Equipment Maintenance Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ -	\$ 3,026,426	\$ 6,483,138	\$ 8,003,724
Cash payments to suppliers for goods and services	(5,560,165)	(2,057,616)	(2,143,690)	(6,191,630)
Cash payments to employees for services	(180,010)	(579,794)	(1,363,884)	(709,582)
Receipts from other operating activities	7,343	41,277	-	250,469
Net cash provided by (used in) operating activities	(5,732,832)	430,293	2,975,564	1,352,981
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	5,026,046	-	-	-
Transfers to other funds	-	-	(7,994)	-
Net cash provided by (used in) noncapital financing activities	5,026,046	-	(7,994)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	-	(105,472)	(179,510)
Principal payment of long-term debt	-	-	(218,994)	(7,068)
Interest paid on debt	-	-	(10,189)	(83)
Net cash (used in) capital and related financing activities	-	-	(334,655)	(186,661)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income (loss)	53,559	18,476	(58,026)	10,923
Net cash provided by (used in) investing activities	53,559	18,476	(58,026)	10,923
Net change in cash and cash equivalents	(653,227)	448,769	2,574,889	1,177,243
CASH AND CASH EQUIVALENTS:				
Beginning of year	653,227	3,409,639	2,413,358	4,358,271
End of year	<u>\$ -</u>	<u>\$ 3,858,408</u>	<u>\$ 4,988,247</u>	<u>\$ 5,535,514</u>

(Continued)

City of Redlands
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	General Liability Self-Insurance Fund	Workers' Compensation Self-Insurance Fund	Information Technology Fund	Equipment Maintenance Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (7,411,126)	\$ 1,055,219	\$ 2,097,790	\$ 1,063,447
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation/amortization	-	-	511,060	38,483
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	-	-	-	(2,810)
Prepaid items	-	-	(98,608)	6,665
Inventories	-	-	-	(1,114)
Deferred outflows - OPEB related	13,942	13,942	209,135	69,712
Deferred outflows -pension related	(54,742)	(228,916)	(522,903)	(169,904)
Accounts payable	(21,710)	(1,608)	(7,129)	387,093
Accrued payroll	7,618	7,552	(22,730)	(6,967)
Compensated absences	498	1,622	3,790	1,895
Claims payable	1,711,386	(952,624)	-	-
Total OPEB liability	(97,960)	(97,960)	(1,469,403)	(489,801)
Net pension liability	66,992	694,432	1,531,254	299,961
Deferred inflows - OPEB related	95,499	95,499	1,432,487	477,496
Deferred inflows - pension related	(43,229)	(156,865)	(689,179)	(321,175)
Total adjustments	<u>1,678,294</u>	<u>(624,926)</u>	<u>877,774</u>	<u>289,534</u>
Net cash provided by (used in) operating activities	<u>\$ (5,732,832)</u>	<u>\$ 430,293</u>	<u>\$ 2,975,564</u>	<u>\$ 1,352,981</u>

(Continued)

City of Redlands
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	Utility Billing Fund	Payroll Clearing Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,763,913	\$ 519,146	\$ 19,796,347
Cash payments to suppliers for goods and services	(635,816)	403,934	(16,184,983)
Cash payments to employees for services	(1,070,849)	6,911	(3,897,208)
Receipts from other operating activities	116,297	-	415,386
Net cash provided by (used in) operating activities	173,545	929,991	129,542
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	-	-	5,026,046
Transfers to other funds	-	(519,146)	(527,140)
Net cash provided by (used in) noncapital financing activities	-	(519,146)	4,498,906
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(26,081)	-	(311,063)
Principal payment of long-term debt	-	-	(226,062)
Interest paid on debt	-	-	(10,272)
Net cash (used in) capital and related financing activities	(26,081)	-	(547,397)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income (loss)	418,668	-	443,600
Net cash provided by (used in) investing activities	418,668	-	443,600
Net change in cash and cash equivalents	566,132	410,845	4,524,651
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,033,381	129,068	11,996,944
End of year	<u>\$ 1,599,513</u>	<u>\$ 539,913</u>	<u>\$ 16,521,595</u>

(Continued)

City of Redlands
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	Utility Billing Fund	Payroll Clearing Fund	Total
RECONCILIATION OF OPERATING INCOME			
(LOSS) TO NET CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES:			
Operating income (loss)	\$ (195,450)	\$ 519,146	\$ (2,870,974)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation/amortization	-	-	549,543
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	438	-	(2,372)
Prepaid items	(7,813)	504,617	404,861
Inventories	-	-	(1,114)
Deferred outflows - OPEB related	195,192	-	501,923
Deferred outflows -pension related	(417,959)	-	(1,394,424)
Accounts payable	(14,139)	(100,683)	241,824
Accrued payroll	8,942	6,911	1,326
Compensated absences	3,110	-	10,915
Claims payable	-	-	758,762
Total OPEB liability	(1,371,442)	-	(3,526,566)
Net pension liability	1,063,602	-	3,656,241
Deferred inflows - OPEB related	1,336,988	-	3,437,969
Deferred inflows - pension related	(427,924)	-	(1,638,372)
Total adjustments	<u>368,995</u>	<u>410,845</u>	<u>3,000,516</u>
Net cash provided by (used in) operating activities	<u>\$ 173,545</u>	<u>\$ 929,991</u>	<u>\$ 129,542</u>

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**STATISTICAL SECTION
(UNAUDITED)**

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CITY OF REDLANDS - STATISTICAL SECTION

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

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Financial Trends - These schedules contain trend information to help the reader understand how the City of Ridgecrest's financial performance and well being have changed over time.

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

City of Redlands
Schedule 1
Net Position by Component
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years				
	2023	2022	2021	2020	2019
Governmental activities					
Net investment in capital assets,	\$ 590,288,015	\$ 537,558,597	\$ 481,259,666	\$ 473,042,917	\$ 443,551,078
Restricted	13,385,123	11,326,983	14,059,449	17,346,674	15,676,686
Unrestricted (deficit)	<u>(88,121,189)</u>	<u>(114,273,699)</u>	<u>(143,979,153)</u>	<u>(154,157,129)</u>	<u>(148,411,538)</u>
Total governmental activities net position	<u><u>\$ 515,551,949</u></u>	<u><u>\$ 434,611,881</u></u>	<u><u>\$ 351,339,962</u></u>	<u><u>\$ 336,232,462</u></u>	<u><u>\$ 310,816,226</u></u>
Business type activities					
Net investment in capital assets	\$ 190,475,232	\$ 183,665,229	\$ 167,349,714	\$ 165,453,760	\$ 150,997,528
Restricted	16,677,323	16,677,323	18,031,654	23,794,167	26,162,608
Unrestricted	<u>18,287,832</u>	<u>20,522,584</u>	<u>25,405,456</u>	<u>10,901,482</u>	<u>6,544,230</u>
Total business type activities net position	<u><u>\$ 225,440,387</u></u>	<u><u>\$ 220,865,136</u></u>	<u><u>\$ 210,786,824</u></u>	<u><u>\$ 200,149,409</u></u>	<u><u>\$ 183,704,366</u></u>
Primary government					
Net investment in capital assets	\$ 780,763,247	\$ 721,223,826	\$ 648,609,380	\$ 638,496,677	\$ 594,548,606
Restricted	30,062,446	28,004,306	32,091,103	41,140,841	41,839,294
Unrestricted (deficit)	<u>(69,833,357)</u>	<u>(93,751,115)</u>	<u>(118,573,697)</u>	<u>(143,255,647)</u>	<u>(141,867,308)</u>
Total primary government net position	<u><u>\$ 740,992,336</u></u>	<u><u>\$ 655,477,017</u></u>	<u><u>\$ 562,126,786</u></u>	<u><u>\$ 536,381,871</u></u>	<u><u>\$ 494,520,592</u></u>

NOTE:

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

City of Redlands
Schedule 1
Net Position by Component (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years				
	2018	2017	2016	2015	2014
Governmental activities					
Net investment in capital assets	\$ 655,044,577	\$ 642,109,428	\$ 622,119,006	\$ 625,683,667	\$ 609,555,372
Restricted	20,499,351	11,100,669	15,258,535	15,584,054	18,466,430
Unrestricted (deficit)	<u>(148,371,437)</u>	<u>(93,361,330)</u>	<u>(81,795,361)</u>	<u>(81,181,952)</u>	<u>(21,119,030)</u>
Total governmental activities net position	<u>\$ 527,172,491</u>	<u>\$ 559,848,767</u>	<u>555,582,180</u>	<u>560,085,769</u>	<u>606,902,772</u>
Business type activities					
Net investment in capital assets	\$ 150,228,905	\$ 149,771,777	\$ 163,565,980	\$ 154,904,203	\$ 157,413,884
Restricted	17,516,341	17,399,398	3,702,600	4,671,097	3,702,600
Unrestricted	<u>117,617</u>	<u>12,757,392</u>	<u>13,253,120</u>	<u>22,953,122</u>	<u>41,100,249</u>
Total business type activities net position	<u>\$ 167,862,863</u>	<u>\$ 179,928,567</u>	<u>\$ 180,521,700</u>	<u>\$ 182,528,422</u>	<u>\$ 202,216,733</u>
Primary government					
Net investment in capital assets	\$ 805,273,482	\$ 791,881,205	\$ 785,684,986	\$ 780,587,870	\$ 766,969,256
Restricted	38,015,692	28,500,067	18,961,135	20,255,151	22,169,030
Unrestricted (deficit)	<u>(148,253,820)</u>	<u>(80,603,938)</u>	<u>(68,542,241)</u>	<u>(58,228,830)</u>	<u>19,981,219</u>
Total primary government net position	<u>\$ 695,035,354</u>	<u>\$ 739,777,334</u>	<u>\$ 736,103,880</u>	<u>\$ 742,614,191</u>	<u>\$ 809,119,505</u>

NOTE:

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

City of Redlands
Schedule 2
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years				
	2023	2022	2021	2020 ⁴	2019 ³
Expenses					
Governmental activities:					
General government	\$ 28,913,048	\$ 26,157,407	\$ 18,717,217	\$ 16,211,056	\$ 16,210,304
Public protection	48,272,159	61,325,651	57,395,655	57,656,302	53,095,381
Culture and recreation	9,123,335	6,902,767	4,250,967	5,227,381	4,783,803
Highway and streets	12,081,743	9,754,750	11,057,940	4,060,779	10,183,231
Library	3,557,350	2,754,340	2,792,316	2,921,245	2,537,698
Interest and fiscal charges	792,780	738,561	888,750	994,894	683,446
Total governmental activities expenses	<u>102,740,415</u>	<u>107,633,477</u>	<u>95,102,845</u>	<u>87,071,657</u>	<u>87,493,863</u>
Business type activities:					
Water	26,729,160	26,535,646	23,411,564	22,719,142	20,857,656
Disposal	17,755,193	15,637,376	15,026,409	15,194,462	16,162,875
Wastewater (Sewer)	13,554,178	11,764,304	12,077,904	11,242,914	9,926,236
Groves	1,880,763	1,146,879	991,602	845,498	849,678
Non-Potable Water	563,123	956,768	677,088	249,911	116,759
Cemetery	1,441,652	958,443	1,119,999	1,049,876	936,535
Aviation	819,188	715,647	582,770	637,012	617,285
Total business type activities expenses	<u>62,743,257</u>	<u>57,715,063</u>	<u>53,887,336</u>	<u>51,938,815</u>	<u>49,467,024</u>
Total primary government expenses	<u>\$ 165,483,672</u>	<u>\$ 165,348,540</u>	<u>\$ 148,990,181</u>	<u>\$ 139,010,472</u>	<u>\$ 136,960,887</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 15,681,682	\$ 15,368,391	\$ 13,967,066	\$ 11,482,417	\$ 11,151,187
Public safety	932,542	744,389	669,155	1,769,514	2,711,769
Culture and recreation	421,867	748,377	261,090	291,801	310,780
Highway and streets	332,187	355,465	350,025	2,311,254	2,322,468
Library	83,541	118,701	418,298	120,623	131,338
Operating grants and contributions	5,158,328	4,223,681	3,941,740	2,995,658	1,867,228
Capital grants and contributions	53,471,990	28,433,466	11,372,774	32,104,508	7,083,735
Total governmental activities program revenues	<u>76,082,137</u>	<u>49,992,470</u>	<u>30,980,148</u>	<u>51,075,775</u>	<u>25,578,505</u>
Business type activities:					
Charges for services:					
Water	27,080,827	30,131,495	31,217,602	28,014,723	28,053,989
Disposal	20,313,945	21,066,272	19,009,933	18,566,965	17,159,911
Wastewater (Sewer)	12,465,052	11,998,633	10,124,426	10,154,451	10,229,449
Groves	1,681,761	863,303	684,782	481,632	930,738
Non-Potable Water	618,839	641,340	629,395	484,262	528,296
Cemetery	986,715	1,139,982	1,258,104	926,398	555,256
Aviation	136,727	135,480	125,857	133,262	120,087
Operating grants and contributions	385,895	631,695	20,125	55,371	56,555
Capital grants and contributions	4,010,635	6,134,627	2,840,765	6,800,041	5,450,817
Total business type activities program revenues	<u>67,680,396</u>	<u>72,742,827</u>	<u>65,910,989</u>	<u>65,617,105</u>	<u>63,085,098</u>
Total primary government program revenues	<u>\$ 143,762,533</u>	<u>\$ 122,735,297</u>	<u>\$ 96,891,137</u>	<u>\$ 116,692,880</u>	<u>\$ 88,663,603</u>
Net (Expense)/Revenue					
Governmental activities	(26,658,278)	(57,641,007)	(64,122,697)	(35,995,882)	(61,915,358)
Business type activities	4,937,139	15,027,764	12,023,653	13,678,290	13,618,074
Total primary government net expense	<u>\$ (21,721,139)</u>	<u>\$ (42,613,243)</u>	<u>\$ (52,099,044)</u>	<u>\$ (22,317,592)</u>	<u>\$ (48,297,284)</u>

City of Redlands
Schedule 2
Changes in Net Position (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years				
	2018 ²	2017	2016	2015 ¹	2014
Expenses					
Governmental activities:					
General government	\$ 12,394,000	\$ 14,391,456	\$ 16,235,478	\$ 10,229,535	\$ 10,423,298
Public protection	32,240,549	43,263,363	42,097,211	40,920,668	40,235,772
Culture and recreation	4,748,841	4,086,880	3,542,242	3,554,720	3,041,620
Highway and streets	12,854,490	11,271,259	15,594,075	12,043,276	4,002,946
Library	2,000,613	2,304,552	2,023,972	1,929,752	1,913,756
Interest and fiscal charges	834,297	936,132	1,123,871	1,297,837	1,447,056
Total governmental activities expenses	<u>65,072,790</u>	<u>76,253,642</u>	<u>80,616,849</u>	<u>69,975,788</u>	<u>61,064,448</u>
Business type activities:					
Water	20,369,100	20,514,340	21,635,151	19,556,198	19,437,970
Disposal	12,877,703	12,274,583	12,172,640	12,201,957	11,131,004
Wastewater (Sewer)	8,851,848	8,979,254	8,956,871	8,030,897	8,505,197
Groves	788,554	742,740	841,529	689,839	630,488
Non-Potable Water	125,323	434,912	81,152	73,383	81,897
Cemetery	861,109	75,761	1,304,891	681,223	493,616
Aviation	466,972	785,348	609,088	333,061	421,012
Total business type activities expenses	<u>44,340,609</u>	<u>43,806,938</u>	<u>45,601,322</u>	<u>41,566,558</u>	<u>40,701,184</u>
Total primary government expenses	<u>\$ 109,413,399</u>	<u>\$ 120,060,580</u>	<u>\$ 126,218,171</u>	<u>\$ 111,542,346</u>	<u>\$ 101,765,632</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 10,811,937	\$ 10,144,231	\$ 9,270,657	\$ 10,625,356	\$ 10,286,376
Public safety	3,076,343	2,696,810	3,403,559	1,975,667	1,916,750
Culture and recreation	303,222	719,642	286,315	295,199	296,386
Highway and streets	1,895,996	1,361,187	1,205,141	1,681,146	1,716,965
Library	131,408	125,052	33,098	33,270	35,200
Operating grants and contributions	4,469,962	2,911,259	5,596,864	8,607,394	7,195,092
Capital grants and contributions	4,533,292	2,257,370	1,346,021	4,666,849	2,117,482
Total governmental activities program revenues	<u>25,222,160</u>	<u>20,215,551</u>	<u>21,141,655</u>	<u>27,884,881</u>	<u>23,564,251</u>
Business type activities:					
Program revenues:					
Water	27,030,979	22,479,655	18,873,106	22,217,588	23,453,512
Disposal	15,110,821	13,657,953	13,504,267	12,887,067	11,623,769
Wastewater (Sewer)	9,611,197	9,340,274	9,531,484	9,688,884	9,576,740
Groves	741,397	700,334	507,914	798,577	740,707
Non-Potable Water	638,313	83,905	508,556	499,211	554,914
Cemetery	745,347	514,015	461,997	349,472	371,968
Aviation	127,233	575,846	15,214	16,472	16,704
Airport	-	-	-	180,000	180,000
Airport	347,871	816,777	392,189	4,593,429	3,433,586
Total business type activities program revenues	<u>54,353,158</u>	<u>48,168,759</u>	<u>43,794,727</u>	<u>51,230,700</u>	<u>49,951,900</u>
Total primary government program revenues	<u>\$ 79,575,318</u>	<u>\$ 68,384,310</u>	<u>\$ 64,936,382</u>	<u>\$ 79,115,581</u>	<u>\$ 73,516,151</u>
Net (Expense)/Revenue					
Governmental activities	(39,850,630)	(56,038,091)	(59,475,194)	(42,090,907)	(37,500,197)
Business type activities	10,012,549	4,361,821	(1,806,595)	9,664,142	9,250,716
Total primary government net expense	<u>\$ (29,838,081)</u>	<u>\$ (51,676,270)</u>	<u>\$ (61,281,789)</u>	<u>\$ (32,426,765)</u>	<u>\$ (28,249,481)</u>

City of Redlands
Schedule 2
Changes in Net Position (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years				
	2023	2022	2021	2020 ⁴	2019 ³
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 40,372,312	\$ 37,769,495	\$ 35,722,886	\$ 33,743,135	\$ 31,833,632
Sales and taxes	48,632,853	48,232,171	26,541,469	17,510,274	18,838,445
Franchises taxes	4,487,821	2,625,852	2,379,571	2,369,348	2,221,789
Other taxes	3,109,696	2,706,919	2,462,019	2,031,015	2,061,674
Investment income (loss)	2,757,278	(1,546,892)	282,836	1,869,008	2,421,036
Intergovernmental (unrestricted)	-	1,308,520	1,455,573	167,157	187,586
Miscellaneous revenue	572,685	1,689,391	3,064,706	1,865,686	1,498,562
Gain on sale of capital assets	4,734,390	-	-	-	-
Transfers	2,742,192	48,127,470	3,660,469	1,856,495	2,943,934
Total governmental activities	107,409,227	140,912,926	75,569,529	61,412,118	62,006,658
Business type activities:					
Property taxes	96,621	73,337	79,616	81,098	85,928
Investment income (loss)	1,123,030	(2,746,746)	557,392	3,214,540	3,310,733
Miscellaneous revenue	1,107,435	1,208,057	1,637,223	1,327,610	1,770,702
Gain on sale of capital assets	-	44,643,370	-	-	-
Extraordinary gain	-	-	-	-	-
Transfers	(2,742,192)	(48,127,470)	(3,660,469)	(1,856,495)	(2,943,934)
Total business type activities	(415,106)	(4,949,452)	(1,386,238)	2,766,753	2,223,429
Total primary government	\$ 106,994,121	\$ 135,963,474	\$ 74,183,291	\$ 64,178,871	\$ 64,230,087
Change in Net Position					
Governmental activities	\$ 80,750,949	\$ 83,271,919	\$ 11,446,832	\$ 25,416,236	\$ 91,300
Business type activities	4,522,033	10,078,312	10,637,415	16,445,043	15,841,503
Total primary government	\$ 85,272,982	\$ 93,350,231	\$ 22,084,247	\$ 41,861,279	\$ 15,932,803

NOTE:

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

City of Redlands
Schedule 2
Changes in Net Position (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years				
	2018 ²	2017	2016	2015 ¹	2014
General Revenues and					
Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 30,067,473	\$ 28,173,741	\$ 26,424,395	\$ 25,157,824	\$ 24,650,592
Sales and taxes	17,177,492	16,843,090	18,344,596	16,040,049	15,219,210
Franchises taxes	3,224,053	3,035,317	3,079,571	3,735,682	3,235,114
Other taxes	1,907,344	1,977,985	1,792,527	1,681,618	1,473,576
Investment income (loss)	206,304	212,991	800,889	467,427	517,169
Intergovernmental (unrestricted)	195,866	196,602	234,787	424,385	165,974
Miscellaneous revenue	1,689,135	7,331,734	1,105,258	1,035,134	689,160
Gain on sale of capital assets	-	-	-	-	-
Transfers	8,243,110	2,500,914	4,486,199	16,113,690	10,654,350
Total governmental activities	62,710,777	60,272,374	56,268,222	64,655,809	56,605,145
Business type activities:					
Property taxes	66,263	40,199	38,109	35,225	34,597
Investment income (loss)	509,882	500,783	1,335,997	921,859	1,053,356
Miscellaneous revenue	2,457,912	4,627,943	2,911,966	1,152,177	1,032,469
Gain on sale of capital assets	-	-	-	4,840	28,334
Extraordinary gain	-	-	-	-	2,024,168
Transfers	(8,243,110)	(2,500,914)	(4,486,199)	(16,113,690)	(10,654,350)
Total business type activities	(5,209,053)	2,668,011	(200,127)	(13,999,589)	(6,481,426)
Total primary government	\$ 57,501,724	\$ 62,940,385	\$ 56,068,095	\$ 50,656,220	\$ 50,123,719
Change in Net Position					
Governmental activities	\$ 22,860,147	\$ 4,234,283	\$ (3,206,972)	\$ 22,564,902	\$ 19,104,948
Business type activities	4,803,496	7,029,832	(2,006,722)	(4,335,447)	2,769,290
Total primary government	\$ 27,663,643	\$ 11,264,115	\$ (5,213,694)	\$ 18,229,455	\$ 21,874,238

NOTE:

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

City of Redlands
Schedule 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Years				
	2023	2022 ²	2021	2020	2019
General fund					
Nonspendable	\$ 8,214,591	\$ 8,369,652	\$ 8,327,781	\$ 8,469,766	\$ 8,707,654
Restricted	1,260,683	1,157,866	1,076,656	1,058,540	1,104,848
Committed	12,492,698	12,663,905	11,863,318	8,285,676	8,285,676
Assigned	35,700,799	31,734,961	4,188,185	3,901,788	3,894,566
Unassigned	53,289,070	39,513,840	29,877,229	19,000,734	17,654,773
Total general fund	<u>110,957,841</u>	<u>93,440,224</u>	<u>55,333,169</u>	<u>40,716,504</u>	<u>75,382,147</u>
All other governmental funds					
Nonspendable	574,827	43,400	30,200	104,242	123,682
Restricted	11,961,583	9,980,754	13,024,622	16,266,437	14,541,638
Committed	11,893,350	11,409,016	10,748,915	11,048,266	9,738,292
Assigned	2,325,558	2,560,682	2,742,004	1,463,122	1,480,036
Unassigned (deficit)	(8,448,957)	(6,610,754)	(7,558,978)	(7,740,144)	(8,548,572)
Total all other governmental fund	<u>18,306,361</u>	<u>17,383,098</u>	<u>18,986,763</u>	<u>21,141,923</u>	<u>17,335,076</u>
TOTAL FUND BALANCES	<u><u>\$ 129,264,202</u></u>	<u><u>\$ 110,823,322</u></u>	<u><u>\$ 74,319,932</u></u>	<u><u>\$ 61,858,427</u></u>	<u><u>\$ 92,717,223</u></u>

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

(2) The City passed a one-cent sales tax which added significant revenue over budget forecasts, additionally \$7.1 million in unspent appropriations were carried over to the following fiscal year. Lastly the City implemented GASB 84 to recognize special deposits from another fund in the General Fund as committed fund balance.

City of Redlands
Schedule 3
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Years				
	2018	2017	2016	2015 ¹	2014
General fund					
Nonspendable	\$ 8,734,646	\$ 8,517,994	\$ 8,324,472	\$ 7,481,159	\$ 7,857,633
Restricted	1,057,918	-	-	-	-
Committed	8,285,676	8,122,332	8,122,332	7,935,152	7,903,654
Assigned	4,063,636	2,130,916	2,267,840	1,883,794	-
Unassigned	13,592,754	13,927,733	13,454,147	14,510,450	12,586,391
Total general fund	<u>35,734,630</u>	<u>32,698,975</u>	<u>32,168,791</u>	<u>31,810,555</u>	<u>28,347,678</u>
All other governmental funds					
Nonspendable	123,661	2,539,567	-	327,340	384,873
Restricted	19,321,372	9,563,703	15,258,535	15,584,054	18,365,510
Committed	8,441,919	8,013,248	7,212,199	6,698,593	6,816,041
Assigned	1,204,854	3,419,978	-	-	-
Unassigned (deficit)	(8,761,721)	(10,470,797)	(9,553,680)	(7,849,278)	(8,787,268)
Total all other governmental fund	<u>20,330,085</u>	<u>13,065,699</u>	<u>12,917,054</u>	<u>14,760,709</u>	<u>16,779,156</u>
TOTAL FUND BALANCES	<u><u>\$ 56,064,715</u></u>	<u><u>\$ 45,764,674</u></u>	<u><u>\$ 45,085,845</u></u>	<u><u>\$ 46,571,264</u></u>	<u><u>\$ 45,126,834</u></u>

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

(2) The City passed a one-cent sales tax which added significant revenue over budget forecasts, additionally \$7.1 million in unspent appropriations were carried over to the following fiscal year. Lastly the City implemented GASB 84 to recognize special deposits from another fund in the General Fund as committed fund balance.

City of Redlands
Schedule 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Years				
	2023	2022 ²	2021	2020	2019
Revenues					
Taxes	\$ 97,890,204	\$ 92,468,816	\$ 68,307,527	\$ 57,080,368	\$ 56,188,843
Licenses and permits	8,862,824	8,122,570	7,579,479	9,786,703	9,363,446
Intergovernmental	11,470,217	8,748,788	7,520,076	5,052,310	4,290,382
Charges for services	12,139,614	15,275,610	9,853,495	9,659,518	9,912,278
Use of money and property	482,019	(3,135,140)	248,353	1,659,740	1,823,854
Other miscellaneous	2,468,702	1,577,070	1,712,985	2,846,580	1,930,916
Total revenues	<u>133,313,580</u>	<u>123,057,714</u>	<u>95,221,915</u>	<u>86,085,219</u>	<u>83,509,719</u>
Expenditures					
Current:					
General government	25,336,594	23,345,899	16,897,961	14,842,765	14,702,684
Public safety	54,055,313	50,048,806	50,208,365	48,554,670	45,514,084
Culture and recreation	7,405,824	5,346,330	3,154,163	3,244,432	3,286,739
Highway and streets	5,851,214	4,491,032	4,657,068	6,998,840	6,565,573
Library	3,125,090	2,601,164	2,426,448	2,464,463	2,158,580
Other pass-through payments	-	-	-	-	-
Capital outlay	14,328,396	47,887,675	11,067,756	4,819,364	10,307,277
Debt service:					
Principal	2,545,598	2,061,323	1,708,629	1,477,188	2,688,630
Interest and fiscal charges	851,968	612,391	488,363	548,472	665,241
Total expenditures	<u>113,499,997</u>	<u>136,394,620</u>	<u>90,608,753</u>	<u>82,950,194</u>	<u>85,888,808</u>
Excess of revenues over (under) expenditures	<u>19,813,583</u>	<u>(13,336,906)</u>	<u>4,613,162</u>	<u>3,135,025</u>	<u>(2,379,089)</u>
Other financing sources (uses)					
Proceeds from sale of property	-	-	1,425,889	89,657	252,613
Inception of finance purchase agreement	-	3,275,547	362,413	-	-
Inception of lease liability	384,011	196,119	-	-	-
Contributions to other governments	-	-	-	-	-
Transfers in	11,455,770	69,860,227	14,158,728	12,557,880	16,569,439
Transfers out	(13,212,484)	(23,491,596)	(11,759,357)	(10,906,728)	(13,525,085)
Total other financing sources (uses)	<u>(1,372,703)</u>	<u>49,840,297</u>	<u>4,187,673</u>	<u>1,740,809</u>	<u>3,296,967</u>
Net change in fund balances	<u>\$ 18,440,880</u>	<u>\$ 36,503,391</u>	<u>\$ 8,800,835</u>	<u>\$ 4,875,834</u>	<u>\$ 917,878</u>
Restatements	\$ -	\$ -	\$ 3,660,669	\$ -	\$ -
Debt service as a percentage of non-capital expenditures ¹	3.4%	3.0%	2.8%	2.6%	4.4%

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
Schedule 4
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Years				
	2018	2017	2016	2015	2014
Revenues					
Taxes	\$ 53,608,771	\$ 51,196,332	\$ 49,641,089	\$ 46,615,173	\$ 44,578,492
Licenses and permits	8,249,522	8,482,996	7,321,567	11,582,473	8,668,245
Intergovernmental	4,029,164	4,266,267	3,637,854	5,602,252	6,305,374
Charges for services	8,100,020	7,484,890	7,469,738	7,283,095	7,186,570
Use of money and property	185,610	191,541	717,504	431,301	491,377
Other miscellaneous	4,866,979	3,958,621	3,785,796	1,900,979	1,472,348
Total revenues	<u>79,040,066</u>	<u>75,580,647</u>	<u>72,573,548</u>	<u>73,415,273</u>	<u>68,702,406</u>
Expenditures					
Current:					
General government	12,830,680	12,351,772	12,915,590	11,041,353	10,562,420
Public safety	45,246,205	42,755,811	40,337,356	37,891,668	37,633,605
Culture and recreation	2,870,721	2,611,210	2,481,223	2,791,661	2,631,892
Highway and streets	7,033,817	5,695,084	5,034,090	6,107,137	5,913,207
Library	1,989,717	1,942,607	1,909,442	1,824,593	1,762,608
Other pass-through payments	-	-	-	-	-
Capital outlay	6,132,826	15,476,158	11,481,823	23,146,625	13,431,527
Debt service:					
Principal	3,043,767	3,115,653	3,947,223	3,701,474	3,948,940
Interest and fiscal charges	812,002	976,711	1,158,384	1,343,002	1,489,466
Total expenditures	<u>79,959,735</u>	<u>84,925,006</u>	<u>79,265,131</u>	<u>87,847,513</u>	<u>77,373,665</u>
Excess of revenues over (under) expenditures	<u>(919,669)</u>	<u>(9,344,359)</u>	<u>(6,691,583)</u>	<u>(14,432,240)</u>	<u>(8,671,259)</u>
Other financing sources (uses)					
Proceeds from sale of property	1,975,203	6,272,810	311,189	16,083	185,625
Inception of finance purchase agreement	-	-	-	-	-
Inception of lease liability	-	-	-	-	-
Contributions to other governments	-	-	-	(100,919)	-
Transfers in	19,326,814	15,430,085	15,911,839	29,941,931	20,792,923
Transfers out	(9,788,204)	(11,558,209)	(9,720,247)	(13,980,425)	(10,187,645)
Total other financing sources (uses)	<u>11,513,813</u>	<u>10,144,686</u>	<u>6,502,781</u>	<u>15,876,670</u>	<u>10,790,903</u>
Net change in fund balances	<u>\$ 10,594,144</u>	<u>\$ 800,327</u>	<u>\$ (188,802)</u>	<u>\$ 1,444,430</u>	<u>\$ 2,119,644</u>
Restatements	\$ -	\$ -	\$ -	\$ -	\$ (33,695)
Debt service as a percentage of non-capital expenditures ¹	5.2%	5.9%	7.5%	8.1%	9.5%

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.

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City of Redlands
Schedule 5
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
2023	11,786,415	339,774	(70,106)	12,056,083	0.21821
2022	11,148,507	342,259	(72,875)	11,417,891	0.21869
2021	10,700,129	358,630	(73,396)	10,985,363	0.21864
2020	10,187,750	361,653	(74,204)	10,475,199	0.21874
2019	9,564,308	387,527	(74,744)	9,877,091	0.21877
2018	9,090,915	328,121	(76,265)	9,342,771	0.21877
2017	8,616,414	309,224	(76,808)	8,848,830	0.21877
2016	8,112,897	337,359	(74,030)	8,376,226	0.21877
2015	7,725,648	316,364	(75,033)	7,966,979	0.21913
2014	7,311,929	313,408	(76,552)	7,548,785	0.22927

NOTE:

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

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

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

City of Redlands
Schedule 6
Assessed Value and Estimated Actual Value of Taxable Property by Major Type
Last Ten Fiscal Years

CATEGORY	Fiscal Years				
	2023	2022	2021	2020	2019
Residential	7,877,964	7,407,486	7,072,365	6,708,893	6,246,593
Commercial	1,387,866	1,299,726	1,253,237	1,176,203	1,085,468
Industrial	1,444,607	1,361,167	1,326,479	1,253,275	1,201,011
Government	6,929	15,553	2,883	576	548
Institutional	22,473	21,841	20,405	18,506	18,463
Irrigated	29,799	25,897	27,275	28,199	26,136
Miscellaneous	45,389	36,104	37,025	33,513	39,302
Recreational	48,611	55,431	51,028	50,098	49,887
Vacant Land	264,095	270,853	222,964	232,018	199,973
SBE Nonunitary	634,683	654,449	686,469	686,469	696,927
Unsecured	363,771	360,182	358,629	361,653	387,527
Unknown	-	-	-	-	-
Total Assessed Value	12,126,187	11,508,689	11,058,759	10,549,403	9,951,835
Less: Exemptions	(70,106)	(72,875)	(73,396)	(74,204)	(74,744)
Taxable Assessed Value	12,056,081	11,435,814	10,985,363	10,475,199	9,877,091
Total Direct Rate	0.21821	0.21755	0.21718	0.21732	0.21877

NOTES:

Exempt values are not included in Total

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

* Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

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

City of Redlands
Schedule 6
Assessed Value and Estimated Actual Value of Taxable Property by Major Type (Continued)
Last Ten Fiscal Years

CATEGORY	Fiscal Years				
	2018	2017	2016	2015	2014*
Residential	5,935,215	5,643,230	5,355,614	5,102,276	4,781,493
Commercial	1,040,344	988,145	959,063	941,128	920,337
Industrial	1,160,879	1,035,053	790,087	774,960	675,107
Government	522	513	505	1,478	498
Institutional	17,188	16,293	16,172	15,809	15,906
Irrigated	26,471	26,750	26,691	30,844	41,179
Miscellaneous	27,016	26,495	23,785	22,390	20,217
Recreational	49,678	32,808	32,520	31,962	31,852
Vacant Land	200,329	209,375	277,305	231,763	234,071
SBE Nonunitary	633,273	637,752	631,155	573,038	591,269
Unsecured	328,121	309,224	337,359	316,364	313,408
Unknown	-	-	-	-	-
Total Assessed Value	9,419,036	8,925,638	8,450,256	8,042,012	7,625,337
Less: Exemptions	(76,265)	(76,808)	(74,030)	(75,033)	(76,552)
Taxable Assessed Value	9,342,771	8,848,830	8,376,226	7,966,979	7,548,785
Total Direct Rate	0.21877	0.21877	0.21877	0.21913	0.22927

City of Redlands
Schedule 7
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Fiscal Year				
	2023	2022	2021	2020	2019
City Share of Basic Levy (1)	0.21878	0.21878	0.21878	0.21878	0.21878
Overlapping Rates: (2)					
County General Fund	0.14600	0.14600	0.14600	0.14600	0.14600
County Superintendent	0.00750	0.00740	0.00740	0.00750	0.00750
Inland Empire Joint Resource Conservation District	0.00050	0.00050	0.00050	0.00050	0.00050
Educational Revenue Augmentation Fund	0.22110	0.22110	0.22110	0.22110	0.22110
Flood Control Zone 3	0.02560	0.02560	0.02560	0.02560	0.02560
Flood Control Admin 3-6	0.00088	0.00088	0.00088	0.00088	0.00088
Redlands Unified	0.30160	0.30160	0.30160	0.30160	0.30160
San Bernardino Community College	0.05130	0.05130	0.05130	0.05130	0.05130
San Bernardino Valley Municipal Water	0.02630	0.02640	0.02640	0.02630	0.02630
San Bernardino Valley Water Conservation District	0.00044	0.00044	0.00044	0.00044	0.00044
Total Proposition 13 Rate	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>
Redlands Debt Service		-	-	-	-
Redlands Unified	0.02790	0.06620	0.03600	0.03390	0.03240
San Bernardino Community College	0.04500	0.05340	0.06510	0.05620	0.04070
San Bernardino Unified	0.08780	0.10890	0.10340	0.09690	0.11260
San Bernardino Valley Municipal Water	0.13000	0.13000	0.14250	0.14250	0.15250
Total Voter Approved Rate	<u>0.29070</u>	<u>0.35850</u>	<u>0.34700</u>	<u>0.32950</u>	<u>0.33820</u>
Total Direct and Overlapping Rate	<u>1.29070</u>	<u>1.35850</u>	<u>1.34700</u>	<u>1.32950</u>	<u>1.33820</u>
City Share of 1% Levy Per Prop 13 (3)	0.21878	0.21878	0.21878	0.21878	0.21878
Redlands Debt Service		-	-	-	-
City Direct Rate (4)	0.21821	0.21755	0.21718	0.21732	0.21877

NOTES:

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

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

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

(4) Because basic and debt rates vary by tax rate area, individual rates cannot be summed. Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section.

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

City of Redlands
Schedule 7
Direct and Overlapping Property Tax Rates (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2018	2017	2016	2015	2014
City Share of Basic Levy (1)	0.21878	0.21878	0.21878	0.21878	0.21878
Overlapping Rates: (2)					
County General Fund	0.14600	0.14600	0.14600	0.14600	0.14600
County Superintendent	0.00750	0.00750	0.00750	0.00750	0.00750
Inland Empire Joint Resource Conservation District	0.00050	0.00050	0.00050	0.00050	0.00050
Educational Revenue Augmentation Fund	0.22110	0.22110	0.22110	0.22110	0.22110
Flood Control Zone 3	0.02560	0.02560	0.02560	0.02560	0.02560
Flood Control Zone 8	0.00088	0.00088	0.00088	0.00088	0.00088
Redlands Unified	0.30160	0.30160	0.30160	0.30160	0.30160
San Bernardino Community College	0.05130	0.05130	0.05130	0.05130	0.05130
San Bernardino Valley Municipal Water	0.02630	0.02630	0.02630	0.02630	0.02630
San Bernardino Valley Water Conservation District	0.00044	0.00044	0.00044	0.00044	0.00044
Total Proposition 13 Rate	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>
Redlands Debt Service	-	-	-	-	0.01050
Redlands Unified	0.04940	0.05240	0.05670	0.05940	0.06290
San Bernardino Community College	0.03760	0.03500	0.04030	0.03930	0.04190
San Bernardino Unified	0.10070	0.07950	0.11820	0.10810	0.13500
San Bernardino Valley Municipal Water	0.15250	0.16250	0.16250	0.16250	0.16250
Total Voter Approved Rate	<u>0.34020</u>	<u>0.32940</u>	<u>0.37770</u>	<u>0.36930</u>	<u>0.41280</u>
Total Direct and Overlapping Rate	<u>1.34020</u>	<u>1.32940</u>	<u>1.37770</u>	<u>1.36930</u>	<u>1.41280</u>
City Share of 1% Levy Per Prop 13 (3)	0.21878	0.21878	0.21878	0.21878	0.21878
Redlands Debt Service	-	-	-	-	0.01050
City Direct Rate (4)	0.21877	0.21877	0.21877	0.21913	0.22927

NOTES:

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

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

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

(4) Because basic and debt rates vary by tax rate area, individual rates cannot be summed. Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section.

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

City of Redlands
Schedule 8
Top Ten Principal Property Taxpayers
Fiscal Year 2023 and Ten Years Prior
(in Thousands)

Taxpayer	2023		2014	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Southern California Edison Company	\$ 632,551	5.25%	\$ 591,039	7.83%
Prologis LP*	209,073	1.73%	62,390	0.83%
NYS New LLC**	143,955	1.19%	69,907	0.93%
PVT Apartments SPE LLC	137,284	1.14%	-	-
BCI-OEF Redlands DC LP	110,069	0.91%	-	-
Ashley Furniture Industries	94,810	0.79%	-	-
AMB Institutional Alliance Fund III	94,652	0.79%	57,000	0.76%
Redlands Owner LP	90,280	0.75%	-	-
Duke Realty LP	82,953	0.69%	-	-
2301 W. San Bernardino Ave Invest Group	63,837	0.53%	44,000	0.58%
Parkview Terrace Associates LLC	-	-	83,175	1.10%
NP Redlands LLC	-	-	62,741	0.83%
CLPF - Redlands Business Center	-	-	45,776	0.61%
Environmental Systems Research Institute	-	-	35,299	0.47%
PACGWL LLC	-	-	30,235	0.40%
Top Ten Total	\$ 1,659,464	13.76%	\$ 1,081,562	14.33%
City Total Net Taxable Assessed Value	\$ 12,056,083		\$ 7,548,785	

* Formerly known as Prologis California II LP

** Pending appeals on parcels

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

City of Redlands
Schedule 9
Property Tax Levies and Collections ¹
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
2023	\$ 49,559,611	\$ 49,351,461	99.58%	\$ 651,627	\$ 50,003,088	100.89%
2022	\$ 49,347,531	\$ 49,204,423	99.71%	\$ 691,484	\$ 49,895,907	101.11%
2021	46,298,808	46,048,794	99.46%	615,108	46,663,902	100.79%
2020	42,472,462	42,173,456	99.30%	524,343	42,697,799	100.53%
2019	41,184,840	40,950,087	99.43%	571,918	41,522,005	100.82%
2018	35,648,742	35,417,025	99.35%	585,973	36,002,998	100.99%
2017	33,814,971	33,547,833	99.21%	561,371	34,109,204	100.87%
2016	31,245,233	31,220,237	99.92%	593,784	31,814,021	101.82%
2015	30,236,660	30,224,565	99.96%	618,909	30,843,474	102.01%
2014	29,697,798	29,620,584	99.74%	834,306	30,454,890	102.55%
2013	29,365,178	28,237,555	96.16%	725,114	28,962,669	98.63%

NOTE:

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
Schedule 10
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities					Notes / Leases Payable	Total Governmental Activities
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation			
2023		\$ 4,607,478	\$ -	\$ -	\$ 4,869,725	\$ 9,477,203	
2022		\$ 6,172,956	\$ -	\$ -	\$ 5,739,328	\$ 11,912,284	
2021	-	7,591,783	-	-	2,147,431	9,739,214	
2020	-	8,869,341	-	-	2,148,647	11,017,988	
2019	-	10,015,991	-	-	2,033,734	12,049,725	
2018	-	12,452,070	-	-	2,207,364	14,659,434	
2017	-	14,596,411	-	643,006	2,376,131	17,615,548	
2016	-	16,581,841	-	1,466,010	2,656,784	20,704,635	
2015	-	18,367,081	-	3,299,014	2,959,007	24,625,102	
2014	-	19,966,684	-	5,077,018	2,077,451	27,121,153	

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 6/30/2023, that indebtedness has been fully satisfied.

Source: City of Redlands

City of Redlands
Schedule 10
Ratios of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years

Fiscal Year Ended June 30	Business-type Activities						Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Water Revenue Bonds	Wastewater Revenue Bonds	Solid Waste Revenue Bonds	Certificates of Participation	Notes / Leases Payable	Total Business-type Activities			
2022	\$ -	\$ -	\$ 1,660,000	\$ -	\$ 13,028,749	\$ 14,688,749	\$ 24,165,952	0.78%	334
2022	\$ -	\$ -	\$ 3,408,353	\$ -	\$ 14,644,928	\$ 18,053,281	\$ 29,965,565	1.05%	409
2021	-	-	5,091,347	-	15,514,242	20,605,589	30,344,803	1.16%	426
2020	-	-	6,704,343	-	16,784,165	23,488,508	34,506,496	1.20%	486
2019	-	-	8,247,337	-	18,129,060	26,376,397	38,426,122	1.54%	542
2018	-	-	9,720,331	-	19,440,040	29,160,371	43,819,805	1.76%	618
2017	-	990,000	11,138,322	-	20,929,311	33,057,633	50,673,181	2.31%	732
2016	-	2,021,443	12,506,313	-	18,819,314	33,347,070	54,051,705	2.41%	774
2015	1,195,000	3,024,098	13,834,309	-	16,429,544	34,482,951	59,108,053	2.63%	847
2014	2,402,890	4,001,754	15,132,303	-	17,496,799	39,033,746	66,154,899	2.92%	947

City of Redlands
Schedule 11
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt					Accumulated Resources to Repay Principal	Net General Bonded Debt	Percent of Assessed Value ¹	Per Capita
	General Obligation Bonds	Taxable Pension Bonds	Tax Allocation Bonds	Certificates of Participation	Total				
2023	-	4,607	-	-	4,607	185	4,422	0.04%	61
2022	-	6,173	-	-	6,173	1,620	4,553	0.04%	62
2021	-	7,592	-	-	7,592	1,480	6,112	0.06%	86
2020	-	8,869	-	-	8,869	1,520	7,349	0.08%	104
2019	-	10,016	-	-	10,016	1,383	8,633	0.10%	122
2018	-	12,452	-	-	12,452	2,575	9,877	0.13%	139
2017	-	14,596	-	643	15,239	2,416	12,823	0.17%	185
2016	-	16,582	-	1,466	18,048	2,265	15,783	0.21%	232
2015	-	18,367	-	3,299	21,666	2,129	19,537	0.27%	280
2014	-	19,967	-	5,077	25,044	3,521	21,523	0.33%	308

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 6/30/2023, that indebtedness has been fully satisfied.

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
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023

Net Taxable 2022-2023 Assessed Valuation	\$ 12,032,086,055		
	Percentage Applicable ¹	Outstanding Debt 06/30/23	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
San Bernardino Community College District	13.016%	\$ 708,007,978	\$ 92,154,318
Redlands Unified School District	55.847%	54,383,512	\$ 30,371,560
San Bernardino City Unified School District	0.037%	262,865,410	\$ 97,260
City of Redlands Community Facilities District No. 2001-1	100.000%	2,535,000	\$ 2,535,000
City of Redlands Community Facilities District No. 2003-1	100.000%	6,830,000	\$ 6,830,000
Total Overlapping Tax and Assessment Debt		1,034,621,900	131,988,139
Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	4.142%	160,860,000	6,662,821
San Bernardino County Pension Obligations	4.142%	62,960,000	2,607,803
San Bernardino County Flood Control District General Fund Obligations	4.142%	41,065,000	1,700,912
San Bernardino City Unified School District (Certificates of Participation)	0.037%	76,370,000	28,257
Yucaipa-Calimesa Joint Unified School District (Certificates of Participation)	0.695%	5,497,409	38,207
Total Overlapping General Fund Debt		346,752,409	11,038,001
Overlapping Tax Increment Debt (Successor Agencies)			
San Bernardino County Inland Valley Tax Allocation Bonds	6.067%	215,135,000	\$ 13,052,240
Total Overlapping Tax Increment Debt		215,135,000	13,052,240
Total Gross Overlapping General Fund Debt		561,887,409	24,090,241
Total Gross Overlapping Debt			\$ 156,078,380
Direct General Fund Debt:			
City of Redlands Pension Obligations	100.000%	3,925,485	3,925,485
Total Direct General Fund Debt			3,925,485
Direct Loan/Capital Lease Debt:			
I-Bank Sports Park Lease	100.000%	\$ 1,154,446	\$ 1,154,446
Finance Purchase Agreements and Leases Payable	100.000%	3,024,120	3,024,120
Total Direct General Fund Debt		4,178,566	4,178,566
Total Direct Debt			\$ 8,104,051
Combined Total Direct and Overlapping Debt ²			\$ 164,182,431

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

Ratios to 2022-23 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.10%
Total Direct Debt (\$3,925,485)	0.03%
Combined Total Debt	1.33%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,622,271,373)

Total Overlapping Tax Increment Debt	0.80%
--------------------------------------	-------

Sources: Avenu Insights and Analytics

This report reflects debt which is being repaid through voter-approved tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the City of Redlands.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Redlands. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City of Redlands boundaries and dividing it by each unit's total taxable assessed value.

City of Redlands
Schedule 13
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation	Fiscal Year				
	2023	2022	2021	2020	2019
Assessed valuation	12,056,083,275	11,435,814,517	10,985,363,463	10,475,199,528	9,877,091,307
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,014,020,819	2,858,953,629	2,746,340,866	2,618,799,882	2,469,272,827
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	452,103,123	428,843,044	411,951,130	392,819,982	370,390,924
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	452,103,123	428,843,044	411,951,130	392,819,982	370,390,924
Total debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

NOTE:

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

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

City of Redlands
Schedule 13
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years

Legal Debt Margin Calculation	Fiscal Year				
	2018	2017	2016	2015	2014
Assessed valuation	9,342,770,314	8,925,637,991	8,450,256,632	8,042,012,336	7,625,337,937
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,335,692,579	2,231,409,498	2,112,564,158	2,010,503,084	1,906,334,484
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	350,353,887	334,711,425	316,884,624	301,575,463	285,950,173
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	350,353,887	334,711,425	316,884,624	301,575,463	285,950,173
Total debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.0%	0.0%

City of Redlands
Schedule 14
Pledged Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds						
Fiscal Year Ended June 30	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2023	-	-	-	-	-	N/A
2022	-	-	-	-	-	N/A
2021	-	-	-	-	-	N/A
2020	-	-	-	-	-	N/A
2019	-	-	-	-	-	N/A
2018	-	-	-	-	-	N/A
2017	-	-	-	-	-	N/A
2016	19,566,403	18,802,920	763,483	1,195,000	17,925 *	0.63
2015	23,236,963	16,684,682	6,552,281	1,160,000	53,250	5.40
2014	25,638,627	16,837,289	8,801,338	1,125,000	81,900	7.29

Wastewater Revenue Bonds						
Fiscal Year Ended June 30	Wastewater Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2023	-	-	-	-	-	N/A
2022	-	-	-	-	-	N/A
2021	-	-	-	-	-	N/A
2020	-	-	-	-	-	N/A
2019	-	-	-	-	-	N/A
2018	9,689,226	7,274,339	2,414,887	990,000	19,800 *	2.39
2017	9,483,891	7,207,159	2,276,732	960,000	58,800	2.23
2016	9,981,677	7,319,389	2,662,288	925,000	91,875	2.62
2015	9,932,156	6,483,856	3,448,300	900,000	119,250	3.38
2014	11,290,716	6,917,341	4,373,375	880,000	141,550	4.28

Solid Waste Revenue Bonds						
Fiscal Year Ended June 30	Solid Waste Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2023	20,447,864	16,549,875	3,897,989	1,580,000	122,500	2.29
2022	21,106,844	14,161,410	6,945,434	1,500,000	199,500	3.21
2021	19,780,794	13,669,667	6,111,127	1,430,000	272,750	2.82
2020	19,833,178	13,639,644	6,193,534	1,360,000	342,500	3.64
2019	17,996,521	14,518,673	3,477,848	1,290,000	408,750	1.61
2018	15,507,091	11,060,050	4,447,041	1,235,000	465,700	2.05
2017	13,899,757	9,911,432	3,988,325	1,185,000	537,800	2.32
2016	13,974,604	10,437,524	3,537,080	1,145,000	572,150	2.06
2015	13,442,842	10,341,915	3,100,927	1,115,000	516,422	1.90
2014	12,560,609	10,130,417	2,430,192	-	213,642	11.38

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.

* In 2016, the Water Refunding Revenue Bonds Series 2012A matured and were paid in full.

* In 2018, the Wastewater Refunding Revenue Bonds Series 2012A matured and were paid in full.

Source: City of Redlands

City of Redlands
Schedule 15
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population (1)	Personal Income (In Thousands)	Per Capita Personal Income (2)	Unemployment Rate (3)
2022	72,259	3,086,832	42,719	5.5%
2021	73,288	2,846,286	38,837	2.9%
2020	71,154	2,607,936	36,652	7.4%
2019	70,952	2,882,851	40,631	3.0%
2018	71,441	2,790,914	39,066	3.2%
2017	70,851	2,494,168	35,203	3.1%
2016	69,211	2,195,442	31,721	3.3%
2015	68,040	2,192,657	32,226	3.0%
2014	69,814	2,243,752	32,139	4.7%
2013	69,882	2,265,714	32,422	6.0%

Sources:

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

City of Redlands
Schedule 16
Principal Employers
Fiscal Year 2023 and Ten Years Prior

Employer	2023		2014	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
ESRI	2,419	6.56%	1,900	5.16%
Redlands Unified School District*	2,373	6.43%	1,843	5.01%
Amazon Fulfillment Center (Redlands)**	1,856	5.03%		0.00%
Redlands Community Hospital	1,782	4.83%	1,250	3.40%
Optum (Beaver Medical Group & Epic Mgmt)	1,027	2.78%	538	
City of Redlands	504	1.37%	534	1.45%
University of Redlands	494	1.34%	547	1.49%
Loma Linda University Behavioral Medicine Ctr.	392	1.06%	-	
Terracina Post Acute	333	0.90%	-	
The Home Depot	252	0.68%	-	
United States Postal Service (USPS)			1,400	3.80%
Verizon			1,240	3.37%
Wal-Mart Stores, Inc.			420	1.14%
La-Z-Boy, Inc.			391	1.06%
Total of Top Employers	11,432	30.98%	10,063	27.35%
Total Employees in City(1)	36,900		36,800	
County "Donut Hole" Employers (2):				
Burlington Coat Factory Distribution Center	997	2.70%		
Amazon Fulfillment Center*	500	1.36%		
Target	250	0.68%		
Kohls Retail Store	120	0.33%		
Becton Dickinson (BD) Distribution	120	0.33%		
JCPenney	80	0.22%		
Prime Line Products	38	0.10%		
Total Employees	2,105	5.70%		

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

**Previous year combined County and City totals

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

NOTES:

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

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

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

Source: Avenu Insights and Analytics

City of Redlands
Schedule 17
Full Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	Fiscal Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Full-time employees:										
City clerk's office	2	2	2	-	1	1	1	1	1	1
City manager's office	13	10	7	9	12	12	11	9	7	7
Development services	27	19	18	17	19	21	22	22	21	19
Finance	31	28	26	24	27	24	27	26	25	24
Fire	70	65	63	62	63	61	60	60	60	58
Human resources	12	11	9	7	9	9	10	8	7	7
Library	23	20	11	18	20	18	17	17	16	16
Management information systems	-	-	-	-	-	-	-	-	9	9
Department of Innovation & Tech	15	12	9	12	12	10	9	10	-	-
Municipal utilities and engineering:										
Administration	41	36	26	30	29	33	34	34	34	28
Water	47	48	45	48	50	50	49	49	50	49
Wastewater	22	17	21	23	24	24	24	24	24	24
Police	138	134	112	117	130	126	122	122	121	113
Facilities & Community Services ²										
Administration, parks & streets	67	67	51	63	63	62	56	56	52	48
Equipment maintenance	5	5	10	4	4	5	5	5	6	6
Solid waste	44	42	38	39	39	33	33	33	32	32
Cemetery	5	4	4	4	4	4	4	4	4	3
	<u>562</u>	<u>520</u>	<u>452</u>	<u>477</u>	<u>506</u>	<u>493</u>	<u>484</u>	<u>480</u>	<u>469</u>	<u>444</u>
Part-time employees	40	51	39	43	68	90	87	87	88	81
At-will employees	-	-	10	-	-	-	-	-	-	-
Grant-funded employees ¹	1	1	1	1	7	7	10	10	10	10
Limited Term Position	-	-	1	-	-	4	1	1	-	-
	<u>603</u>	<u>572</u>	<u>503</u>	<u>521</u>	<u>581</u>	<u>594</u>	<u>582</u>	<u>578</u>	<u>567</u>	<u>535</u>

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
Schedule 18
Operating Indicators by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	Fiscal Years				
	2023	2022	2021	2020	2019
Police:					
Calls for service	38,502	44,746	44,259	52,520	52,914
Emergency calls for service ¹	665	68,761	649	808	815
Citations issued	2,685	2,135	4,239	6,837	5,449
Fire:					
Number of incidents	11,624	11,386	10,636	10,789	10,760
Inspections performed	1,521	1,688	1,362	6,429	5,821
Building and safety:					
Permits issued	3,005	2,764	2,078	2,159	2,111
Inspections performed	18,040	15,613	12,017	11,211	9,431
Parks and recreation:					
Community center attendance	31,069	28,245	13,645	45,022	48,500
Senior center attendance	19,539	17,763	5,822	20,175	25,109
Joslyn center attendance ²	0	870	1,206	18,257	22,679
Youth sports attendance	34,392	31,266	4,774	10,032	12,396
Adult sports attendance	7,945	7,223	6,524	2,480	3,200
Water:					
Number of services	22,744	22,639	22,537	22,380	22,440
Average daily consumption (thousands of gallons)	20,487	29,317	22,560	25,926	26,670
Solid waste:					
Recycled materials (tons)	21,809	23,307	24,703	23,952	25,474
Refuse disposed (tons)	49,625	47,567	61,631	52,476	51,769
Library:					
Number of volumes	152,448	149,577	148,652	146,379	146,173

¹ Except for in FY 2021-22, this number indicates the total number of priority 1 calls received only. In FY 2021-22, it encompassed all levels.

² In FY 2022-23, the Joslyn Senior Center was closed for the duration of fiscal year for renovations.

City of Redlands
Schedule 18
Operating Indicators by Function/Program (Continued)
Last Ten Fiscal Years

FUNCTION/PROGRAM	Fiscal Years				
	2018	2017	2016	2015	2014
Police:					
Calls for service ¹	54,370	40,159	47,488	55,972	54,529
Emergency calls for service ¹	708	517	578	538	504
Citations issued ¹	7,347	5,299	7,062	6,733	6,571
Fire:					
Number of incidents	10,684	10,484	10,169	9,354	8,980
Inspections performed ¹	4,075	2,827	2,186	1,974	2,234
Building and safety:					
Permits issued	2,408	2,110	1,947	1,932	2,150
Inspections performed	9,381	10,015	8,293	4,486	7,839
Parks and recreation:					
Community center attendance	51,000	44,725	42,625	31,238	19,100
Senior center attendance	24,970	24,415	28,675	29,415	27,891
Joslyn center attendance	20,498	21,554	23,795	21,846	16,932
Youth sports attendance	12,870	12,271	11,521	21,102	2,100
Adult sports attendance	1,800	2,830	5,760	7,200	20,340
Water:					
Number of services	22,113	22,378	21,842	21,842	21,732
Average daily consumption (thousands of gallons)	30,328	20,989	18,679	24,631	29,900
Solid waste:					
Recycled materials (tons)	23,758	22,287	22,805	20,611	26,570
Refuse disposed (tons)	51,798	52,527	52,826	49,416	72,228
Library:					
Number of volumes	144,173	144,887	144,122	140,667	142,989

Source: City of Redlands

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City of Redlands
Schedule 19
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	1	1	1	1	1	2	2	2	2	2
Fire:										
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	302	300	300	368	368	368	319	316	316	315
Traffic signals (city-owned)	74	73	73	73	72	69	68	68	68	68
Parks and recreation:										
Parks (acreage)	313	333	333	333	327	295	295	295	295	295
Groves (acreage)	184	199	199	199	180	164	164	159	159	159
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	427	400	400	388	388	388	385	386	386	390
Maximum daily production capacity (thousands of gallons)	34,900	34,900	34,900	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Non Potable Water										
Water mains (miles)	34	34	34	34	34	34	34	33	32	30
Maximum daily production capacity (thousands of gallons)	4,100	4,100	4,100	14,000	4,500	4,500	4,500	4,500	4,500	4,500
Wastewater:										
Sewers (miles)	250	247	247	245	245	245	245	245	245	243
Daily capacity of wastewater plant (thousands of gallons)	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Solid waste:										
Landfill (city-owned)	1	1	1	1	1	1	1	1	1	1
Library:										
Public library	1	1	1	1	1	1	1	1	1	1

Source: City of Redlands

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